INTERNATIONAL PUBLIC PARTNERSHIPS

2020

Annual Report and Financial Statements

OUR PURPOSE IS TO DELIVER LONG-TERM BENEFITS FOR ALL STAKEHOLDERS BY INVESTING RESPONSIBLY IN PUBLIC AND SOCIAL INFRASTRUCTURE.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation.

We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements 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
- £2.8 billion market capitalisation at 31 December 2020
- 1,621 million shares in issue at 31 December 2020
- 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 ('FCA') restrictions, which apply to non-mainstream investment products, and can be recommended by independent financial advisers to their clients

RESPONSIBLE INVESTMENT

The Company is committed to responsible investment. Its Investment Adviser, Amber Infrastructure Limited ('Amber') is a signatory of the UN-backed Principles for Responsible Investment ('PRI'). The Company also draws on the Sustainable Development Goals ('SDGs') to help drive environmental and social progress across its investments and has resolved to align with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').

Signatory of:

PRI Principles for Responsible Investment

SUSTAINABLE DEVELOPMENT GOALS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

COVER IMAGE:
Thames Tideway Tunnel, UK.
Photo Credit: Tideway

WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM

International Public Partnerships Limited
Registered number: 45241

FULL-YEAR FINANCIAL HIGHLIGHTS

DIVIDENDS

7.36p
2020 full-year dividend per share[1]

7.55p
2021 full-year dividend target per share[2]

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

2.5%
2020 dividend growth[2]

1.2x
Cash dividend cover[3]

NET ASSET VALUE ('NAV')[4]

£2.4bn
NAV at 31 December 2020[4]
(2019: £2.4bn)

147.1p
NAV per share at 31 December 2020[4]
(2019: 150.6p)

1.7%
Decrease in NAV

2.3%
Decrease in NAV per share

PORTFOLIO ACTIVITY

£30.0m
Cash investments made during 2020

REAL RETURNS

0.78%
Portfolio inflation-linkage at 31 December 2020[5]
(2019: 0.82%)

TOTAL SHAREHOLDER RETURN ('TSR')

230.6%
TSR since Initial Public Offering ('IPO')[6]

8.8% p.a.
Annualised TSR since IPO[6]

PROFIT

£60.8m
Profit before tax
(2019: £137.8m)

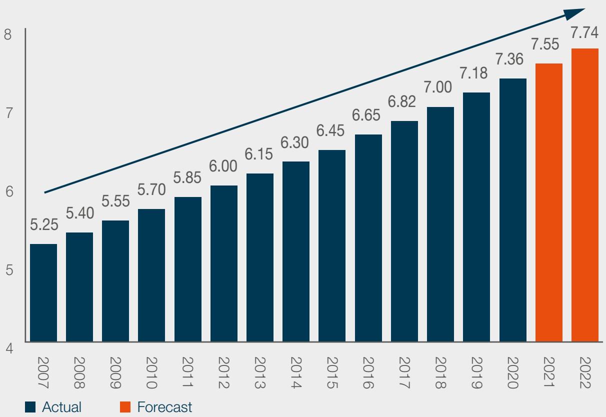
1 The forecast date for payment of the dividend relating to the six months to 31 December 2020 is 4 June 2021.
2 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty.
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 32 to 37.
5 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-linkage 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

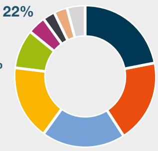


LOW RISK AND DIVERSIFIED PORTFOLIO

Sector Breakdown

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

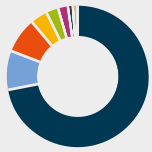
- Energy Transmission **22%**
- Transport **19%**
- Education **19%**
- Gas Distribution **17%**
- Waste Water **9%**
- Health **4%**
- Courts **3%**
- Military Housing **3%**
- Other **4%**



Geographic Split

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

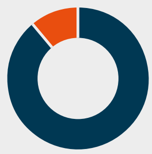
- UK **73%**
- Australia **9%**
- Belgium **8%**
- Germany **4%**
- US **3%**
- Canada **2%**
- Ireland **1%**
- Italy **<1%**



Investment Type

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

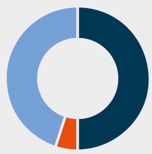
- Risk Capital[2] **89%**
- Senior Debt **11%**



Asset Ownership

Preference to hold majority stakes

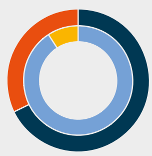
- 100% **50%**
- 50–100% **5%**
- <50% **45%**



Mode of Acquisition/ Asset Status

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

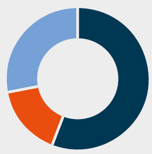
- Construction **9%**
- Operational **91%**
- Early Stage Investor[3] **68%**
- Later Stage Investor[4] **32%**



Investment Life

Weighted average portfolio life of 32 years[5]

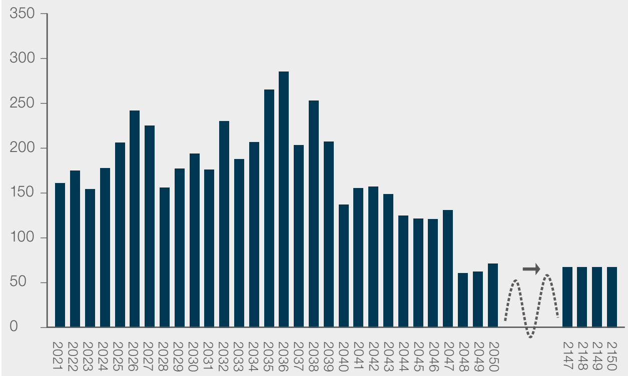
- <20 years **56%**
- 20–30 years **16%**
- >30 years **28%**



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 2020 are included.

1 The majority of assets and businesses benefit from availability-based revenues.
2 Risk Capital includes both asset and business level equity and subordinated shareholder debt.
3 Early Stage Investor – assets developed or originated by the Investment Adviser or predecessor team in primary or early phase investments.
4 Later Stage Investor – assets 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 PROJECTS AND BUSINESSES THAT ARE SUSTAINABLE OVER THE LONG TERM

OUR STRENGTHS

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 approximately 135 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 assets identified by Amber and within the US, by Amber's long-term investor, US Group, Hunt Companies LLC ('Hunt')

Relationship with the Investment Adviser

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 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 pages 64 to 71

BUSINESS MODEL
DELIVERING INVESTOR RETURNS

OUR PURPOSE

OUR PURPOSE IS TO DELIVER LONG-TERM BENEFITS FOR ALL STAKEHOLDERS BY INVESTING RESPONSIBLY IN PUBLIC AND SOCIAL INFRASTRUCTURE.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation.

We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements both now and into the future.

WHAT WE DO

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

ASSESS

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

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

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, for example, asset level board and management meetings 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 48 to 60

- Fully integrating ESG considerations across the investment lifecycle
- Setting 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 47

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

PUBLIC SECTOR AND OTHER CLIENTS
Providing responsible investment in infrastructure to support the delivery of essential public services. 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 for their 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
- 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%

2.5%

Annual dividend increase achieved
(2019: 2.6%)

Target a long-term total return in excess of 7.0% per annum

7.7% p.a.

IRR achieved since IPO[1]
(2019: 8.0%)

Inflation-linked returns on a portfolio basis

0.78%

(2019: 0.82%)

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. The variance in performance compared to the prior period is largely attributable to the deferral and/or reduction of the distributions made by Tideway, Cadent, Angel Trains and Diabolo as a result of the uncertainty caused by Covid-19.
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.

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

STRONG 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 INVESTOR RETURN 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 2020 met at least three of the six attributes (2019: 100%)

Strong ongoing asset performance as demonstrated by:

88.4%

Forecast distributions received for 2020[2] (2019: 100.0%)

0.1%

Asset performance deductions achieved against a target of <3% during 2020 (2019: 0.3%)

99.7%

Asset availability achieved against a target of >98% during 2020 (2019: 99.7%)

Managing under construction investment delivery

9.1%

of portfolio investments in construction during 2020 (2019: 9.2%)

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]

Cash covered dividends

1.2x

Dividends fully cash covered for 2020 (2019: 1.3x)

Competitive ongoing charges

1.18%

Ongoing charges ratio for 2020 (2019: 1.10%)

CHAIR'S LETTER

MIKE GERRARD
CHAIR

> *"The Company will continue to play its part in helping societies and communities meet the challenges presented by the pandemic, by ensuring that its assets and businesses remain as available and resilient as possible."*

DEAR SHAREHOLDERS,

In the Spring of 2020, many of us faced periods of significant uncertainty as we dealt with the potential impacts of Covid-19 on the health and safety of our families, colleagues and communities. During the last 12 months, the well-being of the people who deliver, manage and operate the Company's infrastructure assets, and the communities they serve, has remained the foremost priority of the Board. Whilst the experience gained during the last year places all of us in a better position to plan for, and manage, the risks arising from the pandemic, considerable uncertainty remains, notwithstanding the mass vaccination programmes and other measures currently under way in all the countries in which we invest. However, one fact has become clear – namely, the central role that national infrastructure has played in ensuring society's resilience during these difficult times. It is against this backdrop that I and my fellow Directors wish to acknowledge the exceptional efforts made by the Company's Investment Adviser, our supply chain partners and all our client and stakeholder organisations; all of whom have worked tirelessly and in partnership throughout the year, to ensure that the services and assets provided by the 130 infrastructure projects and businesses within the Company's portfolio have continued to perform.

Due to the Company's diverse portfolio, the nature of its investments and our focus on strong asset stewardship, the Company has a strong liquidity position and we have confidence in the ongoing resilience and performance of the portfolio as a whole. This is demonstrated through the Company's ability to meet its full-year dividend target of 7.36 pence per share (2019: 7.18 pence per share), representing an increase of 2.5% compared to the prior year. The Board is also pleased to reaffirm its dividend target for 2021 of 7.55 pence per share and provide new guidance of 7.74 pence per share for 2022[1].

Notwithstanding the overall resilience of the portfolio, the Company continues to take a cautious approach to the valuation of specific risks identified within investments given the uncertainty surrounding the implications of the Covid-19 pandemic. The approach has contributed towards a 1.7% decrease in the NAV, from £2.43 billion as at 31 December 2019 to £2.38 billion as at 31 December 2020 and a NAV per share decrease of 2.3%, from 150.6 pence per share as at 31 December 2019 to 147.1 pence per share as at 31 December 2020.

PORTFOLIO UPDATE AND ASSET STEWARDSHIP

The Company's active asset management approach has contributed materially to the continuation of the portfolio's robust performance. During the year, the Investment Adviser has worked with its public sector counterparties to maintain public services and has actively engaged with clients to ensure services are operating in a safe environment. For example, throughout the pandemic, the Company's Investment Adviser has worked closely with a number of public authorities in helping adapt and repurpose buildings such as school facilities. More details of these initiatives can be found on pages 15 and 24.

Overall, the Company's portfolio of investments continues to perform well for shareholders and wider stakeholders. The vast majority of the Company's investments remained available and performed in line with expectations over the course of 2020, and for those investments whose performance is measured by availability, during 2020, the availability of those assets was 99.7%. Overall, the portfolio has shown resilience during the pandemic; however, as previously outlined, there are a few specific areas where the Company's investments have incurred financial consequences from the disruption caused by the pandemic. These principally relate to: (i) Tideway, the Company's most significant asset under construction (representing 9.1% of investment at fair value); and

1 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty.

(ii) where the Company is exposed to elements of demand-based risk, the most substantial of which is the Northern Diabolo Rail Link ('Diabolo') (representing 7.8% of investment at fair value).

Another significant area of focus for the Investment Adviser during the period was in relation to the routine regulatory consultation that Cadent, a UK gas distribution business, is going through with the industry regulator, Ofgem. Please see descriptions of these investments on pages 24 to 28 and further information below.

TIDEWAY

Tideway is building a 25km 'super sewer' under the River Thames to create a healthier environment for London. Over the course of 2020, construction activity was impacted as a result of the initial lockdown that began in March 2020, whereby only essential works were able to take place. However, subsequently, with the appropriate processes and procedures in place to protect the health and safety of workers and the wider community, construction activities have continued across the Tideway construction sites. Whilst progress has been impacted during the year, construction works were over 60% complete as at 31 December 2020 and the final tunnel boring machine was launched in January 2021.

Importantly, there are a number of contractual and regulatory safeguards available to Tideway to help minimise the possible financial impacts of cost increases and delays. These include provisions to share additional costs between contractors, Tideway investors (including the Company) and end-customers, up to a threshold, beyond which they are borne by the UK Government. Tideway remains in discussions with the UK water regulator, Ofwat, on a package of measures that would mitigate the financial impact of Covid-19 on Tideway's shareholders, of which the Company is one. Progress is being made in these discussions and an agreement is expected to be reached in due course. As previously reported, Tideway published an operational update in August 2020 which included its assessment that Covid-19 will have an estimated £233 million impact on cost, increasing the project cost from £3.9 billion to £4.1 billion, and a nine-month impact on schedule, taking completion from June 2024 to March 2025. This has been reflected within the Company's 31 December 2020 valuation of its investment in Tideway, along with a prudent assessment of the sharing of these additional costs with end-customers. Please see more information on page 25.

DIABOLO

Diabolo is a rail infrastructure investment which integrates Brussels Airport with Belgium's national rail network. Whilst Diabolo does not operate train services and part of its revenues are paid on an availability basis, the majority of its revenues are linked to passenger use of either the rail link itself or the wider Belgian rail network. Passenger numbers were significantly lower over the course of 2020 compared to previous years due to the impact of Covid-19. As a consequence, and after proactive discussions with the project's lenders and the Belgian state railway since the onset of the pandemic, as announced in December 2020, £9.1 million was invested by the Company to support the project's liquidity position and to ensure that its debt covenants will continue to be met. A further £12.6 million contingent funding commitment was made to protect the value of the Company's investment. The operational performance of the investment remains strong. The extent to which the contingent commitment is required will depend upon the timing of the recovery in passenger numbers. If the full £21.7 million is not required, unutilised commitments will be cancelled. Please see more information on page 25.

For the purpose of the Company's 31 December 2020 valuation of its investment in Diabolo, advice has been taken on the possible evolution of passenger numbers from a specialist independent technical adviser and the Company has prudently assumed that no distributions will be made by Diabolo until 2023. Whilst the Company continues to have confidence in Tideway and Diabolo, as noted above, the revised valuations reflect the cautious approach taken to the additional risks faced by these investments as a result of Covid-19.

CADENT

Cadent is the UK's largest gas distribution network managing more than 80,000 miles of pipes which transport gas to 11 million customers. Cadent is also the Company's largest asset by investment fair value. During the period, the Investment Adviser, along with the Cadent management team and the Company's co-investors in Cadent, have engaged with Ofgem and others as it seeks to ensure the best possible outcome for both Cadent's customers and investors in respect of the next five-year regulatory period which is due to start in April 2021. The final determination was published by Ofgem in December 2020 and after careful deliberation and consultation with its shareholders (of which the Company is one), Cadent has decided to seek an independent review of the final determination by the Competition and Markets Authority ('CMA') as it believes this approach will best serve its customers' interests. It is understood that Cadent's approach is in line with the steps taken by other gas distribution network owners. The CMA's initial findings are expected to be announced later in 2021.

Notwithstanding the appeal noted above, the Company has sought to reflect the final determination issued by Ofgem in December 2020 within its revised cash flow forecasts used for the purpose of determining the year end valuation. In addition, whilst Cadent's revenues were largely unaffected by Covid-19, there is a risk of an increase in costs as a result of delays to planned works and new working protocols that accommodate social distancing. This has also been considered in the 31 December 2020 valuation.

We are pleased to report that Cadent continues to play a role in supporting the UK Government's net-zero target for 2050 by providing an important stabilising part of the generation mix as the renewable sector and new technologies mature, and is undertaking important

CHAIR'S LETTER
CONTINUED

research to demonstrate how the existing gas networks can be used for lower carbon fuel distribution in the future.

ASSET STEWARDSHIP
As long-term investors in infrastructure, we continue to monitor and focus on the opportunities and challenges that a changing world, from both a social and environmental perspective, have on the Company's activities. As such, it is important that the success of the Company's investments is assessed not only by financial returns but also the long-term contribution to a sustainable and prosperous society. Recognising this importance, the Company continues to enhance its approach to measuring and reporting the environmental and social outcomes of the investments it makes.

During the year, the Company was delighted to see that its Investment Adviser achieved an A+ ranking, in its first year of being a signatory to the UN-backed PRI, reflecting an assessment for the strategy, governance and management of the Company's infrastructure portfolio.

Please see more information on the Company's integrated approach to ESG in the Responsible Investment section of this report.

INVESTMENT ACTIVITY
During 2020, the Company completed £30 million of additional investments across the education, transport and digital sectors. We consider transactional activity was affected adversely by the pandemic as well as by competition amongst investors, in some cases driving returns to levels that were not attractive to the Company.

The Company acquired additional stakes in Essex Building Schools for Future ('BSF') project in May 2020, Bradford and Lewisham BSF project in August 2020 and Blackburn and Darwen BSF projects in October 2020, investing £11.4 million in total. These investments were accretive to the Company's returns and provide education facilities to over 23,000 pupils.

In July 2017, the Company agreed to invest up to £45 million in UK digital infrastructure alongside the UK Government, through the National Digital Infrastructure Fund ('NDIF'). To date, £37.3 million of the Company's £45 million commitment has been drawn for investment by NDIF. During 2020, as part of this original commitment, the Company contributed £9.5 million to further invest in three of NDIF's existing investments. In addition, NDIF made two partial realisations of its initial investments in Community Fibre Limited ('Community Fibre') and Airband Community Internet Limited ('Airband'). These transactions delivered a positive return on the Company's original investment in NDIF and provide further funding to support the growth of Community Fibre in delivering fibre connectivity across London and drive Airband's objective of rolling-out full fibre broadband to rural communities in the UK to help boost productivity, connect communities in the UK and reduce the digital divide. Covid-19 has highlighted the critical importance of having reliable digital connectivity and there is increased support for the digital sector to deliver high-quality digital infrastructure that will support communities both socially and economically.

As referred to earlier in this letter, in December 2020 the Company invested an additional £9.1 million in Diabolo and made a contingent commitment of a further £12.6 million to the 100% indirectly owned special purpose company that owns Diabolo. Please see more information on page 18.

The Company was appointed as preferred bidder on the East Anglia One Offshore Transmission project ('OFTO') in December 2020, which is the Company's tenth such appointment in the UK offshore transmission sector. The Company expects to invest up to £90 million into the East Anglia One OFTO. The East Anglia One offshore wind farm is located c.50km off the coast of Suffolk and has an installed capacity of 714MW providing enough green energy to power over 630,000 homes, thereby increasing the number of homes that are powered by the Company's OFTO portfolio to over two million. This is in addition to the Company's near-term OFTO pipeline where it has already been appointed preferred bidder on Rampion and Beatrice OFTOs, representing additional investments of up to £105 million. These OFTOs are expected to reach financial close during 2021.

CORPORATE GOVERNANCE
The Board values good corporate governance and complies with the Association of Investment Companies ('AIC') Code of Corporate Governance and the UK Corporate Governance Code, as set out on page 64. During the year, the Board undertook an externally-facilitated evaluation of its own practices and the Management Engagement Committee formally reviewed the performance of the Investment Adviser and other key service providers to the Company. The review concluded that the Board is "*operating at a very good level*". Further details can be found on page 68.

The Board recognises the pivotal role of ESG within both investment selection and ongoing performance of its portfolio and, as such, determined that the Company's approach to ESG would be the focus of its annual internal process review. The review was assisted by a specialist consultant and has resulted in new initiatives, including the formation of an Environmental, Social, and Governance Committee ('ESG Committee'). The Committee will focus attention on this important subject and will look to continue enhancing the Company's actions and disclosures in this space. Please see more information on page 38.

As previously noted, two new Directors, Sally-Ann David and Meriel Lenfestey, were appointed to the Board in January 2020 and subsequently appointed to the Audit and Risk, the Management Engagement and the Nomination and Remuneration Committees in March 2020. John Stares and John Whittle retired from the Board in March 2020 and May 2020, respectively. Claire Whittet assumed the role of Senior Independent Director following John Whittle's retirement.

During the year, the Company completed a formal tender of its audit in line with best practice and continued audit quality. The Board initiated a formal tender process in late 2019 with a longlist of suitable audit firms approached. Following a comprehensive assessment process, PwC were selected as the preferred firm and will assume the role of the Company's auditor for the 2021 financial year. A detailed transition plan has been agreed, with all parties working closely to ensure a smooth and effective auditor transition. More information is available on pages 73 to 74.

Finally, the Audit and Risk Committee of the Board has been monitoring the risks associated with the UK leaving the European Union ('EU') since the result of the referendum in 2016. During the year, the Investment Adviser maintained a position of heightened readiness, with close communication with key contractors and suppliers to assess any potential impacts arising from the end of the transition period. Whilst we have not seen any significant disruption to the Company as a direct result of the end of the transition period at the end of 2020, the Company and the Investment Adviser continue to maintain a watchful brief over any future developments in the relationship between the EU and the UK which may have the potential to impact the Company and its investments. See the risk section of this report for further information.

Further information on the Company's corporate governance developments and operational reviews over the year can be found in the Corporate Governance section of this report.

CURRENT ENVIRONMENT AND MARKET OUTLOOK

Since the outbreak of the pandemic at the beginning of 2020, there has been a broad recognition that governments need to focus on ensuring resilience against future threats, but also the pivotal role that infrastructure will play in generating economic recovery. The UK published its first National Infrastructure Strategy ('NIS') in November 2020, in response to the UK's first ever National Infrastructure Assessment, produced by the National Infrastructure Commission in 2018. The NIS focuses on driving recovery and rebuilding the economy and it recognises the importance of infrastructure investment to achieve this, by maintaining jobs and creating conditions for long-term sustainable growth and decarbonising the economy to achieve net-zero emissions by 2050. Whilst it is currently unclear what role the private sector will have in this renewal of the UK's infrastructure, we remain confident that the need for infrastructure investment will prompt policy support and further clarity.

The EU echoes a similar sentiment recognising the role of infrastructure in the transition to net-zero and maintaining and upgrading existing infrastructure, as well as driving economic recovery as a consequence of the Covid-19 pandemic. The EU's €1.8 trillion stimulus package comprises the €750 billion Next Generation EU Recovery Fund, a large component of which is focused on infrastructure. The emphasis of this package is on providing funding and direction for pan-European infrastructure projects targeting improved public transport, renewable energy generation, transmission and supply, including infrastructure for hydrogen, digital investments and supporting sustainable growth. The Company expects that over time these initiatives will continue to stimulate opportunities for private investment in infrastructure.

The Company will continue to play its part in helping societies and communities meet the challenges presented by the pandemic, by ensuring that its assets and businesses remain as available and resilient as possible. There continues to be a positive outlook for private sector investment into public infrastructure across the geographies in which the Company invests, particularly in supporting post-Covid-19 recovery. Notwithstanding the increased demand for the types of assets in which the Company invests and consequent pressure on pricing, the Company remains confident in the ability of its Investment Adviser to continue to source and develop high-quality, well-performing opportunities, across the Company's target geographies, that deliver long-term, predictable cash flows with strong inflation-linkage that meet the Company's risk-return profile.

The Company has identified a number of opportunities across Europe and Australia in the energy, transport and social infrastructure sectors as well as having a near-term pipeline of c.£200 million in digital infrastructure, energy transmission, transport and social infrastructure.

There are a range of risks stemming from Covid-19, the long-term consequences of which are not yet known. Whilst the Company believes that its business model continues to offer a significant degree of protection to shareholders, it will continue to monitor the evolving situation closely and, where possible, take action to mitigate any adverse impacts on the portfolio. Please see more information on page 50.

I and my fellow Directors would like to thank all those people within our Investment Adviser, our supply chains and all our client and stakeholder organisations, on your behalf, for their exceptional contributions to the performance of the Company during a difficult year.

MIKE GERRARD
CHAIR
24 March 2021

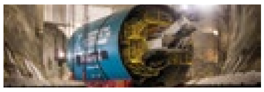
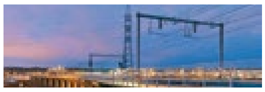
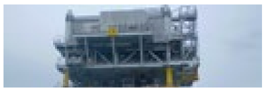
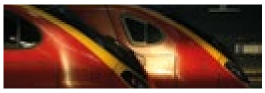
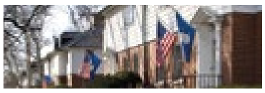
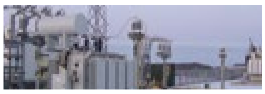
TOP 10 INVESTMENTS

NAME OF INVESTMENT	LOCATION		SECTOR	STATUS AT 31 DECEMBER 2020
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 consumers.				
TIDEWAY	UK		Waste water	Under construction
Tideway relates to the design, build and operation of a 25km 'super sewer' under the River Thames.				
DIABOLO	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 Hispeed (now 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 and an investor in train operating companies ('TOCs'), providing approximately 40 million train km of annual rail transport.				
ANGEL TRAINS	UK		Transport	Operational
Angel Trains is a rolling stock leasing company asset base comprising over 4,400 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.				
US MILITARY HOUSING[2]	US		Military housing	Operational
Two tranches of mezzanine debt underpinned by security over seven operational Public-Private Partnerships ('PPP') military housing projects, relating to a total of 19 operational military bases in the US and comprising c.21,800 individual housing units.				
ROBIN RIGG OFTO	UK		Energy transmission	Operational
The project connects the 180MW Robin Rigg East and West offshore wind farms, located 12km off the coast of Cumbria, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 25km in length.				

More detail on significant movements in the Group's portfolio for the year to 31 December 2020 can be found on pages 16 to 18 of the Strategic Report.

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 TEN INVESTMENTS BY FAIR VALUE AT 31 DECEMBER 2020 ARE SUMMARISED BELOW. A COMPLETE LISTING OF THE COMPANY'S INVESTMENTS IS AVAILABLE ON THE GROUP'S WEBSITE (WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM)

% HOLDING AT 31 DECEMBER 2020[1]	% INVESTMENT FAIR VALUE 31 DECEMBER 2020	% INVESTMENT FAIR VALUE 31 DECEMBER 2019	PRIMARY SDG SUPPORTED	
7% Risk Capital	16.5%	17.1%	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
16% Risk Capital	9.1%	9.2%	6 CLEAN WATER AND SANITATION	
100% Risk Capital	7.8%	8.6%	11 SUSTAINABLE CITIES AND COMMUNITIES	
100% Risk Capital	7.6%	7.9%	7 AFFORDABLE AND CLEAN ENERGY	
100% Risk Capital and 100% senior debt	5.0%	5.3%	7 AFFORDABLE AND CLEAN ENERGY	
33% Risk Capital	3.9%	3.7%	11 SUSTAINABLE CITIES AND COMMUNITIES	
100% Risk Capital	3.2%	3.5%	11 SUSTAINABLE CITIES AND COMMUNITIES	
5% Risk Capital	3.1%	3.3%	11 SUSTAINABLE CITIES AND COMMUNITIES	
100% Risk Capital	2.8%	2.7%	11 SUSTAINABLE CITIES AND COMMUNITIES	
100% Risk Capital and 100% senior debt	2.4%	2.3%	7 AFFORDABLE AND CLEAN ENERGY	

CASE STUDY

EDUCATION INVESTMENTS

2020 KEY STATISTICS ON THE COMPANY'S EDUCATION INVESTMENTS

>195,000

Students

267

Schools

>83%

BREEAM Certification 'Very Good' or Higher

4 QUALITY EDUCATION

Primary SDG supported

DIFFERENTIATION OF THE OPERATING MODEL

A key differentiator for the Company is the expertise that its Investment Adviser, Amber, brings to its portfolio of investments, across investment origination, fund and asset management, enabling the Company to deliver the best value and sustainable outcomes for its shareholders and its wider stakeholders. The Investment Adviser's team of approximately 135 infrastructure professionals, spread across three continents, including Europe, Australia and North America, 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.

EDUCATION PORTFOLIO

The Company's education investments represent 19% (by investment at fair value) of its portfolio and provides educational development and facilities to over 195,000 pupils across Australia, Canada, Germany and the UK.

There is considerable evidence linking a healthy physical environment to student performance and learning[1]. Studies have revealed that thermal, visual and acoustic factors and the effect of colour have an impact on both students' and teachers' ability to concentrate, contributing to students' success[2]. The Company firmly believes that its approach to providing and maintaining its school accommodation investments to the required standard will ultimately support teachers in maximising their students' potential.

This is evidenced by the Company's investment in Sedgefield Community College, Durham, named The Sunday Times North East Secondary School of the Decade by Parent Power in December 2020. The college, which was developed as part of the former UK government's BSF Programme, opened in January 2011 and has exceptional facilities throughout, including diffused natural daylight transmitted via rooflights and optimal thermal and acoustic levels which all contribute towards creating a healthy environment for students to learn. Other innovative features include a 'living roof', which has been incorporated to support local biodiversity and contribute to improving the college's resilience to climate change by reducing storm water run-off velocity and volumes and increasing the cooling effect during hotter summers.

SUSTAINABLE MANAGEMENT

The Company views the development and maintenance of schools as a key component of delivering SDG 4: 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'. In line with its ESG philosophy, the Company believes all investments should be managed sustainably.

From an education investment perspective, this starts with the design and construction of the buildings themselves. To ensure sustainability is incorporated into schools' design and construction, the Company draws on several sustainability certifications, including Building Research Establishment Environmental Assessment Method ('BREEAM') and Leadership in Energy and Environmental Design ('LEED'). BREEAM and LEED are leading sustainability assessment methods for master planning projects, infrastructure and buildings[3].

Of the UK school investments that have obtained sustainability certifications, 80% have achieved 'Very Good' or higher against the BREEAM certification. In addition, 100% of the Company's education investments in Canada have achieved either 'Silver' or higher as part of the LEED certification[4].

The Company's Investment Adviser's approach to ESG continues post-construction, whereby the Company ensures material environmental and social issues are actively managed throughout the operational life of the investment. Please refer to the Responsible Investment section for more information about the Company's approach to the sustainable management of the Company's education investments.

Whilst the primary purpose of the investments is to provide facilities for education, the Company recognises that the schools have a much broader role in the local community. As one of its ESG stewardship objectives, the Company, working alongside the school, looks to make the local communities' assets available outside of school hours where possible.

Whilst the Company's education investments have been impacted by Covid-19 restrictions put in place during lockdowns, the Company has worked hard to ensure that its education investments continue to play an essential role in supporting their communities through the pandemic. Where education investments have large spaces that can safely be made available for use whilst the asset itself is either closed or not fully occupied, the Company has sought to work with its public sector partners to repurpose them. For example, the Company's education investments in Blackburn have been used as hubs for primary children; Elgin Academy has been used as a clinic for newborns; Kent, St Aloysius and Somerset investments have been used for the preparation of food hampers. To date, over 240,000 free school meals have been provided to pupils and over 4,000 hampers have been delivered to pupils who receive free school meals.

The Company is committed to supporting its public partners to ensure value is realised for all stakeholders, both now and into the future.

1 Clark, H (2002) Building Education: The Role of the Physical Environment in Enhancing Teaching and Research. Issues in Practice.
2 Weinstein, C.S. (1979) 'The physical environment of the school: a review of the research'. Review of Educational Research 49, 4, 577-610.
3 https://www.breeam.com/.
4 https://www.usgbc.org/help/what-leed.

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 higher 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.

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

Despite more challenging market conditions during the year to 31 December 2020, the Company invested £30 million (2019: £281.3 million). These opportunities were sourced by the Investment Adviser through increasing its interest in existing investments. This is a preferred route to market for the Company alongside sourcing investments from project inception (e.g. early stage developments in response to an initial government procurement process) or as part of a larger consortium, building on the Company's experience and credibility of participating in multi-billion-pound regulated infrastructure transactions. These origination approaches avoid bidding in the competitive secondary market and offer compelling investment opportunities. Through increasing its interest in existing assets, it provides the Company with an opportunity to drive positive change in its investments and focus on their long-term performance in line with the Company's ESG stewardship objectives.

Details of investment activity during 2020 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 2020 met at least three of the six attributes

INVESTMENTS MADE DURING 2020	LOCATION	KEY ATTRIBUTES 1	2	3	4	5	6	OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
BSF Essex Project	UK	✓	✓		✓		✓	Operational	£6.7 million	26 May 2020
BSF Bradford and Lewisham Projects	UK	✓	✓		✓		✓	Operational	£3.6 million	10 August 2020
BSF Blackburn and Darwen Projects	UK	✓	✓		✓		✓	Operational	£1.1 million	9 October 2020
NDIF	UK			✓	✓	✓	✓	Operational	£9.5 million	Various
Diabolo	Belgium		✓		✓		✓	Operational	£9.1 million[1,2]	24 December 2020
									£30.0 million	

1 GBP translated value of investment.
2 In addition, a contingent commitment of £12.6 million is available, if required.

INVESTMENTS MADE DURING THE PERIOD

ADDITIONAL INVESTMENTS IN BSF PROJECTS, UK

BSF is a former UK Government programme for the redevelopment of secondary schools in the UK, which used a combination of design and build contracts and private finance type arrangements.

During the course of 2020, the Company made further investments into Essex BSF, Bradford and Lewisham BSF and Blackburn and Darwen BSF which provide education facilities to over 23,000 pupils in total.

In May 2020, the Company acquired an accretive interest in the Essex BSF project, which provides education facilities to over 3,700 secondary school pupils across Essex. The transaction saw the Company invest a further £6.7 million in two private finance initiative ('PFI') project companies that own the project's four schools and increased the Company's existing investment to 28% on phase 1 and 100% on phase 2 of the project.

In August 2020, the Company acquired stakes in six PFI project companies that own 14 UK schools. These schools provide education facilities to over 17,000 pupils across Bradford and Lewisham. The Company invested a further £3.6 million and as a result increased its existing stake by 4% in each of the six underlying project companies. Upon completion, the Company will hold a 54% investment in three of the Lewisham BSF schemes and 45% in the fourth; as well as increasing its share in the two Bradford schemes to 15.5% and 19% in the phase 1 and 2 schemes, respectively.

In October 2020, the Company acquired an additional interest in Blackburn and Darwen BSF project, which provides education facilities to approximately 2,500 pupils. The Company invested a further £1.1 million to acquire stakes in two project companies which own three schools. As a result, the Company now has 100% ownership.

The Company views the development and maintenance of schools as a key component of delivering SDG 4: 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'. For more information about the Company's approach to the stewardship of these investments please see the case study on pages 14 to 15.

Primary SDG Supported

DIGITAL INFRASTRUCTURE, UK

In July 2017, the Company agreed to invest up to £45 million into UK digital infrastructure alongside the UK Government through NDIF, a vehicle focusing on investment in UK digital infrastructure managed by the Investment Adviser. During the course of 2020, the Company made further commitments across three of NDIF's existing portfolio companies; NextGenAccess, Airband and toob, as part of the Company's £45 million commitment. To date, £37.3 million of the Company's £45 million commitment has been called.

In July 2020, NDIF agreed further funding by new investors in Community Fibre as well as a part realisation by NDIF of its investment in Community Fibre to Warburg Pincus LLC and Deutsche Telekom Capital Partners. The proceeds realised will be retained by NDIF for reinvestment. The transaction reflected a positive return on NDIF's original investment and will support further growth for Community Fibre. The Company invested in Community Fibre through NDIF in 2018 to fund the roll-out of full fibre connectivity and in July 2020, Community Fibre announced that it will accelerate the availability of full fibre broadband to one million households across London by 2023, thereby delivering critical infrastructure. 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.

In November 2020, NDIF partnered with a new investor, Aberdeen Standard Investments ('ASI'), in Airband alongside the existing shareholders of the company. Airband is a provider of rural connectivity services across the West of England, historically through Fixed Wireless Access ('FWA'). Since 2018, the business has moved towards Fibre to the Premises ('FTTP'), driven by UK Government-led initiatives, including subsidies to promote significant investment in fibre infrastructure in rural areas. The business has a network footprint covering thousands of homes across the West of England, and has secured significant contracts underpinning a business plan that targets more than an additional 500,000 premises by 2025. The transaction involved a part realisation by NDIF of its investment to ASI and reflected a positive return on NDIF's original investment and supports further growth for Airband. ASI acquired a majority stake in Airband, with the existing shareholders, including NDIF, retaining minority positions.

Covid-19 has amplified the necessity for communities and businesses to be able to access reliable and efficient digital connectivity. Over the next few decades, digital networks will be the enabling infrastructure that helps drive economic growth and productivity. By investing in digital infrastructure, the Company is directly supporting SDG 9: 'Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation'.

Primary SDG Supported

OPERATING REVIEW
CONTINUED

DIABOLO, BELGIUM
Diabolo is a rail infrastructure investment which integrates Brussels Airport with Belgium's national rail network. As a result of Covid-19, passenger numbers were significantly lower in 2020 compared to previous years; and with the reinstatement of a national lockdown in Belgium at the end of October 2020, it became clearer that without remedial action by the Company, a continuation of lower than projected passenger numbers would have resulted in a liquidity shortfall and a breach of certain formula-based debt covenants in early 2021. Whilst Diabolo does not operate train services, and part of its revenues are paid on an availability basis, the larger part of its revenues, although paid by the public authorities and not directly by passengers, are nonetheless linked to the number of passengers who use either the rail link itself or the wider Belgian rail network.

The Company's Investment Adviser had actively engaged in discussions with the project's lenders and the Belgian state railway since the onset of Covid-19 and in December 2020, the Company agreed to provide an additional £9.1 million of funding plus a contingent commitment of a further £12.6 million. While Diabolo's operational performance remains strong, the additional £9.1 million was invested by the Company to support Diabolo's liquidity position, ensure debt covenants will continue to be met and protect the value of the Company's investment.

The extent to which the additional investment will be required will depend upon the recovery in passenger numbers. Given the level of uncertainty in future passenger projections, the Company has taken a prudent approach and allowed for up to £21.7 million in total to be available should the project require it. If the additional funding of up to £12.6 million is not required, the unutilised commitments will be cancelled.

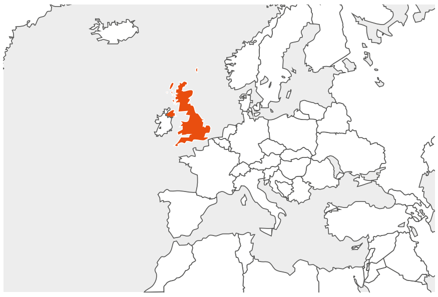
Well-planned and coordinated transport infrastructure is fundamental to the economic and social well-being of a community. It is also becoming increasingly important in combatting climate change and has been identified as a crucial part of net-zero carbon strategies which are emerging internationally. By turning the previous terminus into a through route and realigning services, the proportion of passengers and workers travelling to and from the airport using rail and other public transport has increased. By investing in Diabolo, the Company is directly supporting SDG 11: 'Make cities and human settlements inclusive, safe, resilient and sustainable'.

Primary SDG Supported

11 SUSTAINABLE CITIES AND COMMUNITIES

OPERATING REVIEW
MARKET ENVIRONMENT IN 2020 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 and generating economic recovery by creating opportunities for private sector investment.

In March 2020, the UK Government stated that the UK had under-invested in infrastructure and expressed an intention to commit £640 billion of capital investment to the sector, and in June 2020 the UK Prime Minister outlined plans to rebuild Britain and the economy across the UK with significant infrastructure spending forecast in the immediate future.

In addition, in November 2020, the UK NIS was published in response to the UK's first ever National Infrastructure Assessment, produced by the National Infrastructure Commission. The NIS reflects the Government's reform programme, Project Speed, which was launched in Summer 2020 to review the infrastructure lifecycle and identify where improvements can be made. It focuses on driving recovery and rebuilding the economy, recognising the pivotal role infrastructure will play to achieve this, both by maintaining jobs in the short term, and creating the conditions for long-term sustainable growth; decarbonising the economy and adapting to climate change, acknowledging that infrastructure will be fundamental in achieving net-zero by 2050. The strategy also announced that new revenue support models will be developed and references the expansion of the Regulated Asset Base ('RAB') model, using the Company's Tideway investment as an example, whilst reiterating that PFI and Private Finance 2 ('PF2') will not be reintroduced as models of delivery.

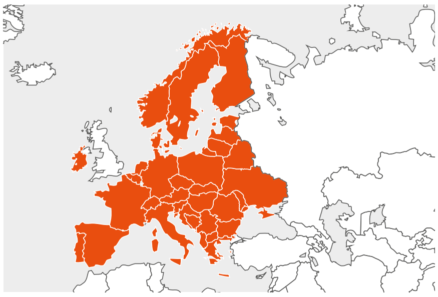
The Government also announced the establishment of a new National Infrastructure Bank ('NIB'), which will commence operations in Spring 2021. The UK NIB will support both public and private projects and should provide some further clarity on the role of private sector capital as there is a broad recognition that private capital will be required to meet the Government's net-zero target and support economic recovery. The UK NIB will have an initial £12 billion capitalisation, with the aim of funding £40 billion of projects across the UK. In addition, in the UK annual Spending Review, the Government increased capital spending on major projects to £100 billion with a focus on housing, digital connectivity, delivering better roads, upgraded railways and cycle ways.

The Company has a high-quality pipeline in the UK, including in the energy transmission, social infrastructure and regulated 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.

Please refer to page 50 for more information on the UK's withdrawal from the EU.

OPERATING REVIEW
MARKET ENVIRONMENT IN 2020 AND FUTURE OPPORTUNITIES
CONTINUED

EUROPE

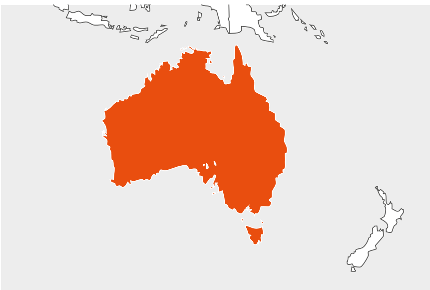


Overall investment into European infrastructure continues to be supported by broader EU frameworks. The EU recognises the role of infrastructure to transition to net-zero, maintain and upgrade existing infrastructure, and help drive economic recovery as a consequence of the Covid-19 pandemic.

The European Commission announced a €1.8 trillion stimulus package, which comprises a €750 billion Next Generation EU Recovery Fund. A large component of the Next Generation EU Recovery Fund is focused on infrastructure to address the social and economic impacts of Covid-19 and become more sustainable and resilient. The emphasis of this package is on providing funding and direction for pan-European infrastructure projects to contribute to net-zero by 2050 and improved digital connectivity. Projects will be focused on public transport, renewable energy projects, including infrastructure for hydrogen, digital investments and supporting sustainable growth. The Company expects that over time these initiatives will continue to stimulate opportunities for private investment in infrastructure.

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.

AUSTRALIA



Australia has a history of the private sector providing and financing public infrastructure. It has a stable and transparent legal and regulatory framework with active infrastructure financing and investor markets. Most government counterparties involved with public infrastructure procurement are rated AA+ or higher. There also continues to be a need for private finance in order to deliver all of the Government's objectives, especially in the current climate.

Infrastructure Australia sets out its medium to long-term aspirations for the country's infrastructure development in its 'Australian Infrastructure Plan'. Building on the 2019 infrastructure plan, the 2021 Australian Infrastructure Plan is expected to establish the agenda for the next 15 years identifying a pipeline across the transport, energy, waste, water, telecommunications and social infrastructure sectors, as well as including a planned response to Covid-19 in respect to infrastructure. Generally, Australia has responded well to the challenges presented by Covid-19 and the pandemic has accelerated structural trends such as digitalisation, more local and regional infrastructure use, as well as service innovations. However, like other countries, lockdowns, social distancing and work-from-home measures have impacted project delivery, created new trends and reversed others. The way Australians use critical infrastructure is expected to change as a result, including across the transport, telecommunications, digital, energy, water, waste, and social infrastructure sectors.

Infrastructure Australia has noted that infrastructure has proved relatively resilient in light of the Covid-19 pandemic and it has accelerated the development of infrastructure in certain sectors, as noted above. It also noted a continuation of infrastructure construction across major projects was a key source of economic activity and employment during the pandemic. Other changes noted since March 2020 include approximately 30% of the total workforce working from home, with a third of those workers wishing to remain remote. This accelerated trend has led to widespread office vacancies, greater strain on the broadband network, greater energy and water consumption in residential areas and increased local activity, including local traffic congestion and demand for greenspace. In a reversal to the earlier trend of increasing public transport use, patronage in most cities fell to 10% to 30% of normal levels in the initial lockdown and settled at a 'new norm' of 60% to 70% of pre-Covid-19 levels[1]. Importantly, an acceleration of regionalisation has also occurred with Australian households seizing the opportunity to move away from dense, metro areas. Infrastructure Australia believes the longevity of these changes is uncertain; however, the impacts are likely to persist for some time as Australians continue to seek more affordable housing outside of the inner metro areas. If this trend continues, we could see reduced demand for urban transport and increased pressure on broadband networks in regional centres.

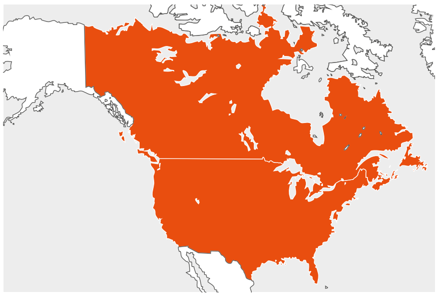
Australian states are also continuing to develop smaller-scale social infrastructure projects in health, social housing and education sectors. In keeping with policy recommendations in the Australian Infrastructure Plan, some states are also adopting infrastructure procurement models that outsource operator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

The Company's view is positive about the prospects for further investments in the region and it is reviewing opportunities in this geography.

1 https://www.infrastructureaustralia.gov.au/.

OPERATING REVIEW
MARKET ENVIRONMENT IN 2020 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 gave the US a D+ or 'poor' rating. It is estimated that there will be a funding gap of more than $2 trillion by 2025.

Whilst the US private infrastructure market is mature and large, with over 650 infrastructure investments executed during 2020[1], there have been issues at the federal level that have delayed the enaction of legislation. The real opportunity in the US, however, is not 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. The state and local governments are increasingly using the P3 (Public-Private Partnerships) model and, in light of Covid-19, this is likely to be used as a fiscal tool as part of the economic recovery. Smaller cities and municipalities are seeking to monetise assets including utility systems, real estate and civic infrastructure.

President Biden has announced a 'Build Back Better Recovery Plan' (the 'Plan') that will focus on infrastructure investment, including building and repairing roads and bridges, ports, airports, water systems, electric grids and broadband and it is also expected that during 2021 the volume of capital spent on infrastructure will increase. However, it is anticipated that the Plan will have a clear climate-driven focus, including green initiatives, such as Electric Vehicle ('EV') charging, updating rail networks and working towards zero-emission public transport, investing in green power and making buildings more energy efficient and clean energy technologies, such as battery storage, emissions technology, green hydrogen and advanced nuclear.

The opportunity to generate higher returns than generally seen in the European markets and 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 barriers to entry for many European investors. The Investment Adviser actively monitors the development of projects that fit the Company's investment objectives.

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 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.

1 Preqin.

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
NDIF	UK	£7.7 million	Operational businesses	Of the £45 million commitment to NDIF, c.£37.3 million has been invested to 31 December 2020
OFFENBACH POLICE HEADQUARTERS	Germany	£8.4 million[2]	c.30 years	Investment commitment made. Expected to be funded mid-2021
DIABOLO	Belgium	£12.6 million	26 years	An investment of £9.1 million has been made, with a further contingent commitment available, if required
BEATRICE OFTO	UK	Up to £60 million	c.23 years	Preferred bidder. Investment expected H1 2021
RAMPION OFTO	UK	Up to £45 million	c.20 years	Preferred bidder. Investment expected H2 2021
EAST ANGLIA ONE OFTO	UK	Up to £90 million	c.21 years	Preferred bidder. Investment expected H2 2021

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.
2 Project has reached financial close. Commitment to invest once construction has completed, expected to be mid-2021.

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 approximately 40 asset managers, as part of the wider pool of approximately 135 infrastructure professionals across 11 offices. 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. This active asset management approach has been fundamental to the Company's performance since IPO in 2006 and 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 strong performance during the current 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. The Investment Adviser's involvement will vary depending on each investment type, noting that each investment is actively managed to optimise performance. During 2020, 88.4% of forecast investment portfolio receipts were received (2019: 100.0%)[1]. The variance in performance compared to the prior period is largely attributable to the deferral and/or reduction of the distributions made by Tideway, Cadent, Angel Trains and Diabolo as a result of the uncertainty caused by Covid-19.

The Company has a weighted average investment life of 32 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

88.4%
Forecast distributions received[1]

99.7%
Asset availability achieved against a target of >98%

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. While infrastructure projects inherently involve health and safety risks from construction through to operation, the Company's accident frequency rate for occupational accidents that resulted in lost time was low at 0.29 per 100,000 hours worked (as at 31 December 2020)[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 41% of the Company's portfolio (by investment at fair value), and the Company's Investment Adviser has extensive experience in this sector and has developed the majority of the investments. 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 are key deliverables for the Investment Adviser. The Company's Investment Adviser works closely with its partners to ensure these standards are met. For those investments whose performance is measured by both availability and performance, for 2020, the availability of those assets was 99.7% (2019: 99.7%) and across all projects there were performance deductions of 0.1% (2019: 0.3%), both exceeding the Company's targets.

In addition, the Company's public sector clients commissioned and funded over 1,100 contract variations during the period, resulting in a combined value of over £26 million of additional project work conducted on behalf of the commissioning body. The completed changes during the period ranged from minor building fabric alterations within education facilities, to the delivery of transport facility upgrades. Seven benchmarking exercises were also performed and agreed in our social accommodation projects, which included reviewing facilities management services delivered on the projects in order to assess value for money for the public sector.

During the period, in response to Covid-19 and government guidelines, certain schools, blue light facilities and other public buildings were required to close for a period. However, a large number remained open with no availability issues and in some cases were able to be repurposed to help support the wider community. For more information on these initiatives, please see pages 14 to 15.

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

Diabolo

Diabolo is a rail infrastructure asset that integrates Brussels Airport with Belgium's national rail network. Whilst Diabolo does not operate train services and part of its revenues are paid on an availability basis, the majority of its revenues are linked to passenger use of either the rail link itself or the wider Belgian rail network. As previously reported, as a consequence of Covid-19, passenger numbers were significantly lower in 2020 compared to previous years; and with the reinstatement of a national lockdown in Belgium at the end of October 2020 it became clearer that, without remedial action by the Company, a continuation of lower than projected passenger numbers would have resulted in a liquidity shortfall and a breach of certain formula-based debt covenants in early 2021. The Company's Investment Adviser had proactively engaged in discussions with the project lenders and the Belgian state railway following the onset of Covid-19 and in December 2020, the Company agreed to provide an additional £9.1 million of funding plus a contingent commitment of a further £12.6 million. While the project's operational performance remains strong the additional £9.1 million was invested by the Company to support the project's liquidity position, ensure its debt covenants will continue to be met, and ultimately protect the value of the Company's investment. To the extent the £12.6 million commitment is not required it will be cancelled.

In addition to the measures taken above, the project benefits from a contractual mechanism which permits an adjustment to the passenger fee in the event that passenger numbers and returns fall below a certain threshold. This mechanism operated successfully earlier in the life of the project but, subsequently, the higher than forecast passenger use during the period 2013 to 2019 resulted in returns above the threshold at which this mechanism could be invoked. The lower passenger numbers as a consequence of Covid-19 have not yet resulted in returns below the level at which the mechanism would be invoked. However, the mechanism provides important downside protection for the remaining c.26 years of the concession should passenger numbers not evolve in line with current expectations.

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.

Tideway

Tideway is building a 25km 'super sewer' under the River Thames to create a healthier environment for London. As a result of the UK Government's guidance issues in March 2020 in response to the continued spread of Covid-19, Tideway reduced construction activities across its sites and continued only with essential and safety-critical works. Following the easing of restrictions and after a series of detailed safety reviews and the implementation of measures to protect its workers and the wider community, Tideway recommenced work on the majority of its construction sites in May 2020. As previously reported, Tideway published an operational update in August 2020 which included its assessment that Covid-19 will have an estimated £233 million impact on cost, increasing the project cost from £3.9 billion to £4.1 billion, and a nine-month impact on schedule, taking completion from June 2024 to March 2025.

In terms of contractual and regulatory safeguards, the Tideway project documentation includes provisions to share additional costs between contractors, Tideway investors (including the Company) and end-customers, up to a threshold, beyond which they are borne by the UK Government. Tideway has also indicated that it is in discussions with Ofwat on a package of measures that would mitigate the financial impact of Covid-19 on Tideway's shareholders, of which the Company is one. These discussions are continuing, and an agreement is expected to be reached in due course.

At the time of writing, the construction works were more than 60% complete and the final tunnel boring machine was launched in January 2021.

OPERATING REVIEW
CONTINUED

Cadent
Cadent, which owns four of the UK's eight regional gas distribution networks, is regulated by Ofgem under a regime with similar principles as those applied by Ofwat to Tideway. Changes in the regulatory regime have the potential to impact the returns of Cadent. Ofgem released its RIIO-2 draft determination in July 2020 followed by the final determination in December 2020, which covers the price control period from April 2021 to March 2026. The Company's Investment Adviser, together with the Cadent management team and the Company's co-investors in Cadent, have engaged with Ofgem and others as it seeks to ensure the best possible outcome for both Cadent's customers and investors in respect of the next five-year regulatory period. After careful deliberation and consultation with its shareholders, of which the Company is one, Cadent has decided to seek an independent review of the final determination by the CMA as it believes this approach will best serve Cadent's customers. It is understood that Cadent's approach is in line with the steps taken by other gas distribution network owners. The CMA's initial findings are expected to be announced later in 2021.

During the year to 31 December 2020, Cadent prioritised the emergency response service for suspected gas leaks as well as its programme of essential maintenance, working around the clock to keep the public safe, warm and able to cook with gas. This was done in accordance with the enabling framework set out by Ofgem, which allowed network companies to defer lower priority works and services without undue fear of regulatory enforcement or penalties. Notwithstanding the disruption caused by Covid-19, Cadent identified certain iron mains replacement projects which could be completed despite the existence of social distancing requirements and opportunistically completed these at a time when disruption to local shops, businesses and road users was minimised. This work was undertaken with safety being the number one priority.

OTHER OPERATING BUSINESSES
The Company invests in a number of operating businesses including BeNEX, Angel Trains and digital infrastructure (via its commitment to NDIF). With the exception of Angel Trains, 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, a health and safety focus as well as protecting the 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, saw a significant reduction in the number of people using public transport during 2020 as a result of the pandemic, the impact on BeNEX has been limited. In addition, BeNEX received 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.

Angel Trains
The Company holds a minority shareholding in 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 been largely unaffected by Covid-19. Due to the uncertainty faced during 2020, the board of Angel Trains, which includes shareholder representatives, prudently decided to defer distributions for the year.

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. Whilst at the start of 2020 physical deployment was impacted by Covid-19 restrictions, 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 current volume of people working from home. The expectation is that this will continue post Covid-19, which highlights the need for resilient digital infrastructure and the accelerated roll-out of fibre.

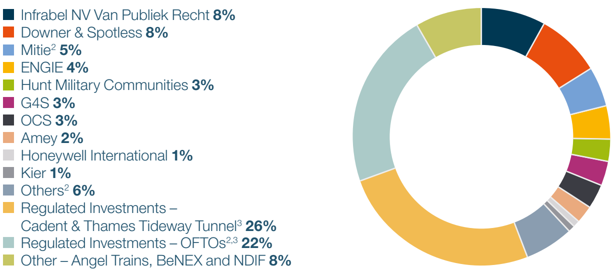
COUNTERPARTY RISK

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. Please see more information on pages 54 to 55. 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.

During 2020, the support services arm of Interserve Group Limited, the company formed following the administration of Interserve Plc, was acquired by Mitie Plc ('Mitie'). The Investment Adviser, building on the experience gained following the liquidation of Carillion Plc, was well placed to manage this transition. The merger has not had a material impact on the Company's exposure to Mitie; c.5% of the Company's portfolio (by investment at fair value) has Mitie as a service provider.

Over the course of 2020, all the Company's facilities have remained operational with no disruptions to service delivery. In response to Covid-19, the Company's Investment Adviser has continued to monitor each counterparty as normal, but it has increased the frequency of its reviews to ensure that any issues as a result of Covid-19 are identified as soon as possible.

INPP Service Providers[1]



1 Based on percentage of Investments at Fair Value as at 31 December 2020.
2 These include both Risk Capital and senior debt investments. Of the amount shown, senior debt represents the following: Mitie (1.1%), Others (2.0%) and OFTOs (8.0%).
3 These Risk Capital investments operate with no significant exposure to any one service provider or delivery partner.

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 for other non-public information. 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.

OPERATING REVIEW
CONTINUED

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. As at 31 December 2020, two projects were under construction representing 9.1% of the Company's portfolio.

Performance against strategic priority KPIs

9.1%
of portfolio under construction

Despite Covid-19, Tideway made good progress on the construction of the tunnel and associated infrastructure during 2020. As outlined above, as a result of the UK Government's guidance issued in March 2020 in response to the continued spread of Covid-19, construction activities across the Tideway project sites were reduced. The number of workers onsite increased in May 2020 as restrictions eased and after a series of detailed safety reviews and the implementation of measures to protect Tideway's workers and the wider community had taken place. Notwithstanding this, as a result of the impact of Covid-19 on the project, in August 2020, Tideway published an update which included an estimated £233 million impact on cost, increasing the project cost from £3.9 billion to £4.1 billion, and a nine-month impact on schedule, taking completion to March 2025. The construction works are more than 60% complete and the final tunnel boring machine was launched in January 2021. Construction activity has continued steadily throughout the lockdown that began at the start of 2021.

Construction works for Offenbach Police Headquarters continued to proceed during 2020 to budget. The implementation and operation preparations have progressed well in close coordination with the client and the local authority. The Company's current expectation is that the project will be delivered on schedule for mid-2021.

Projects under construction as at 31 December 2020 are set out in the table below.

ASSET	LOCATION	CONSTRUCTION COMPLETION DATE	DEFECTS COMPLETION DATE	STATUS AT PERIOD END	% OF INVESTMENTS AT FAIR VALUE
Tideway	UK	2025	2028	Behind original schedule[1]	9.1%
Offenbach Police Headquarters	Germany	2021	2025	On schedule	0.0%[2]

1 As a result of Covid-19, the construction completion date has been impacted and it is now scheduled for March 2025.
2 The Investment Fair Value of Offenbach Police Headquarters as at 31 December 2020 was 0.02%. The Company will invest c.£8.4 million once the project has reached practical completion in mid-2021.

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 £101.5 million (31 December 2019: £101.8 million), were 1.2 times (31 December 2019: 1.3 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 1.18% for the year ended 31 December 2020 (31 December 2019: 1.10%). This ratio increased in the year due to the timing impact of a decline in the NAV during 2020 and captures the full year of fees for the substantial NAV growth during 2019. Corporate costs include management fees of £26.4 million for the year to 31 December 2020 (31 December 2019: £23.4 million).

Performance against strategic priority KPIs

1.2x
Dividends fully cash covered

1.18%
Ongoing charges ratio

As outlined on page 85 of the financial statements, IFRS profit before tax of £60.8 million was reported (31 December 2019: £137.8 million). The reduction compared to the prior year was principally reflective of the one-off fair value gains recognised on the BeNEX transaction in the prior year, as well as the current period decrease in valuation of the portfolio overall as a result of additional uncertainty caused by Covid-19.

The Company's cash balance as at 31 December 2020 was £44.3 million, broadly comparable to the corresponding balance at 31 December 2019 of £45.6 million. Cash receipts from investments decreased by £6.6 million in the year, to £153.0 million (31 December 2019: £159.6 million), reflecting some distributions being deferred as a result of additional uncertainty caused by Covid-19. Please refer to page 86 for more information. Other corporate costs during the period were negligible (31 December 2019: £0.1 million). As detailed in note 10 of the financial statements, as well as on page 16 of the Operating Review earlier in this report, £30.0 million of new capital was invested during the year, lower than the prior year (31 December 2019: £281.3 million). As a result, investment transaction costs paid in 2020 were lower than in the prior year at £0.8 million (31 December 2019: £3.7 million).

At 31 December 2020, the Company's CDF was £38.4 million cash drawn (31 December 2019: £27.9 million cash drawn). Net financing costs paid were £4.2 million, a small decrease compared to the prior year (31 December 2019: £4.7 million) reflecting the lower level of utilisation of the Company's CDF during the year. The Company's CDF was due to expire in July 2021 but in March 2021 was amended and now matures in March 2024. The facility has the same overall £400 million capacity as the previous fully committed arrangement but is structured to more efficiently support the Company's near-term pipeline with £250 million on a fully committed basis together with a flexible 'accordion' component which will, subject to lender approval, allow for a future extension by an additional £150 million. The banking group for the existing facility has been retained. This includes 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 2020 £ Million	Year to 31 December 2019 £ Million
Opening cash balance	**45.6**	84.7
Cash from investments	**153.0**	159.6
Corporate costs (for ongoing charges ratio)	**(28.3)**	(25.1)
Other corporate costs	**–**	(0.1)
Net financing costs	**(4.2)**	(4.7)
Net operating cash flows before capital activity[1]	**120.5**	129.7
Cost of new investments	**(30.0)**	(281.3)
Investment transaction costs	**(0.8)**	(3.7)
Net movement of CDF	**10.5**	27.9
Proceeds of capital raisings (net of costs)	**–**	190.1
Dividends paid[2]	**(101.5)**	(101.8)
Closing cash balance	**44.3**	45.6
Cash dividend cover	**1.2x**	1.3x

1 Net operating cash flows before capital activity as disclosed above of c.£120.5 million (31 December 2019: c.£129.7 million) include net repayments from Investments at Fair Value through profit and loss of c.£39.5 million (31 December 2019: c.£40.2 million), and finance costs paid of c.£4.2 million (31 December 2019: c.£4.7 million) and exclude investment transaction costs of c.£0.8 million (31 December 2019: c.£3.7 million) when compared to net cash inflows from operations of c.£84.2 million (31 December 2019: c.£90.5 million) as disclosed in the statutory cash flow statement on page 88 of the financial statements.
2 The decrease in cash dividends for the period was due to an increase in scrip dividend uptake. Please see more information on page 101.

CASH FLOWS ASSOCIATED WITH ONGOING CHARGES RATIO

Corporate Costs	Year to 31 December 2020 £ Million	Year to 31 December 2019 £ Million
Management fees	**(26.4)**	(23.4)
Audit fees	**(0.2)**	(0.3)
Directors' fees	**(0.4)**	(0.4)
Other running costs	**(1.3)**	(1.0)
Corporate costs	**(28.3)**	(25.1)

Ongoing Charges Ratio	Year to 31 December 2020 £ Million	Year to 31 December 2019 £ Million
Annualised Ongoing Charges[1]	**(28.3)**	(25.1)
Average NAV[2]	**2,393.3**	2,285.3
Ongoing Charges	**(1.18%)**	(1.10%)

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

INVESTOR RETURNS

DIVIDEND GROWTH

The Company targets predictable and, where possible, growing dividends. The Company forecasts to pay the second 3.68 pence per share dividend in respect of the 12 months to 31 December 2020 in June 2021. Once paid, this would bring the total dividends paid in respect of 2020 in line with the previously announced target of 7.36 pence per share (2019: 7.18 pence per share).

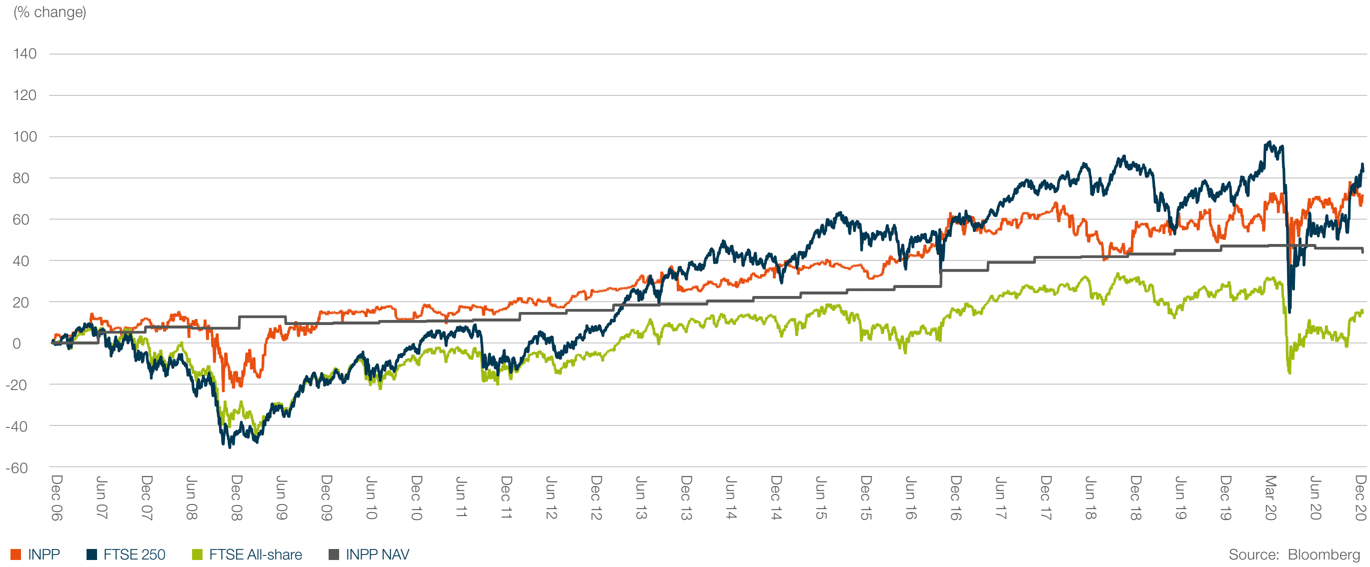
As illustrated in the chart on page 2, the Company has delivered a c.2.5% average annual dividend increase since IPO. The Company is currently maintaining its previously announced dividend target of 7.55 pence per share in respect of 2021 and provides new guidance of 7.74 pence per share for 2022[1].

TOTAL SHAREHOLDER RETURN

The Company's annualised TSR[2] since the IPO to 31 December 2020 was 8.8%. This compares to the annualised FTSE All-Share Index TSR over the same period of 4.7%. The total return based on the NAV appreciation plus dividends paid since the IPO to 31 December 2020 is 7.7%[2] on an annualised basis compared to the Company's long-term target return of 7.0%[3].

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 during the 12 months to 31 December 2020 increased owing to the impacts of Covid-19 on economies worldwide, we anticipate the correlation to return to more normal levels over the longer term. For reference, the correlation with the FTSE All-Share Index was 0.194 and 0.381 over the five years to 31 December 2019 and 31 December 2020, respectively.

Share Price Performance



INFLATION-LINKED CASH FLOWS

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 2020, 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 0.78% per annum in response to a 1.00% per annum increase in all of the assumed inflation rates[4].

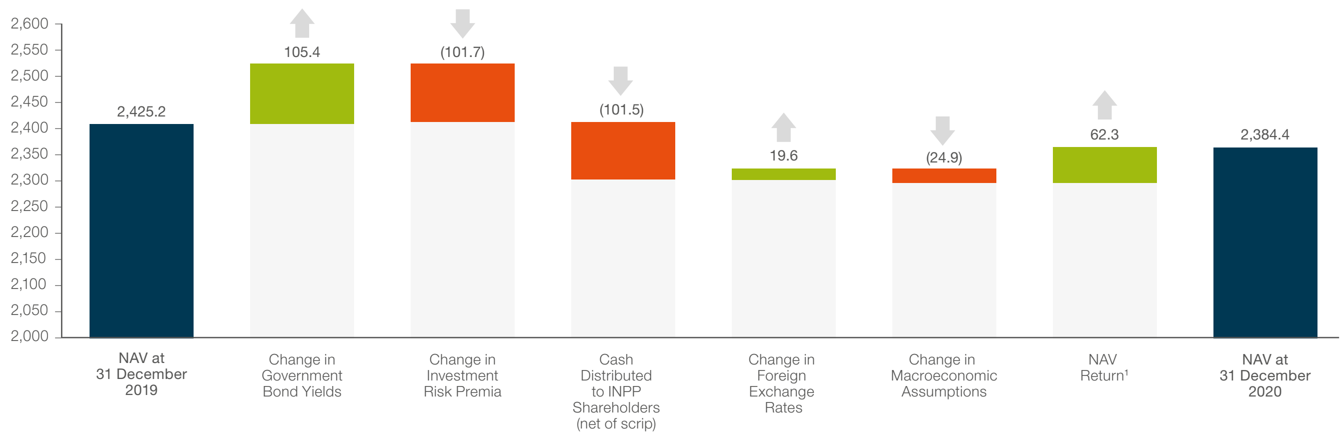
1 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty.
2 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.
3 Calculated by reference to the November 2006 IPO issue price of 100p and reflecting NAV appreciation plus dividends paid.
4 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-linkage is the increase in the portfolio weighted average discount rate.

OPERATING REVIEW
CONTINUED

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 reviewed by the Company's auditor on a sample basis. The Company reports a 1.7% decrease in NAV from £2,425.2 million at 31 December 2019 to £2,384.4 million at 31 December 2020. Over the same period, the NAV per share decreased by 2.3% from 150.6 pence to 147.1 pence. The key drivers of the change in NAV are described in more detail below.

NAV Movements

(£ million)



1 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.

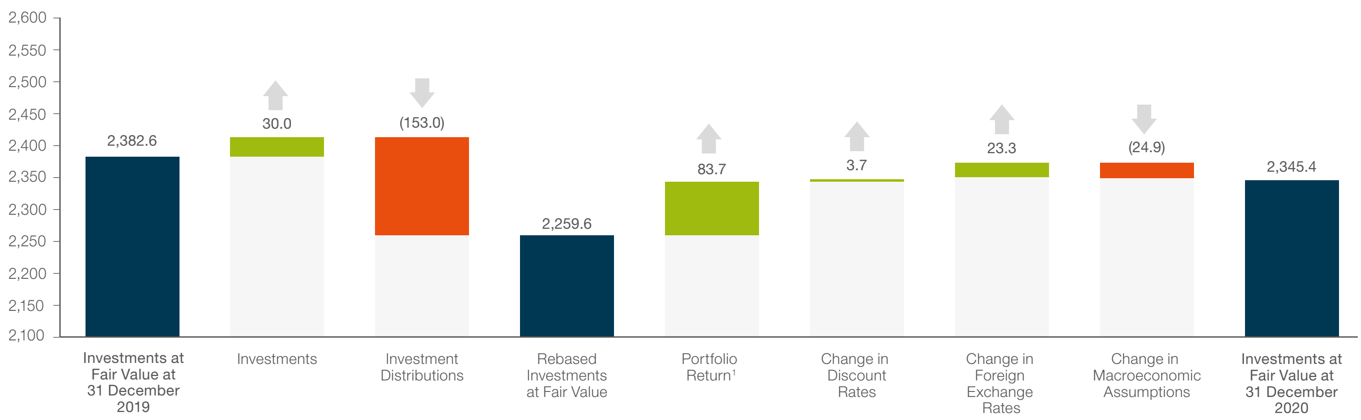
The movements seen in the chart above are explained further below:

- The yields on the overwhelming majority of government bonds used as part of the valuation process decreased during the period, resulting in a net £105.4 million increase in the NAV;
- The net positive impact of the reduction in government bond yields was offset in part by an increase in the investment risk premia designed to ensure that (i) the valuations continue to reflect recent market-based evidence of pricing for infrastructure investments and (ii) any heightened or emerging risks owing to Covid-19 are reflected within the valuation of relevant investments (principally in relation to Diabolo). The net impact of these adjustments was a reduction in the NAV of £101.7 million;
- In line with forward guidance provided previously, two cash dividends of 3.59 pence and 3.68 pence per share were paid to the Company's shareholders during the year in relation to the six-month periods to 31 December 2019 and 30 June 2020 respectively, totalling £101.5 million;
- Sterling weakened against all four currencies the Company is exposed to, being the Euro, the Australian dollar, the US dollar, and the Canadian dollar. Including the change in the value of the forward foreign exchange contracts, the net positive impact on the NAV was £19.6 million with the most significant impact seen on the Company's Australian dollar-denominated investments;
- Cash deposit rate assumptions were prudently revised to reflect lower interest rate expectations across all geographies in which the Company is invested. Further detail of these changes can be seen from the table on page 35 and in aggregate these had a negative £24.9 million impact on the NAV;
- Amongst other things, the NAV Return of £62.3 million captures the impact of the following:
  - Unwinding of the discount rates;
  - Updated operating assumptions to reflect current expectations of forecast cash flows. This includes (i) the cautious approach that has been adopted with regard to the potential impact of Covid-19 on Tideway, Diabolo and, to a lesser extent, Cadent and BeNEX, and (ii) the updates to the forecast Cadent cash flows to reflect the regulatory returns for the price control period beginning in April 2021 (see page 9 for more information);
  - Revised cash flows of the Company's investment in NDIF reflecting uplifts in the underlying valuation of NDIF's assets following recent transaction benchmarks, specifically on Airband and Community Fibre;
  - 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 1.6% decrease in the Investments at Fair Value from £2,382.6 million at 31 December 2019 to £2,345.4 million at 31 December 2020. 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.

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

- An increase of £30.0 million owing to new investments made during the period. Please refer to pages 16 to 18 for more information;
- A decrease of £153.0 million due to distributions paid out from the portfolio during the period;
- The Rebased Investments at Fair Value of £2,259.6 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 £83.7 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 £3.7 million impact on the Investments at Fair Value. Further information on the component parts of the impact shown is provided on page 35;
- Sterling weakened against all four currencies the Company is exposed to, being the Euro, the Australian dollar, the US dollar and the Canadian dollar. The net positive impact on Investments at Fair Value was £23.3 million with the most significant impact seen on the Company's Australian dollar-denominated investments; and
- Cash deposit rate assumptions were prudently revised to reflect the lower interest rate expectation across all geographies in which the Company is invested. Further detail of these changes can be seen from the table on page 35 and in aggregate these had a negative £24.9 million impact on the Investments at Fair Value.

OPERATING REVIEW
CONTINUED

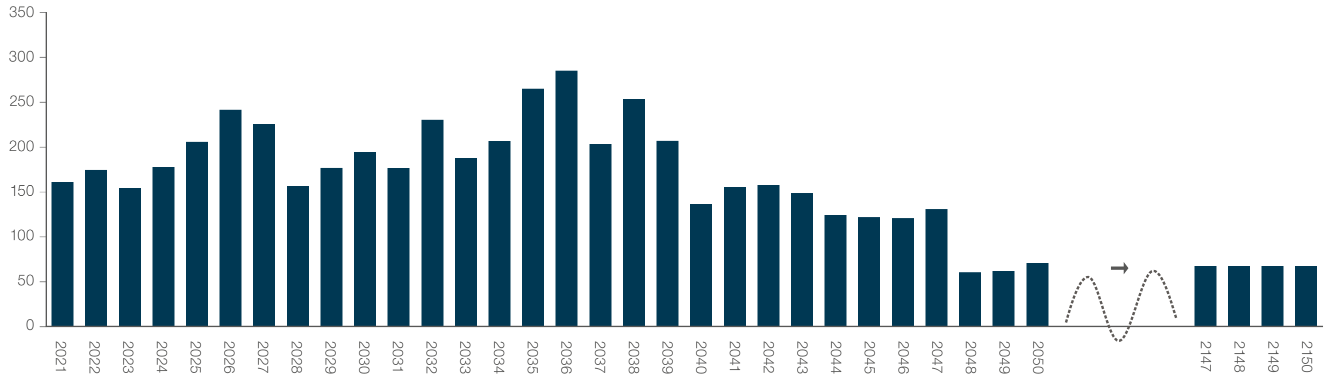
PROJECTED CASH FLOWS

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 effectively represent 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 2020 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 certain adjustments should be made to the deposit rates and foreign exchange rates used to value the Company's overseas assets.

The key macroeconomic assumptions used as the basis for deriving the Company's investment valuations are summarised below, with further details provided in note 9 of the financial statements.

Macroeconomic assumptions		**31 December 2020**	31 December 2019
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%**	2.00%
	Australia	**2.00%**	3.00%
	Europe	**0.50%**	2.00%
	Canada	**1.50%**	2.50%
	US[1]	**N/A**	N/A
Foreign Exchange Rates[3]	GBP/AUD	**1.77**	1.92
	GBP/EUR	**1.11**	1.13
	GBP/CAD	**1.74**	1.80
	GBP/USD	**1.37**	1.37
Tax Rates[4]	UK	**19.00%**	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 is 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 2022 before adjusting to the long-term rates noted in the table above from 1 January 2023. The 31 December 2019 valuation assumed the long-term rates noted in the table above would apply from 1 January 2022.
3 As of the 31 December 2020 valuation date, the Company revised its approach to use FX spot rates to convert forecast cash flows from overseas investments in sterling rather than the four-year forward curve that was used previously. The impact of this change was immaterial.
4 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 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 and opportunities 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 (88.9%) comprises Risk Capital investments, whilst the remaining portion (11.1%) 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.

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

	31 December 2020	31 December 2019	Movement
Weighted Average Government Bond Yield – Portfolio	**0.56%**	0.98%	(42bps)
Weighted Average Investment Premium – Portfolio	**6.41%**	6.04%	37bps
Weighted Average Discount Rate – Portfolio	**6.97%**	7.02%	(5bps)
Weighted Average Discount Rate – Risk Capital	**7.52%**	7.52%	–

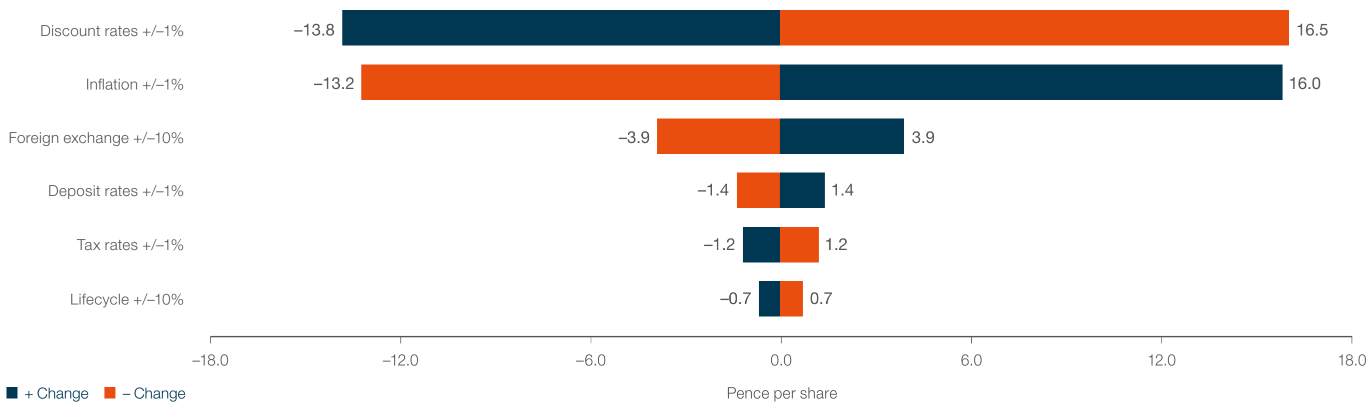
OPERATING REVIEW
CONTINUED

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 2020 NAV per share of 147.1 pence to changes in key assumptions. Further details can be found in note 9 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 Assumptions to 31 December 2020 based on NAV of 147.1p 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 1.00% sustained increase in the assumed inflation rates projected to generate a 0.78% increase in returns (31 December 2019: 0.82%). 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' intentions are for the transition from RPI to CPIH to be valuation neutral). The inflation sensitivities by geographical region are provided in note 9.5 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 Euros, Australian dollars, Canadian dollars 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 these rates is provided for illustration.

DEPOSIT RATES

The long-term weighted average deposit rate assumption across the portfolio is 1.05% per annum. While operating cash balances tend to be low given the structured nature of the investments, project finance structures typically include cash reserve accounts to provide additional security to the lenders 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. In March 2021, the UK Government announced that the headline rate of corporation tax will be increased from 19% to 25% with effect from April 2023. This future tax rate increase has not been reflected within the 31 December 2020 valuations owing to the timing of the announcement (which occurred following the period end) but is estimated to have a c.£30 million negative impact on the Company's NAV once the increase is reflected in the forecast investment cash flows.

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 will typically aim to recover any changes in lifecycle costs through the prices they charge their end-users.

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 and operating businesses is provided for illustration.

By order of the Board

MIKE GERRARD
CHAIR
24 March 2021

JOHN LE POIDEVIN
DIRECTOR
24 March 2021

RESPONSIBLE INVESTMENT

RESPONSIBLE INVESTMENT

Fundamentally, the Company believes that the financial performance of its investments is linked to environmental and social success and as such, the Company considers all 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 issues 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;
- By investing in infrastructure and associated businesses, the Company can meaningfully support sustainable development.

POLICY

The Company has adopted the ESG Policy[1] of its Investment Adviser. It defines the objectives and approach to embedding ESG in operations, investments, and the communities in which the Company's investments operate. The Company is supportive of the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alongside the Investment Adviser's research into emerging ESG trends and sustainable development, the Company draws on the SDGs to help guide its approach to sustainability. More information on the Investment Adviser's award-winning[2] approach to ESG can be found in its 2020 Global Sustainability Report[3].

GOVERNANCE

The Board has overall responsibility for ESG and ensuring it is fully integrated into all aspects of the investment strategy. To support it in this role, the Board has established a new ESG Committee. The ESG Committee will provide a forum for mutual 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 activities and reporting on such matters to the ESG Committee and Board.

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

PRINCIPLES FOR RESPONSIBLE INVESTMENT

To benchmark the Investment Adviser's ESG integration performance, the Investment Adviser became a signatory of the UN-backed PRI in August 2019. In addition to integrating ESG into core investment practices across the business, the Investment Adviser participates in various PRI-led initiatives and working groups such as the UN SDG Infrastructure Working Group. This included contributing towards a set of practical guidelines that have recently been published by the PRI[4].

Reporting is compulsory for all PRI signatories. Upon joining the PRI, signatories have a one-year period whereby the first reporting cycle is voluntary. As previously reported, the Company's Investment Adviser decided to forgo this grace period and, upon submitting its first report, obtained an A+ ranking for both responsible investment strategy and governance, and infrastructure modules. The PRI assessment methodology[5] and the Investment Advisers Transparency Report can be found on the PRI website[6].

1 https://www.amberinfrastructure.com/media/2231/esg-policy_final.pdf. The policy was updated in 2020.
2 https://www.esginvesting.co.uk/awards/shortlistedfinalists2021/.
3 https://www.amberinfrastructure.com/media/2344/34931_amber_sr2020_web.pdf.
4 https://www.unpri.org/sustainable-development-goals/bridging-the-gap-how-infrastructure-investors-can-contribute-to-sdg-outcomes/6053.article.
5 https://dwtyzx6upklss.cloudfront.net/Uploads/v/g/y/2021_assessmentmethodology_jan_2021_403875.pdf.
6 https://www.unpri.org/signatory-directory/amber-infrastructure-group/4757.article.

UN SUSTAINABLE DEVELOPMENT GOAL ALIGNMENT

The Investment Adviser, on behalf of the Company, has aligned with the SDGs[1]. In addition to screening and managing material ESG risks, both organisations have committed to advancing these objectives. Infrastructure appears as both an explicit goal under SDG 9 (industry, innovation and infrastructure) and as an implicit means to support other SDGs, for example school buildings enabling a quality education (SDG 4).

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 its investments are positively supporting. The core benefits to society are described under the Impact section on the following pages.

Equally, the Company believes any investment must be managed in a sustainable way. The Company has undertaken an exercise to identify what ESG topics are material for each sector that need to be actively managed. This is to ensure that any ESG risks are managed, and opportunities for environmental and social progress are maximised. Performance against these objectives is described under Sustainable Management. The principal SDGs supported by the Company's investments are set out below.

Impact. Bold SDG icons indicate aspects the Company's investments are positively supporting at a macro level.

Sustainable Management. Inverted SDG icons indicate those that the Company are using to guide sustainable management of assets.

1 https://www.un.org/sustainabledevelopment/sustainable-development-goals/.

RESPONSIBLE INVESTMENT
CONTINUED

IMPACT AND STEWARDSHIP

In line with the Company's commitment to the highest levels of investment stewardship, it seeks to manage its portfolio sustainably. The Company has introduced several minimum requirements as part of the overall ESG governance framework that go beyond meeting local regulations. Given the regions in which the Company invests, this means that its investments are required to meet high standards of environmental and social safeguarding.

The Company also seeks to go beyond compliance and has established a series of bespoke ESG stewardship objectives to drive sustainability within its approach to active investment management. These objectives map out how the Company can manage investments sustainably and include sector-specific environmental and social policies. Areas of focus include energy, waste water, health and safety, sustainable employment, diversity and inclusion.

ESG impact and stewardship objectives are divided into five asset categories: social infrastructure, waste water, transport, energy transmission and gas distribution. This allows the Company to target and manage material ESG issues, which can vary considerably across a diverse portfolio of investments. These include all sectors listed in the sector breakdown in the Company Overview section of this report.

Whilst the Company focuses on material issues for each sector, there are several requirements and issues which are relevant across the portfolio including health and safety, Covid-19 and climate change.

HEALTH AND SAFETY

As noted elsewhere in this report, health and safety is a core value for the Company. The health, safety and well-being performance of the supply chain who are engaged on the projects and within the operating businesses is measured by an Accident Frequency Rate ('AFR') calculated by the number of occupational accidents arisen during a period of 12 months per 100,000 hours worked.

Data is reported and evaluated on a quarterly basis including hours worked, minor injuries, near misses, critical incidents and the number of lost time injuries which occurred as a result of work activities. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR') Dangerous Occurrence and Specified Injuries are reported in accordance with Health and Safety Executive guidance.

COVID-19

We have been successfully working with our Investment Adviser to avoid disruptions caused by Covid-19. The well-being of the people who deliver, manage and operate the Company's infrastructure assets, and the communities they serve, has remained our priority during the last 12 months. As always, we are focused on helping our clients achieve their service requirements through disciplined long-term investing.

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 and we have resolved to align with the recommendations of the TCFD. 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 we can enhance our approach and disclosures in accordance with the TCFD Guidelines. The Company is actively developing a carbon footprint from across its investments to establish a baseline and will be developing ways to enhance its consideration and disclosure of transition and physical risks of climate change.

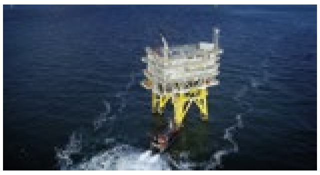
Climate change is considered alongside other ESG risks by the Company's ESG Committee, Investment Committee and Audit and Risk Committee.

SOCIAL INFRASTRUCTURE

WASTE WATER

TRANSPORT

ENERGY TRANSMISSION



GAS DISTRIBUTION

SOCIAL INFRASTRUCTURE

Incorporates the Company's investments in educational facilities, hospitals, healthcare facilities, judicial and other government buildings

IMPACT

Education

267 Schools

>195,000 Pupils

Healthcare

3 Hospitals

37 Healthcare facilities

>540,000 Patients treated

Government

5 Police stations

8 Judicial buildings

SUSTAINABLE MANAGEMENT[1]

Environment

92% Investments with an Environmental Management System

94% Investments monitoring energy usage

31% Investments monitoring waste

88% Investments monitoring water

83% BREEAM 'Very Good' or higher[2]

Social

100% Investments with a health and safety policy and management system

>4,000 Full-time employees

96% Investments with equality, diversity and inclusion policy

>21,800 Additional community hours

Social infrastructure forms the foundation of healthy and resilient communities. This sector comprises the buildings that house social services in a community, such as education and healthcare facilities, and buildings related to justice, emergency and civic services. These social-purpose structures underpin the communities they support. In addition to providing essential services, they also contribute to economic growth, employment and social cohesion.

Covid-19 has emphasised how important this sector is and how crucial equitable access is to a well-functioning society. Private finance has an important role in supporting governments around the world filling the social infrastructure investment gap.

By investing directly in social infrastructure, the Company is supporting three SDGs: SDG 3 (good health and well-being), SDG 4 (quality education) and SDG 9 (industry, innovation and infrastructure).

During 2020, 92% of social infrastructure investments were managed by facilities management companies with an Environmental Management System, with no reportable environmental incidents.

The Company identified that 94% of social infrastructure investments monitored their energy usage, with 66% having energy saving targets. In addition, 33% of schools generated electricity onsite using renewable sources. During Covid-19, efforts have been made to maximise energy efficiency of buildings. For example, due to the limited number of teaching staff and pupils, the heating controls were optimised to ensure only occupied rooms were heated.

During 2021, the Company will be focusing on initiatives to improve the environmental performance of these investments, with a focus on energy, greenhouse gas ('GHG') emissions and natural resource use.

Health and safety continues to be a core value for the Company and its Investment Adviser, particularly as Covid-19 remains prevalent in the countries in which the Company invests. All investments must ensure that workers avoid or limit exposure to Covid-19 as much as possible. The Company's Investment Adviser has implemented and/or supported measures to facilitate this, including rotating shifts, remote work, enhanced protections, training or cleaning, adopting the occupational safety and health guidance, and closing locations, where necessary.

The Company's Investment Adviser has been proactively engaging with its public sector clients and supply chain to provide support, where possible. This includes ensuring that investments remain open where necessary, and in some cases are repurposed. Across the portfolio, the Company has large spaces, such as sports halls, that have been made available for broader use while the asset itself has either been closed or not fully occupied. Please refer to the case study on pages 14 to 15 for more detail.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

1 Note: Metrics are estimates and include the Company's investments in social infrastructure, schools, hospitals, healthcare facilities, judicial and other government buildings.
2 https://www.breeam.com/.

WASTE WATER

Encompasses the Company's investment in Tideway

IMPACT

37 million
Cubic metres of avoided sewage[1]

25km
Tunnel length

3 acres
New public space

The London Tideway Improvements projects, of which the Thames Tideway Tunnel is the last component, will work to reduce the number of discharges from over 50 to four or fewer in a typical year. This will mean that up to 37 million cubic metres[1] of untreated sewage will be collected before it enters the river, cleaning up the river for future generations of Londoners. This will bring a number of environmental benefits, such as allowing the river to sustain a rich, diverse array of wildlife.

While the main benefit of the tunnel when built is to prevent pollution and improve biodiversity in the tidal River Thames, during the eight-year construction period, the project has been, and continues to be, delivered in a sustainable way.

By investing directly in Tideway, the Company can directly support three SDGs: SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

SUSTAINABLE MANAGEMENT

Environment

100%
Investments with an Environmental Management System

53 tCO_2e
Scope 2 GHG Emissions

101,810 tCO_2e
Scope 3 GHG Emissions

90%
Beneficial re-use of excavated material

Tideway has a robust Environmental Management System in place to deliver its planning requirements and legacy commitments. This includes a variety of initiatives to minimise its impact on the environment, including the innovative 'More by River strategy', which has been developed to reduce the number of HGVs needed to deliver the project.

The project's use of the river to transport materials over the period has avoided carrying 2.4 million tonnes of material on London's roads, bringing the total to 3.3 million tonnes transported by river so far. This modal shift has avoided 400,000 HGV journeys, 10 million HGV road miles and 10,000 tonnes of CO_2e[2]. This year has seen the peak of river transport use for Tideway whilst supporting the construction of three main tunnel drives, shafts and connection tunnels.

Tideway continues to track emissions performance against its anticipated construction carbon footprint of under 768,756 tonnes of CO_2e. Tideway's Scope 2 emissions were 53 tonnes of CO_2e and Scope 3 were 101,810 tonnes of CO_2e for 2020.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Social

100%
Investments with a health and safety policy and management system

>2,470
Full-time employees

54%
Female employees

Tideway's social performance metrics continue to meet the high standards set by the business, despite the impact of Covid-19. Tideway's science, technology, engineering and mathematics ('STEM') education programme volunteering hours KPI doubled its target, achieving 689 hours of volunteering delivered. In 2020, the focus has been on delivering an impactful virtual education experience for young people, one of the worst-affected groups by the pandemic, particularly in terms of the labour market and mental health outcomes.

Tideway has a strong focus on community fundraising and gave emergency donations to South London Cares, The Drive Forward Foundation and London Youth Rowing at the end of the business year to support them with the impact of the Covid-19 crisis.

Through its More by River initiative, Tideway is actively reducing the likelihood of causing a road traffic accident by removing over 400,000 HGV movements to date. This modal shift has avoided a projected 11 serious collisions resulting in life-changing injuries, based on evidence obtained from previous large infrastructure projects[2].

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/471847/thames-tideway-tunnel-strategic-economic-case.pdf.
2 https://www.tideway.london/media/4565/tideway_sustainable-finance-report-2019-20.pdf.

TRANSPORT

Includes transport-related investments, such as rail PPPs and other rail businesses

IMPACT

>151 million
Passenger journeys

5,100
Train units

>825 million
Train kms travelled

Well-planned and coordinated economic infrastructure is critical to the economic and social well-being of a community. Public modes of transport are an increasingly important way to combat climate change and have been identified as a key part of net-zero carbon strategies emerging internationally[1].

In normal times, the Company's rail investments move c.230 million passengers annually (over 627,000 people daily). This is roughly the equivalent to moving the entire population of Glasgow city[2] every day. During 2020, as a result of Covid-19, this reduced to c.150 million.

Although rail is already an existing low-carbon form of transport, the Company recognises that there will be a growing shift towards cleaner trains, and it will fully support investments to make this transition.

By investing directly in sustainable transport, the Company can support SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

SUSTAINABLE MANAGEMENT

Environment

89%
Composition of fleet of trains that are electric[3]

100%
Investments with a sustainability/ESG policy

60%
Investments with an Environmental Management System

100%
Investments monitoring energy

The Company identified that its rail investments provide an opportunity for improvement in sustainable management. Since acquiring 100% of BeNEX the Company's Investment Adviser has been closely engaging with the BeNEX board on developing a strategic approach and has been working with it to appoint a third party to undertake a strategic review of its approach to sustainability. In addition, 100% of the Company's investments now have an overarching ESG or sustainability policy.

Reliance Rail received its 2020 GRESB Infrastructure[4] Benchmark Report with a five-star rating and score of 94 out of a possible 100. This score ranks Reliance Rail 12th out of 406 GRESB Infrastructure assessments and first out of all rail companies.

The product management team within Angel Trains has developed a decarbonisation road map which focuses on new propulsion technologies that eliminate classic diesel propulsion or reduce its impact in terms of emissions and fuel usage. In 2020, Angel Trains invested in new Class 720 Aventra electric rolling stock for the East Anglia region of the UK, which has helped increase the percentage of electric trains under ownership of the Company from 64% to 69%.

Social

100%
Investments with a health and safety policy

>2,290
Full-time employees

100%
Equality, diversity and inclusion policy

Health and safety is the highest priority for the Company's investments in rail, with 100% of investments holding a robust health and safety policy and management system.

All of the Company's rail investments have taken measures to make travel as safe as possible during the pandemic, enabling communities to stay connected where it is safe to do so. As an example, Gold Coast Light Rail has implemented the following measures:

- Cashless services are operating to reduce cash handling
- Daily sanitising of all services and regular cleaning of hard surfaces and customer touch points on board services and at stations
- Running increased services to help maintain social distancing
- Transport signage promoting distancing where possible and information and messaging adapted regularly based on health advice and customer feedback.

1 https://www.theccc.org.uk/publication/net-zero-technical-report/.
2 https://www.nrscotland.gov.uk/files/statistics/council-area-data-sheets/glasgow-city-council-profile.html.
3 Calculated by pro-rating the valuation of the relevant investments by value attributable to electric trains.
4 https://gresb.com/infrastructure-asset-assessment/.

ENERGY TRANSMISSION

Encompasses the Company's OFTO investments

IMPACT

1.5 GW
Transmission capacity

1.3 million
Homes powered by renewable energy

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.

In 2020, the UK Government announced its ten-point plan for a Green Industrial Revolution[1]. The plan includes a target to quadruple offshore wind power by 2030 to 40GW. With seven OFTO investments and three at preferred bidder stage, the Company is well placed to support the UK Government's net-zero ambitions.

The Company's OFTO investments have a transmission capacity of 1.5GW, which transmits the equivalent amount of energy to 1.3 million homes. The additional three OFTO projects, of which the Company is preferred bidder, would transmit renewable electricity to an additional 1.4 million homes.

By investing in OFTOs, the Company is directly supporting SDG 7 (affordable and clean energy) and SDG 13 (climate action).

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

SUSTAINABLE MANAGEMENT

Environment

100%
Investments with an Environmental Management System

100%
Investments monitoring energy

100%
Investments monitoring waste

As part of ISO 14001 accredited Environmental Management Systems, each investment monitors water, energy usage and waste.

Across all the sites the OFTOs are mandated by environmental legislation to record the quantity of fluorinated gases ('F-gases') held within the equipment. This includes sulphur hexafluoride ('SF6'), which is used across the energy transmission sector. Any leaks of SF6 are immediately identified by supervisory control and data acquisition ('SCADA') systems. No leaks were identified during the period.

The Company is pleased to report that during 2020, there were no reportable environmental incidents.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Social

100%
Investments with a health and safety policy and management system

12
Full-time employees

33%
Female employees

All of the Company's OFTO investments are covered by a robust ISO 18001 health and safety system. Transmission Capital Services[2] implements several training initiatives, with all staff receiving ongoing training which is relevant to their role.

Since the outbreak of Covid-19, the Company's Investment Adviser has positively engaged with Ofgem and is coordinating with OFTO projects outside of the Company's portfolio to explore potential shared resource pools in the event of failure response being compromised by organisational resource constraints.

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

1 https://www.gov.uk/government/news/pm-outlines-his-ten-point-plan-for-a-green-industrial-revolution-for-250000-jobs.
2 Transmission Capital Services is responsible for management of the OFTO.

GAS DISTRIBUTION

Currently comprises the Company's investment in Cadent

IMPACT

4.9 million GJ/day
Maximum energy throughput

>11 million
Homes and businesses connected to gas

As the largest gas distribution network in the UK, Cadent provides an essential service that transports gas to over 11 million homes, offices and businesses; reliably, efficiently and securely.

The UK Government's ten-point plan[1] clearly states the integral role of hydrogen and Carbon Capture and Storage ('CCS') in its net-zero strategy[2]. This echoes the strong recommendations from the Committee on Climate Change, which advised the UK Government on the importance of hydrogen and CCS in decarbonising heat[3].

By investing in Cadent, the Company is directly supporting two SDGs: SDG 7 (affordable and clean energy) and SDG 9 (industry, innovation and infrastructure).

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SUSTAINABLE MANAGEMENT

Environment

35
Biomethane connections

95%
Waste diverted from landfill

20,044 tCO$_2$e
Scope 1 GHG Emissions

6,103 tCO$_2$e
Scope 2 GHG Emissions

51 tCO$_2$e
Scope 3 GHG Emissions

The Company is encouraged that hydrogen and CCS have been included in the UK Government's ten-point plan, as the Company sees them as important components to the UK meeting its net-zero commitments.

Cadent's current HyDeploy trial at Keele University is demonstrating that the delivery of hydrogen into the home will make a strong basis for hydrogen neighbourhoods envisaged in the ten-point plan[4]. Equally, Cadent's HyNet North West project could provide an ideal CCS/hydrogen cluster for the candidate town to be 100% heated by hydrogen[5].

As a business, the most significant impact Cadent has on the environment is leakage from the networks it operates, excavation waste, vehicle emissions and waste from direct activities. Cadent has made progress against each of these, with 95% waste diverted from landfill in 2020 (94% in 2019/2020).

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Social

100%
Investments with a health and safety policy and management system

>4,900
Full-time employees

18%
Female representation on the board

With over 4,900 staff and 11 million customers to look after, Cadent is taking steps, beyond business as usual, to help keep the public safe and supporting the NHS during Covid-19. Key measures include:

- Several of Cadent staff volunteered to use their pipe-laying skills to install oxygen pipes at the Nightingale hospital in Birmingham
- Cadent is encouraging its staff to help in any way they can such as delivering groceries or supporting food banks.

Cadent has continued to deliver the emergency response service for suspected gas leaks as well as its programme of essential maintenance in order to keep the public safe, warm and able to cook with gas.

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

1 https://www.gov.uk/government/news/pm-outlines-his-ten-point-plan-for-a-green-industrial-revolution-for-250000-jobs.
2 https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution.
3 https://www.theccc.org.uk/wp-content/uploads/2018/11/Hydrogen-in-a-low-carbon-economy.pdf.
4 https://hydeploy.co.uk/.
5 https://hynet.co.uk/.

RESPONSIBLE INVESTMENT
STAKEHOLDER ENGAGEMENT

VALUE CREATION - HOW WE ENGAGE

The Company takes a proactive approach to identifying and engaging with key stakeholders. 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. It is for this reason that stakeholder engagement is considered at a strategic level by the Board.

1 – INVESTOR RETURNS

CONSISTENT AND GROWING RETURNS

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation. Through engagement with our investors, we aim to inform our strategic objectives and to ensure that their views on topical issues are understood by the Company. This approach is intended to maximise investor buy-in to current objectives and performance whilst also helping shape future plans for the portfolio.

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

During Covid-19, the Company's approach to engaging with its investors has had to adapt. Instead of face-to-face meetings, the Company and its Investment Adviser have hosted presentations and meetings with investors over digital platforms to ensure they are kept informed on the Company's activities.

2 – PUBLIC SECTOR AND OTHER CLIENTS

A TRUSTED PARTNER

Through our investments we aim to provide the public sector and other customers with a highly reliable, robust service. 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 support during Covid-19, where possible. This includes ensuring that investments remain open where necessary, and in some cases repurposed.

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 engaging 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

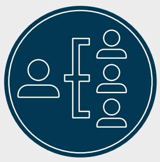
The Company's ambition is to work with a high-quality, sustainable supply chain with a focus on long-term value for our stakeholders. Our service providers, employees, and investment supply chain's performance is crucial for the long-term success of our business. Throughout the pandemic, the Board has ensured that its direct supply chain's safety and well-being has been appropriately managed and prioritised. 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. Delegation of oversight of the risk framework and management process is provided 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 Committees**
- **Environmental, Social and Governance Committee**

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

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

RISK MANAGEMENT

RISK FRAMEWORK AND MANAGEMENT PROCESS

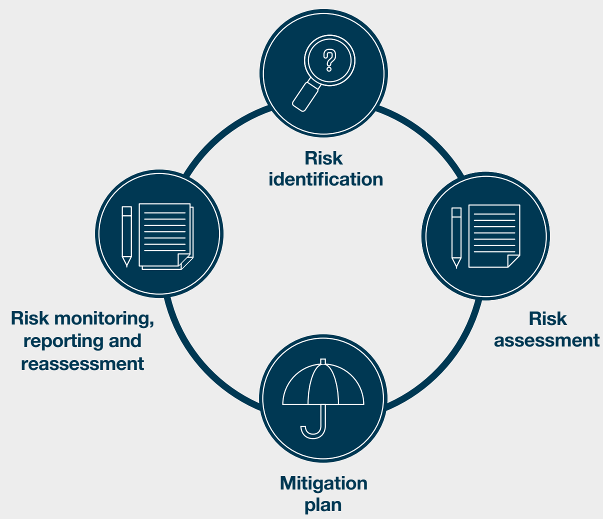
The Company has in place a risk management framework. The Board recognises the importance of identifying and actively monitoring the risks facing the business. The framework involves an ongoing process for identifying, evaluating and managing significant risks faced by the Company. While responsibility 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.

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 due to the internal controls systems in place at the Company's key service providers and the external controls process reviews performed annually, it instead places reliance on those control and assurance processes.

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. 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 also 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 and changing 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 60 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.

The Company is committed to continually monitoring its risk management processes to ensure it remains effective in managing the Company's risks. During the year the Company, with help from the Investment Adviser, undertook an exercise to further improve its risk management framework and processes. The exercise considered the full risk management cycle, with a comprehensive assessment of the process for identification, management and assessment of risks within the portfolio, through to how these risks are then reported in the Company's Annual Report. An improved framework for risk identification and assessment was developed and implemented during the year, in tandem with the Investment Adviser's revised risk processes and controls. Methods of risk assessment were aligned and improved across the portfolio, further strengthening the Company's ability to monitor and manage risk.

As a result of this exercise, a new aggregated risk assessment has been included in this Annual Report. This illustrative chart presented on page 51 presents a summary assessment of all the identified risks faced by the Company. Risks have been categorised and presented under five different risk categories: macroeconomic, political, portfolio operations, regulation and compliance, and central operations. Each risk category is further explained below, where it is also shown how the Company's principal risks sit within these five risk categories. This improves on the previous approach (which only indicated the impact from the Company's principal risks) and provides stakeholders with a more complete and global view of the Company's risk position.

Notwithstanding the very real challenges presented by the ongoing Covid-19 pandemic, 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 portfolio investments. Changes in macroeconomic or external industry environments or in global regulatory or tax environments can also impact portfolio returns and these areas continue to be a key feature of the risk review process. Further details of the activities performed by the Audit and Risk Committee during the year can be found on pages 72 to 74 of the Audit and Risk Committee report.

DEVELOPMENTS IN THE YEAR

UK REGULATORY REGIME ANNOUNCEMENTS (PRINCIPAL RISK 2)

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.

Tideway remains in discussions with the UK water regulator, Ofwat, on a package of measures that would mitigate the financial impact of Covid-19 on Tideway's shareholders, of which the Company is one. Progress is being made in these discussions and an agreement is expected to be reached in due course.

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 (PRINCIPAL RISK 3)
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. During 2020, the support services arm of Interserve Group Limited, the company formed following the administration of Interserve, was acquired by Mitie. The merger has not had a material impact on the Company's exposure to Mitie and following the merger in December 2020, Mitie represents c.5% of the Company's portfolio (by Investment at Fair Value). Throughout this period all facilities have remained operational with no disruptions to service delivery. 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 page 27.

In addition, notable developments in other risk areas including emerging risks were considered during the year and to the date of this report, including:

CLIMATE CHANGE
Climate change is a key emerging risk which could lead to more frequent or severe weather events like 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 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 national, federal and state 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 emerging risk. Climate change will be a key focus for the new ESG Committee, ensuring that the Company continues to evolve its approach to considering both the risks and opportunities it presents. During the year, the Company commissioned a third party to work alongside its Investment Adviser to assess alignment with the recommendations of the TCFD. In addition, 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. Climate change would most likely manifest itself through impact on physical assets (risk 4) and changes in climate-related regulation (risk 9). Further information on the Company's approach to responsible investing can be found in the Responsible Investment section on pages 38 to 47.

BREXIT
Throughout the Brexit process, the Audit and Risk Committee sought to manage Brexit risk to the extent it might manifest at both the Company and asset levels. In keeping with the approach taken by the Audit and Risk Committee, the Investment Adviser established a focused Brexit Risk Committee to identify, assess and, where relevant, develop mitigating strategies for potential Brexit risk arising across the Group. Focus during the year continued to be given to areas which had the potential to impact the Company, including any developments in the approach to cross-border Alternative Investment Fund Managers Directive ('AIFMD') regulation and taxation of cross-border financing. Regarding the portfolio, attention has also been given to managing potential risks that may affect projects or businesses, and which may consequently impact the valuation of the assets. Particular areas of consideration at this level include, for example, availability of staff, availability of financing and supply chain considerations for key parts. Following the end of the transition period, as a result of these assessments, we do not currently believe there is a significant impact on the Company as a direct result of Brexit. The Company continues to maintain a watchful brief over any future developments in the relationship between the EU and the UK, both in the near term as business adjusts and over the longer term as UK and EU regulation may diverge over time.

COVID-19 CORONAVIRUS
The Covid-19 pandemic continues to affect 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.

Whilst the full 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 53 to 54.

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.

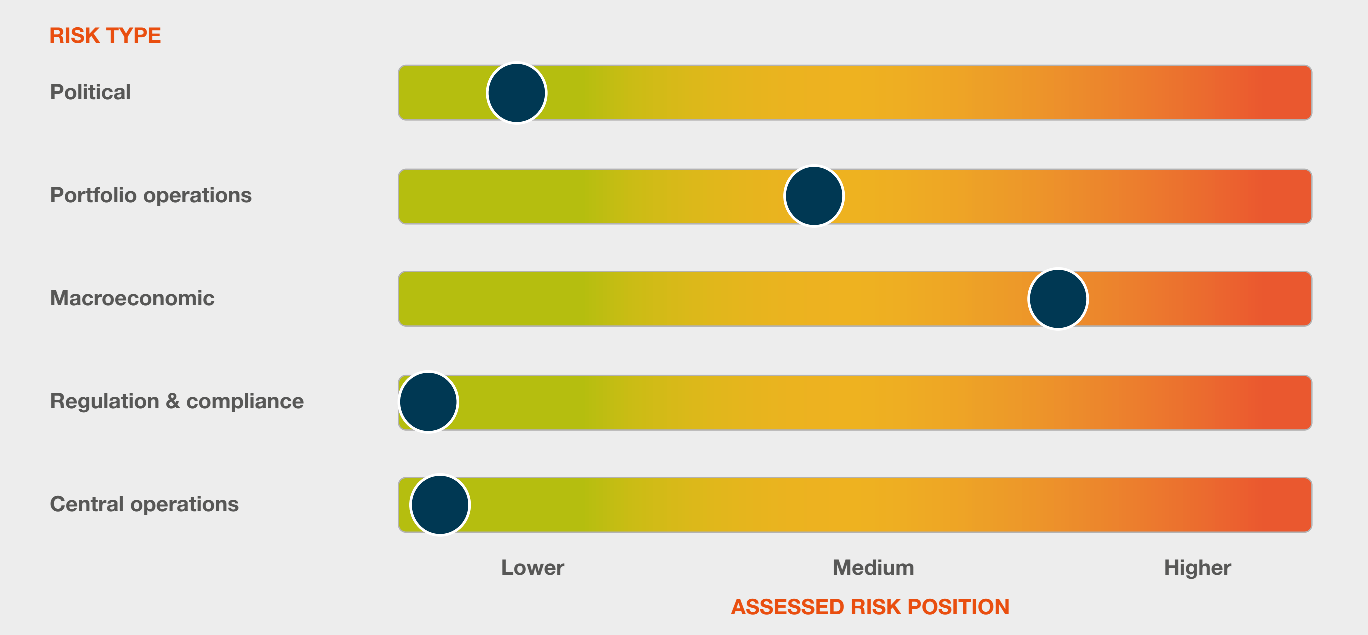
The chart summarises the overall level of risk facing the Company, presenting a combined assessment which incorporates the potential impact arising from not only the Company's principal risks, but from all of the Company's other identified risks as well:

– Political risk incorporates risks arising from government policy and actions;
– Portfolio operations risk incorporates risks arising from asset operations and ongoing investment performance;
– 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 risk position. Those risks of the Company which are assessed to be the principal risks are separately identified, and further discussed below.

PRINCIPAL RISKS

This 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 With uncertain political policy pressures arising following Brexit in the UK and the Covid-19 pandemic more globally, the risk of nationalisation remains 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 ▲ *Operational risks increased in the year with potential disruption to the operation and performance of assets arising from Covid-19.*	**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. Of particular note at this time there are implications of Covid-19 on the construction industry and 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.
	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. Covid-19 may 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.	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. In order to manage the implications of Covid-19, 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. 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. 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.	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 above.
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. Over recent years there has been particular pressure on construction and facilities management firms operating across the sector, particularly within the UK. Please refer to examples on pages 27 to 28.	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. Covid-19 can potentially lead to a greater pressure on the facilities management sector, however various government announcements to support businesses through the pandemic are encouraging and should help mitigate the risk of counterparty defaults. 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 49 to 50.

RISK	DESCRIPTION	MITIGATION
PORTFOLIO OPERATIONS CONTINUED		
3 **COUNTERPARTY RISK** continued	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.
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**	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 a number 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 the move away from London Inter-Bank Offered Rate ('LIBOR').*	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 was renewed in March 2021 for a further three years to March 2024. The maximum facility is £400 million (including the £150 million 'accordion') compared to a current investment portfolio valuation of c.£2.4 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 Vehicle ('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.

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 loans. The Company is currently running a pilot project to convert a LIBOR loan to a Sterling Overnight Index Average ('SONIA') loan. The outcome from the pilot project will help shape the Company's strategy to managing the conversions to the new risk-free rate.
REGULATION AND COMPLIANCE		
9 **LAW AND REGULATION**	**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.
10 **TAX AND ACCOUNTING**	**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 diversified jurisdictional mix of the Company's investments may provide some mitigation to tax changes in any one jurisdiction. The Company believes it 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.

RISK	DESCRIPTION	MITIGATION
REGULATION AND COMPLIANCE CONTINUED		
10 **TAX AND ACCOUNTING** continued	**Accounting** The Company and its portfolio of investments and holding entities form an international group structure. The Group uses long-term cash flow forecasts from its portfolio as part of its valuation process. These cash flow forecasts are dependent upon distribution profiles/cash tax profiles and therefore can fluctuate because of future changes in accounting standards, or challenges to accounting judgements. Therefore, future changes to accounting standards, or changes in interpretation and application of existing standards, have the potential to impact the distributable profits of entities in the portfolio and so the cash flows available to the Group and overall portfolio valuation.	A portion of the Company's income is received in the form of shareholder debt interest income, i.e. from pre-tax cash flows and not constrained by distributable profits tests. However, changes in accounting standards or challenges to accounting judgements can potentially have an impact on distributable profits or post-tax cash flows.
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 the 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.	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 73 to 74;
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, a result of the impacts of Covid-19, 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 2026. 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 2020 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 following renewal in March 2021 remains available to March 2024.

MIKE GERRARD
CHAIR
24 March 2021

JOHN LE POIDEVIN
DIRECTOR
24 March 2021

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 corporate debt facility 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

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

CLAIRE WHITTET[1]
Chair, Management Engagement Committee;
Senior Independent Director
(with effect from 28 May 2020)
Date of appointment:
10 September 2012

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, most recently, 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.

John Le Poidevin

A resident of Guernsey, John has over 25 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.

Claire Whittet

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.

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.

John Le Poidevin

- Episode Inc.
- BH Macro Ltd

Claire Whittet

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

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. Mr Stares and Mr Whittle retired from the Company's Board on 31 March 2020 and 27 May 2020, respectively.

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

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.

- European Assets Trust ('EAT')

Julia is Vice Chair of the Royal Academy of Dance.

NED of Foreign, Commonwealth & Development Office and Strategic Command.

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 34 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 for several charities.

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, Aurigny Air Services and is a committee member for the Guernsey Institute of Directors.

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 Ltd, 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 such roles for the Company.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors is committed to high standards of corporate governance and has put in place a framework for corporate governance which it believes is appropriate for an investment company 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 2020.

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

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

The Company has complied throughout the year with all the provisions of the AIC Code and as such also meets the requirements of the UK Code. 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. See pages 46 to 47 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 standardised three-page Key Information Document ('KID') on 10 September 2020. 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 six of the seven directors are independent.

BOARD OF DIRECTORS

The Board of Directors currently consists of seven non-executive directors, whose biographies, on pages 62 to 63, demonstrate a breadth of investment and business experience. This follows the retirement of Mr Stares and Mr Whittle, who retired from the Board on 31 March 2020 and 27 May 2020, respectively.

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. Following Mr Whittle's retirement, Ms Whittet assumed the role of Senior Independent Director. She is an alternative point of contact for shareholders and leads in matters where it is inappropriate for the Board Chair to do so.

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 are independent of the Company's Investment Adviser.

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.

Mr Whittle had been a Board member since August 2009 and retired from the Board at the 2020 AGM. In addition, Mr Stares was a Board member from August 2013 and retired from the Board on 31 March 2020. On 10 January 2020, the Board appointed Ms David and Ms Lenfestey as part of its ongoing succession programme.

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 four female directors making the gender balance 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 Hampton-Alexander Report 2020.

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, although such a review does not necessarily result in any changes to the fees paid) and based upon the amount of work performed by the Board members. During the latter half of 2020, the Nomination and Remuneration Committee recommended that, 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 Board remuneration undertaken in 2018, that Board remuneration continues to be increased annually in line with inflation. The Board accepted this recommendation. Board remuneration will continue to be reviewed regularly to ensure that it remains appropriate to the business of the Company and remains in line with the market.

CORPORATE GOVERNANCE REPORT
CONTINUED

As a result, the Board resolved to increase Board remuneration with effect from 1 January 2020 as outlined in the table below.

Position	2021 Fee p.a. £	2020 Fee p.a. £
Board Chair	**87,600**	86,800
Audit and Risk Committee Chair	**59,800**	59,200
Director (Independent and Non-Independent)	**46,400**	45,900
Senior Independent Director[1]	**2,000**	2,000
Risk Sub-Committee Chair[1]	**2,000**	2,000
Management Engagement Committee Chair[1]	**2,000**	2,000
Nomination and Remuneration Committee Chair[1]	**2,000**	2,000
ESG Committee Chair[1,2]	**2,000**	N/A

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

All fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chair of the Board is paid a higher fee in recognition of additional responsibilities, as are the Chairs of the Audit and Risk Committee, the Risk Sub-Committee, the Management Engagement Committee, the Nomination and Remuneration Committee, the ESG Committee, as well as 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	2020 Fees £	2019 Fees £
Mike Gerrard	**86,800**	85,000
John Le Poidevin	**59,200**	58,000
Claire Whittet	**49,080**	47,000
Julia Bond	**49,900**	48,666
Sally-Ann David[1]	**44,765**	N/A
Meriel Lenfestey[1]	**44,765**	N/A
John Stares[2]	**11,475**	45,333
John Whittle[3]	**19,476**	47,000
Giles Frost[4]	**45,900**	45,000

1 Ms David and Ms Lenfestey were appointed to the Board on 10 January 2020.
2 Mr Stares retired from the Board on 31 March 2020.
3 Mr Whittle retired from the Board on 27 May 2020.
4 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 Whittle 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 2020.

DIRECTORS' INTERESTS

Directors, who held office at 31 December 2020, had the following interests in the shares of the Company:

Director	31 December 2020 Number of Ordinary Shares[1]	31 December 2019 Number of Ordinary Shares[1]
Mike Gerrard	**159,181**	136,851
John Le Poidevin	**130,350**	130,350
Claire Whittet[2]	**74,594**	71,134
Julia Bond	**48,372**	43,014
Meriel Lenfestey[3]	**9,979**	N/A
Giles Frost[4]	**944,109**	917,833

1 All shares are beneficially held.
2 Holds shares through a Retirement Annuity Trust Scheme jointly with Ms Whittet's spouse.
3 Ms Lenfestey was appointed to the Board on 10 January 2020.
4 Holds some shares through a personal investment company.

There have been no changes to the holdings of existing directors between 31 December 2020 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 proposals including ensuring that proposals are properly prepared and that the investment 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

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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).

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 during 2020, Ms Bond was Chair of the Risk Sub-Committee. In March 2021, Ms David was appointed Chair of the Risk Sub-Committee.

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 72 to 74. 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 67.

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 and composition of the Board. It also oversees the appointment and reappointment of directors, taking into account the expertise of the candidates and their independence (see page 67 for more detail on the Committee).

In accordance with the Corporate Governance Code required for listed companies of the premium segment of London Stock Exchange, the Company undertakes an externally facilitated evaluation every three years. Utilising the services of independent corporate governance consultant Condign Board Consulting Limited, the Nomination and Remuneration Committee undertook an external review of the performance of the Board and its Committees during 2020. No significant issues were reported as a result of this review, but recommendations were presented for the Board's consideration, including rotating Board Committees more frequently and forming an ESG Committee. The review concluded that the Board is "*operating at a very good level*".

ESG COMMITTEE

As noted on page 10, the ESG Committee was formed on 22 March 2021, is comprised of the full Board and is chaired by Ms Bond.

The ESG Committee will meet at least twice a year and will support the Board in managing the Company's ESG performance and provide 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. In addition, during the year, one ad hoc Board meeting and seven Board Committee meetings[1] took place to finalise matters that had been approved in principle at full meetings of the Board.

Directors	Quarterly Board	Audit and Risk Committee	Investment Committee	Management Engagement Committee	Nomination and Remuneration Committee
Maximum number	4	6	6	2	1
Mike Gerrard	4	N/A	5	2	1
John Le Poidevin	4	6	6	2	1
Claire Whittet	4	6	5	2	1
Julia Bond	4	6	5	2	1
Sally-Ann David[2]	4	5	6	2	1
Meriel Lenfestey[2]	3	3	6	1	0
John Stares[3]	1	2	N/A	N/A	N/A
John Whittle[4]	1	3	N/A	N/A	N/A
Giles Frost[5]	3	N/A	N/A	N/A	N/A

1 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.
2 Ms David and Ms Lenfestey were appointed as members of all of the Board Committees with effect from 23 March 2020.
3 Mr Stares retired from the Board and its Committees on 31 March 2020.
4 Mr Whittle retired from the Board and its Committees on 27 May 2020.
5 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. Please refer to page 65 outlining the Board's approach to diversity and re-election.

RELATIONSHIP WITH ADMINISTRATOR AND COMPANY SECRETARY

Ocorian Administration (Guernsey) Limited ('Ocorian') (formerly Estera International Fund Managers (Guernsey) Limited) 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 and observation of the Reserved Powers of the Board and in this respect the Board receives detailed quarterly reports. In July 2019 it was announced that Estera International Fund Managers (Guernsey) Limited would join Ocorian. This completed on 10 February 2020 and a formal name change took place on 6 April 2020. 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 above.

CORPORATE GOVERNANCE REPORT

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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

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, makes 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 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 procedures 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 is outlined in further detail in the Risk Report found on pages 48 to 60.

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 Directors, 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 2020, the Investment Adviser and members of the Board held formal meetings with over 100 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 page 110).

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the 'Committee' for the purposes of this 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 assumed lead responsibility for risk within the Risk Sub-Committee during 2020 and in March 2021, 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 below.

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, Ernst & Young LLP ('EY'), 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 62 to 63.

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;
- Completing a formal tender of the Company's audit;
- 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 management reports 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 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 and 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 external auditor explained the results of its review 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 2020 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. Work expected to be completed by an external auditor included formal reporting for shareholders, regulatory assurance reports and assurance work in connection with new investments.

Under the Company's policy for non-audit services, there is a specific list of services for which the external auditor cannot be engaged, as the Committee considers that the provision of such services would impact its independence. Potential services to be provided by the external auditor with an expected value of up to £50,000, and which are not prohibited 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 2.6% of total audit fees during the period under review, relating only to the half-yearly review. EY 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 EY 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 EY as external auditor.

Review of auditor effectiveness

As part of our annual review of the objectivity and effectiveness of the audit, the Committee conducted an in-depth review in 2020 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 review of the proposed audit fees for 2020. Whilst the audit fee for the Group (including unconsolidated subsidiaries) increased compared to the prior year, the Committee considers that the audit fees for the current year present good value for money for the Company's shareholders.

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 2020 was the fifth year for the current lead audit partner.

AUDIT AND RISK COMMITTEE REPORT
CONTINUED

During the year to 31 December 2020, the Company completed a formal tender of its audit in line with best practice and continued audit quality. 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, will assume the role of the Company's auditor for financial periods beginning 2021. A detailed transition plan has been agreed, with all parties working closely to ensure an efficient and effective auditor 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 48.

Risk process review

During the year the Company, with help from the Investment Adviser, undertook an exercise to further improve its risk management framework and processes. Further details of the exercise can be found in the Risk Management section of this report on page 49.

Viability assessment

The Committee carried out a robust assessment of the principal 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 60.

ESG external controls review

During the year an independent external review of the Company's ESG framework was completed. The review outcomes were positive and provided recommendations for the Company to further enhance its market-leading approach. Further details of the review and the Company's approach to responsible investment can be found on pages 38 to 47.

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. In addition, the Company formed an ESG Committee. Further details can be found in the Responsible Investment section from page 38, and in the review of principal and emerging risks, from page 51.

UK withdrawal from the EU

Potential risks which may arise for the Company as a result of the UK's withdrawal from the EU continued to be monitored. Whilst particular attention was given to potential impacts arising from a no-deal scenario during 2020, attention is now focused on any potential longer-term change in risks resulting from changes in the relationship between the UK and the EU going forward.

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 2021

Alongside an obvious continued focus on the impacts to the Company of the Covid-19 pandemic and additional to its continued attention to regular and routine matters, this year the Committee will work to ensure an efficient transition in auditor, as well as continuing to monitor any political, tax and regulatory developments in its applicable geographies.

JOHN LE POIDEVIN
CHAIR, AUDIT AND RISK COMMITTEE
24 March 2021

DIRECTORS' REPORT

INTRODUCTION

The Directors present their Annual Report on the performance of the Company and Group for the year ended 31 December 2020.

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 64 to 71.

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 2020, 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
Investec Wealth & Investment	13.00%	209,481,679	16 June 2020
Quilter plc	5.48%	88,296,288	15 June 2020

There have been no additional notices between 31 December 2020 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 26 May 2021. The Company will seek to renew such authority at the AGM to take place on 27 May 2021. 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 60. The financial position, cash flows, liquidity position and borrowing of the Company and Group are described in the financial statements on page 89.

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.

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
24 March 2021

JOHN LE POIDEVIN
DIRECTOR
24 March 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing financial statements for each year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards ('IFRS') as adopted by the EU, 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 IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and net return of 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
24 March 2021

JOHN LE POIDEVIN
DIRECTOR
24 March 2021

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

OPINION

We have audited the financial statements of International Public Partnerships Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:
- Give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its profit for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- Have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:
- In conjunction with our walkthrough of the group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecast and covenant calculation for the going concern period which covers a period to 30 June 2022 from the date of signing this audit opinion. The group has modelled a number of adverse scenarios in their cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity of the Group;
- We reviewed minutes of board meetings with a view to identifying any matters which may impact the going concern assessment;
- We have tested the factors and assumptions included in each modelled scenario for the cash forecast and covenant calculation and where applicable we have also tested the impact of Covid-19 included in each forecasted scenario. We evaluated the appropriateness of management's stress test scenarios and their impact on the liquidity position. We considered the appropriateness of the methods used to calculate the cash forecasts and covenant calculations and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity. We observed that the majority of investment receipts are expected to exhibit predictable cash flows which are in the form of dividends, interest or principal payments from equity, subordinated and senior debt investments. We challenged management on the appropriateness of the key assumptions and considered their reasonableness in the context of other supporting evidence gained from our audit work including back testing the historical accuracy of management's cash flow forecasts. We reviewed corporate level cash flows including management's ability to access future financing which included the utilisation of the corporate debt facility renewed in March 2021;
- We considered the mitigating factors included in the cash forecasts and covenant calculations that are within the control of the Group. This includes review of the group's non-operating cash outflows and evaluating the group's ability to control these outflows as mitigating actions if required. We also verified renewed corporate debt facility available to the Group;
- We have reviewed managements reverse stress testing in order to identify what factors would lead to the group utilising all liquidity or breaching the financial covenant during the going concern period. We performed our own scenario analysis using a number of alternative assumptions to assess the reasonableness of management's assessment;
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period to 30 June 2022 from when the financial statements are authorised for issue.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	– We performed an audit of International Public Partnerships Limited and the consolidated service entities ('the Group'), for the year ended 31 December 2020.
Key audit matters	– Misstatement or manipulation of investment fair value. – Income recognition.
Materiality	– Overall group materiality of £23.8 million (2019: £24.3 million) which represents 1% (2019: 1%) of Equity.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls and changes in the business environment when assessing the level of work to be performed.

The Group has determined that it is an investment entity under the requirements of IFRS 10 amendments for Investment Entities (IFRS 10 amendments) and therefore only consolidates service entities as explained in note 1 of the financial statements.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Misstatement or manipulation of investment fair value £2,345 million (2019: £2,383 million)** Investments comprise a portfolio of assets measured at fair value through profit or loss and that are classified as Level 3 within the fair value hierarchy. The fair value of these illiquid investments are determined using valuation techniques and the details of the valuation process and key sensitivities are provided in note 11 of the financial statements and are discussed in the strategic report – 'Operating Review' and 'Continuous Risk Management' sections. The investments fair values are determined using the income approach which discounts the expected cash flows at a rate appropriate to the risk profile of each investment. In determining the discount rate, the relevant long-term government bond yields, specific investment risks, discount rate used by other infrastructure funds and data from primary and secondary markets is considered. The valuation involves significant judgment and estimation uncertainty which includes the risk of an inappropriate valuation model being applied, the risk of manipulation or error in both the assumptions applied and the amount and timing of expected cash flows.
Our response to the risk	We obtained an understanding of the process and controls surrounding investment valuation by performing our walkthrough procedures and evaluating the implementation and design effectiveness of controls. **Test of Controls:** We have tested the effectiveness of key controls in operation over investment acquisitions, valuation, forecasting cashflows and distributions and placed reliance on control over these processes.

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

CONTINUED

Our response to the risk *continued*	**Verification of existence and ownership of Investments:** We have tested, on a sample basis, the existence and ownership of investments to ensure the group is entitled to distributions from the investments. **Macroeconomic Input Assumptions:** We engaged our EY Valuation specialists to review the macro assumptions (inflation, deposit and foreign exchange) used in the financial models by comparing these to market data. The tax rate assumption was reviewed by the audit team in conjunction with the EY Tax specialist. Based upon our risk assessment of the investment portfolio, we selected a sample of investments that cover specific risks identified. The following procedures were performed: **Application of Macroeconomic Inputs:** We tested that the macroeconomic inputs (inflation rates, foreign exchange rates, deposit rates and tax rates) reviewed by our EY Valuation and Tax specialists were applied consistently and accurately in the selected models. **Discount Rates:** We engaged our EY Valuation specialists to conclude if the discount rate determined by management sit within the reasonable range based on the risk profile inherent in the underlying cash flows of the selected investments. **Model integrity:** We reviewed management controls including management's use of third party audits of the initial model and analysis of yields. We engaged our EY Valuation specialists to test the changes to the logical operation on the selected models. We have compared the model used to determine the year end valuation to the most recent model that was audited or was reviewed as a part of previous audit work. **Model inputs:** We agreed a sample of contractual cashflows to contractual agreements and actual cashflows. We engaged EY Valuation specialists to assess the assumptions used to determine the underlying variable cash flows which require significant judgement. Their assessment was based on a combination of market data and experience of valuing other similar investments. For an extended sample, we tested that the macro-economic inputs (inflation rates, foreign exchange rates, deposit rates and tax rates) reviewed by our EY Valuation specialists were applied consistently and accurately to the models. We performed the following procedures across the whole portfolio: – With the assistance of EY Valuation specialists, we reviewed the changes in discount rate of the assets in the Group's portfolio by analysing the components of the discount rate build up approach adopted by management. Any material movements in the components were discussed/challenged and explanations obtained were corroborated with appropriate evidence. In addition, based on our risk categorisation of assets within the Group portfolio we checked if the discount rate for those assets sits within the EY Valuation specialists discount rate range. For any outliers, explanations obtained from management were corroborated with appropriate evidence. – We have performed a detailed analytical review based on year on year movement on each investment and validating significant variances from expectation. – We tested the historical accuracy of forecasting by comparing the historical forecast distributions from the projects to the actual distributions. – We discussed and reviewed managements assessment of the impact of Covid-19 on the fair value of the investments. **Acquisitions:** We tested all acquisitions during the year, reviewing the key transaction documents, including share purchase agreements and agreeing the consideration paid to bank statements. There were no disposals during the year. **Market Review:** We engaged EY Valuation specialists to review reasonableness of variable forecast cashflows and provide benchmarking information on macro assumptions (i.e. inflation rates, deposit rate and fx rate) applied to the forecast cashflows. **Disclosures:** We reviewed the adequacy of the disclosures made in the financial statements.
Key Observations communicated to the Audit and Risk Committee	We confirmed that there were no material matters arising from our audit work that we needed to bring to the attention of the Audit and Risk Committee. We confirmed that the valuation of the investments is fairly stated and was in line with IFRSs as adopted by the European Union.

Risk	**Income recognition** Income primarily comprises of the dividend and interest income stream (i.e. distributions) generated by the investments held in underlying consolidated subsidiaries. Management may seek to overstate income as a result of seeking to report the desired level of return to investors.
Our response to the risk	We have updated our understanding of the processes adopted by the Board and management in respect of income recognition including our understanding of the systems and controls implemented; We compared the actual distributions received in 2020 to the forecast made at the end of 2019 to test the completeness of distributions. In addition, we also check all bank statements during the year to ensure any dividends and interest received have been recognised; We have agreed a sample of dividend and interest receipts to documentation from underlying project entities and recalculated the interest amounts; and We have performed cut off testing by reviewing post year end bank statements to conclude that the income receipts are recorded in the correct period.
Key observations communicated to the Audit and Risk Committee	We confirmed that there were no material matters arising from our audit work that we needed to bring to the attention of the Audit and Risk Committee.

In the prior year, our auditor's report included a key audit matter in relation to going concern including the potential impact of Covid-19 which has been removed in the current year. Given the impact of Covid-19 on the group in the current period, the overall allocation of resources and direction of the audit team's efforts in relation to this matter results in this no longer meeting the definition of a key audit matter.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £23.8 million (2019: £24.3 million), which is 1% (2019: 1%) of equity. We believe that total equity provides us with an appropriate basis for audit materiality as net asset value is a key published performance measure and is a key metric used by management in assessing and reporting on the overall performance of the Group.

During the course of our audit, we reassessed initial materiality and noted that total equity had decreased from £2,409 million at 30 June 2020 to £2,384 million as at 31 December 2020 mainly due to reduction in investment fair value. This resulted in a lower materiality of £23.8 million compared to £24.1 million that was originally determined at the audit planning stage.

Given the importance of Interest income, Dividend income and Related party fees to the users of the financial statements; we also apply a lower materiality of £4.4 million (2019: £4.7 million) to audit these balances. This lower materiality is based on 5% of profit before tax excluding the gains/loss relating to revaluation of investments.

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

PERFORMANCE MATERIALITY
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £17.8 million (2019: £18.2 million). We have set performance materiality at this percentage based on our understanding of the group, including the past history of misstatements, our ability to assess the likelihood of misstatements and the effectiveness of the internal control environment.

Audit work relating to Interest income, Dividend income and Related party fees is based on 75% of the lower materiality described above – £3.3 million (2019: £3.5 million).

REPORTING THRESHOLD
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £1.2 million (2019: £1.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

OTHER INFORMATION
The other information comprises the information included in the annual report set out on pages 1 to 77 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:
- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 76;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 60;
- Directors' statement on fair, balanced and understandable set out on page 77;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 48; and
- The section describing the work of the Audit and Risk committee set out on page 72.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 77, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 FINANCIAL STATEMENTS

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

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed overleaf.

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

Our approach was as follows:
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to reporting framework (IFRS), Companies (Guernsey) Law, 2008, Listing rules of UK Listing Authority and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices and regulations relating to data protection.
- We understood how the group is complying with these frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, compliance reports, papers provided to the Audit and Risk Committee and attendance at meetings of Audit Committee, correspondence received from regulatory bodies as well as consideration of the results of our audit procedures across the group to either corroborate or provide contrary evidence;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by enquiring with management within various parts of the business and those charged with governance to understand where they considered there was susceptibility to fraud, assessing any whistleblowing incidences for those with a potential financial reporting impact. We considered the controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those controls. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included those on investment fair value and income recognition detailed above in Key audit matters section. We considered the risk of fraud through management override and, in response, we incorporated data analytics across journal entries. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures included the review of board minutes, management reporting to the Audit Committee, enquiries of management and those responsible for legal and compliance procedures, review of the regulatory correspondence from regulatory bodies during the year and journal entry testing with a focus on journals meeting our defined risk criteria based on our understanding of the business.

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

USE OF OUR REPORT

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

RICHARD LE TISSIER
for and on behalf of Ernst & Young LLP,
Guernsey, Channel Islands
24 March 2021

Notes:
1 The maintenance and integrity of the International Public Partnerships Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2 Legislation in the Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2020

	Notes	**Year ended 31 December 2020 £'000s**	Year ended 31 December 2019 £'000s
Interest income	4	**81,204**	76,405
Dividend income	4	**42,822**	48,181
Net change in investments at Fair Value through profit or loss	4	**(27,731)**	44,132
Total investment income		**96,295**	168,718
Other operating (expense)/income	5	**(3,326)**	4,797
Total income		**92,969**	173,515
Management costs	17	**(25,888)**	(24,537)
Administrative costs		**(1,825)**	(1,568)
Transaction costs	6, 17	**(286)**	(4,221)
Directors' fees		**(416)**	(386)
Total expenses		**(28,415)**	(30,712)
Profit before finance costs and tax		**64,554**	142,803
Finance costs	8	**(3,797)**	(5,053)
Profit before tax		**60,757**	137,750
Tax (charge)/credit	9	**(44)**	418
Profit for the year		**60,713**	138,168
Earnings per share			
From continuing operations			
Basic and diluted (pence)	10	**3.76**	9.17

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 (2019: nil). The profit for the year represents the Total Comprehensive Income for the year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital and share premium £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2019		**1,753,840**	**182,481**	**488,918**	**2,425,239**
Total comprehensive income		**–**	**–**	**60,713**	**60,713**
Issue of Ordinary Shares	15	**15,742**	**–**	**–**	**15,742**
Issue costs applied to new shares	15	**–**	**–**	**–**	**–**
Dividends in the year	15	**–**	**–**	**(117,258)**	**(117,258)**
Balance at 31 December 2020		**1,769,582**	**182,481**	**432,373**	**2,384,436**

YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital and share premium £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2018		1,560,243	182,481	456,023	2,198,747
Total comprehensive income		–	–	138,168	138,168
Issue of Ordinary Shares	15	195,553	–	–	195,553
Issue costs applied to new shares	15	(1,956)	–	–	(1,956)
Dividends in the year	15	–	–	(105,273)	(105,273)
Balance at 31 December 2019		1,753,840	182,481	488,918	2,425,239

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 £'000s	31 December 2019 £'000s
Non-current assets			
Investments at Fair Value through profit or loss	11	**2,345,433**	2,382,645
Total non-current assets		**2,345,433**	2,382,645
Current assets			
Other financial assets	11, 13	**42,188**	31,150
Cash and cash equivalents	11	**44,263**	45,610
Derivative financial instruments	11	**268**	4,161
Total current assets		**86,719**	80,921
Total assets		**2,432,152**	2,463,566
Current liabilities			
Trade and other payables	11, 14	**9,316**	10,471
Bank loans	8, 11	**38,400**	–
Total current liabilities		**47,716**	10,471
Non-current liabilities			
Bank loans	8, 11	**–**	27,856
Total non-current liabilities		**–**	27,856
Total liabilities		**47,716**	38,327
Net assets		**2,384,436**	2,425,239
Equity			
Share capital and share premium	15	**1,769,582**	1,753,840
Other distributable reserve	15	**182,481**	182,481
Retained earnings	15	**432,373**	488,918
Equity attributable to equity holders of the Parent		**2,384,436**	2,425,239
Net assets per share (*pence per share*)	16	**147.1**	150.6

The financial statements were approved by the Board of Directors on 24 March 2021.

They were signed on its behalf by:

MIKE GERRARD
CHAIR
24 March 2021

JOHN LE POIDEVIN
DIRECTOR
24 March 2021

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2020

	Notes	**Year ended 31 December 2020 £'000s**	Year ended 31 December 2019 £'000s
Profit before tax in the Consolidated Statement of Comprehensive Income[1]		**60,757**	137,750
Adjusted for:			
Loss/(gain) on investments at fair value through profit or loss	4	**27,731**	(44,132)
Finance costs[2]	8	**3,797**	5,053
Fair value movement on derivative financial instruments	5, 11	**3,894**	(4,468)
Working capital adjustments			
(Increase) in receivables		**(13,349)**	(6,929)
(Decrease)/increase in payables		**(1,155)**	2,105
Income tax received[3]		**2,533**	1,071
Net cash inflow from operations[4]		**84,208**	90,450
Investing activities			
Acquisition of Investments at Fair Value through profit or loss	12	**(29,984)**	(281,286)
Net repayments from Investments at Fair Value through profit or loss		**39,464**	40,241
Net cash inflow/(outflow) from investing activities		**9,480**	(241,045)
Financing activities			
Proceeds from issue of shares net of issue costs		**–**	190,115
Dividends paid	15	**(101,516)**	(101,791)
Finance costs paid[2]		**(4,170)**	(4,699)
Loan drawdowns[2]		**29,544**	218,300
Loan repayments[2]		**(19,000)**	(190,444)
Net cash (outflow)/inflow from financing activities		**(95,142)**	111,481
Net decrease in cash and cash equivalents		**(1,454)**	(39,114)
Cash and cash equivalents at beginning of year		**45,610**	84,718
Foreign exchange gain on cash and cash equivalents		**107**	6
Cash and cash equivalents at end of year		**44,263**	45,610

1 Includes interest received of £66.7 million (December 2019: £69.8 million) and dividends received of £42.8 million (December 2019: £48.2 million).
2 These are cash flows and non-cash flows for financing liabilities in accordance with IAS 7, 44A-E.
3 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 2020

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 International Financial Reporting Standards ('IFRS'), adopted by the EU, interpretations issued by the International Financial Reporting Interpretations Committee, applicable legal and regulatory requirements of Guernsey, and the Listing Rules of the UK Listing Authority. 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 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 Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Objectives and Performance. The financial position of the Group, its cash flows, liquidity position and borrowing are described in the Operating Review. The section Continuous Risk Management and Note 11 of the financial statements also include: the Company's objectives, policies and processes for managing risk to protect stakeholder value; its financial risk management objectives; and its exposures to market risk including, inflation, interest credit and liquidity risk. As set out in the Directors' Report, the Directors have reviewed cash flow forecasts prepared by management for the period to 30 June 2022. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows, the liquidity available to the Group and current and expected financial commitments. The Directors also reviewed the analysis prepared by the Investment Adviser which modelled a number of adverse scenarios. The assumptions used to model these scenarios included a fall in the income from investments and considered the impact of Covid-19 on the Company's operations and project companies. Alongside these scenarios, reverse stress testing was carried out indicating that the Company had a high tolerance to substantial reductions in investment income.

In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £44.3 million as at 31 December 2020. The Company continues to fully cover operating costs and distributions from underlying cash flows from investments. As explained in the Strategic Report on page 24, the Company has invested in some infrastructure projects that are exposed to demand-based risk or construction risk that are impacted by Covid-19, however 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 and have limited exposure to economic growth. The Company has access to a corporate debt facility. The Company's £400 million facility was due to expire in July 2021, and as such in March 2021 was renewed to March 2024 on revised terms. The facility has the same overall £400 million capacity as the previous fully committed arrangement, and will comprise a £250 million facility and a flexible 'accordion' component which, subject to lender consent, allows for a future extension by an additional £150 million. In addition, a £20 million portion of the facility can be utilised for working capital purposes. The facility is forecast to continue in full compliance with the associated banking covenants in all scenarios. The Group's project-level financing is non-recourse to the Company. The Group's funding obligation in the going concern period is up to £46.8m, which can be met by drawing down on the corporate debt facility. Based on those forecasts and an assessment of the Group's committed banking facilities, it has been considered appropriate to prepare the financial statements of the Group on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONTINUED

1. BASIS OF PREPARATION CONTINUED

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 2020.

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

FAIR VALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Fair values are determined using the income approach which discounts the expected cash flows at a rate appropriate to the risk profile of each investment. In determining the discount rate, 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, the Group has identified four reportable segments based on the geographical risk associated with the jurisdictions in which it operates. The factors used to identify the Group's reportable segments are centred 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 segments being UK, Europe (excl. UK), North America and Australia.

	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 on investments	(20,364)	(24,777)	1,021	16,389	(27,731)
Total investment income	75,007	(17,054)	9,515	28,827	96,295
Reporting segment profit[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

3. SEGMENTAL REPORTING CONTINUED

	Year ended 31 December 2019				
	UK £'000s	Europe (excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	94,707	7,674	8,795	13,410	124,586
Fair value gain on investments	26,442	11,324	2,102	4,264	44,132
Total investment income	121,149	18,998	10,897	17,674	168,718
Reporting segment profit[1]	85,803	22,242	11,429	18,694	138,168
Segmental financial position					
Investments at Fair Value	1,755,755	321,337	105,001	200,552	2,382,645
Current assets	80,921	–	–	–	80,921
Total assets	1,836,676	321,337	105,001	200,552	2,463,566
Total liabilities	(38,327)	–	–	–	(38,327)
Net assets	1,798,349	321,337	105,001	200,552	2,425,239

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 £26.7 million (2019: £20.7 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 right to receive payment is established. This is the date when the Directors of the underlying project entity approve the payment of a dividend.

Net 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 2020 £'000s	Year ended 31 December 2019 £'000s
Interest income		
Interest on investments	**81,202**	76,405
Interest on bank deposits	**2**	–
Total interest income	**81,204**	76,405
Dividend income	**42,822**	48,181
Net change in Investments at Fair Value through profit or loss	**(27,731)**	44,132
Total investment income	**96,295**	168,718

Dividend and interest income includes that from 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 2020
CONTINUED

5. OTHER OPERATING (EXPENSE)/INCOME

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Fair value (loss)/gain on foreign exchange contracts	**(3,894)**	4,468
Other gains on foreign exchange movements	**550**	329
Other income	**18**	–
Total other operating (expense)/income	**(3,326)**	4,797

6. TRANSACTION COSTS

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Investment advisory costs	**286**	4,221
Total transaction costs	**286**	4,221

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

7. AUDITOR'S REMUNERATION

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Fees payable to the Group's auditor for the audit of the Group's financial statements	**485**	304
Fees payable to the Group's auditor and their associates for other services to the Group		
– The audit of the Group's consolidated subsidiaries	**49**	46
– The audit of the Group's unconsolidated subsidiaries	**121**	111
Total audit fees	**655**	461
Other fees		
– Interim review	**17**	11
– Other services	**–**	24
Total non-audit fees	**17**	35

8. FINANCE COSTS

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 £3.8 million (2019: £5.1 million). The Group has a corporate debt facility of £400 million provided by Royal Bank of Scotland, National Australia Bank, Barclays Bank and Sumitomo Mitsui Banking Corporation. The drawdowns in the period were in the form of cash drawdowns used to partially fund investments. As at December 2020 the facility was £38.4 million cash drawn (December 2019: £27.9 cash drawn). The uncommitted balance of the facility which was not cash drawn or notionally drawn via letters of credit, was £361.6 million (December 2019: £371.5 million).

The interest rate margin on the corporate debt facility in the year was 165 basis points over LIBOR. The facility was due to expire in July 2021, and the facility was renewed following the year end in March 2021. The facility has the same overall £400 million capacity as the previous fully committed arrangement, and will comprise a £250 million facility and a flexible 'accordion' component which, subject to lender consent, allows for a future extension by an additional £150 million. The loan facility matures in March 2024 and is secured over the assets of the Group.

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 2020 £'000s	Year ended 31 December 2019 £'000s
Current tax:		
UK corporation tax credit – current year	**–**	(521)
UK corporation tax – prior year	**–**	23
Other overseas tax – current year	**75**	106
Other overseas tax – prior year	**(31)**	(26)
Tax charge/(credit) for the year	**44**	(418)

Reconciliation of effective tax rate:

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Profit before tax	**60,757**	137,750
Exempt tax status in Guernsey	**–**	–
Application of overseas tax rates	**75**	106
Group tax losses surrendered to unconsolidated investee entities	**–**	(521)
Adjustments to previous year's assessment	**(31)**	(3)
Tax charge/(credit) for the year	**44**	(418)

The income tax charge/(credit) above does not represent the full tax position of the entire Group as the investment returns received by the Company are net of tax payable at the underlying investee entity level. As a consequence of the adoption of 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 2019: £1 billion) over their full concession lives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
CONTINUED

10. EARNINGS PER SHARE
The calculation of basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	**60,713**	138,168
	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**1,613,799,526**	1,506,701,793
Basic and diluted (pence)	**3.76**	9.17

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 2020 £'000s	31 December 2019 £'000s
Investments at Fair Value through profit and loss	**2,345,433**	2,382,645
Financial assets		
Other financial assets	**42,188**	31,150
Cash and cash equivalents	**44,263**	45,610
Derivative financial instruments		
Foreign exchange contracts	**268**	4,161
Total financial assets	**2,432,152**	2,463,566

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.

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.

Other financial assets
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 other financial assets. 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.

11. FINANCIAL INSTRUMENTS CONTINUED

Cash and cash equivalents

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

Derivative financial instruments

Derivatives are 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.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date using a simplified approach to calculate any expected credit losses. There is no material impairment at the balance sheet date.

11.2 FINANCIAL LIABILITIES

	31 December 2020 £'000s	31 December 2019 £'000s
Financial liabilities at amortised cost		
Trade and other payables	**9,316**	10,471
Bank loans	**38,400**	27,856
Total financial liabilities	**47,716**	38,327

Accounting policy

Trade and other payables

Financial liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the financial reporting date. The carrying value of other liabilities 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 48 to 50). 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONTINUED

11. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows from underlying investments therefore impacting the value of investments at fair value through profit or loss. The Group has limited exposure to interest rate risk as the underlying borrowings within the unconsolidated investee entities are either hedged through interest rate swap arrangements, 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.

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. The Group doesn't 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 2020 £'000s	31 December 2019 £'000s
Cash		
Euro	**414**	2,951
Canadian dollar	**675**	654
Australian dollar	**68**	1,623
US dollar	**517**	664
	1,674	5,892
Current receivables		
Euro receivables	**126**	124
US dollar receivables	**989**	539
	1,115	663
Investments at Fair Value through profit or loss		
Euro	**295,824**	321,337
Canadian dollar	**39,391**	39,911
Australian dollar	**215,455**	200,552
US dollar	**65,572**	65,090
	616,242	626,890
Total	**619,031**	633,445

Sensitivity analysis showing the impact of variations of the above risks on the fair value of investments is shown in section 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 quarterly review of the credit position of major contractors.

11. FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is defined as the risk that the Group would encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group invests in relatively illiquid investments (mainly non-listed equity and loans). As a closed-ended investment vehicle there are no automatic 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.

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 2020, the Group's only derivative financial instruments were currency forward contracts amounting to an asset of £0.3 million (December 2019: asset of £4.2 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 2020, the fair value of financial instruments classified within Level 3 totalled £2,345.4 million (December 2019: £2,382.6 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
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 below.

31 December 2020	**UK**	**Europe (excl. UK)**	**North America**	**Australia**
Inflation	**2.75% RPI, 2.00% CPIH**	**2.00%**	**2.00%**	**2.50%**
Long-term tax	**19.00%**	**12.50%–32.28%**	**23.00%–26.50%[1]**	**30.00%**
Foreign exchange rates	**N/A**	**1.11**	**1.37–1.74**	**1.77**
Long-term deposit rates	**1.00%**	**0.50%**	**1.50%**	**2.00%**

31 December 2019	UK	Europe (excl. UK)	North America	Australia
Inflation	2.75% RPI, 2.00% CPIH	2.00%	2.00%	2.50%
Long-term tax	19.00%	12.50%–32.28%	23.00%–26.50%[1]	30.00%
Foreign exchange rates	N/A	1.13	1.37–1.80	1.92
Long-term deposit rates	2.00%	2.00%	2.50%	3.00%

1 Related to investments in Canada.

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.

Over the period, the weighted average government bond yield decreased by 0.42%. The weighted average investment risk premium increased by 0.37%, reflecting observable market-based evidence. Further details are provided within the Strategic Report on pages 35 to 36.

Valuation assumptions	**31 December 2020**	31 December 2019	Movement
Weighted Average Government Bond Yield	**0.56%**	0.98%	(0.42%)
Weighted Average Investment Risk Premium	**6.41%**	6.04%	0.37%
Weighted Average Discount Rate	**6.97%**	7.02%	(0.05%)
Weighted Average Discount Rate on Risk Capital[1]	**7.52%**	7.52%	–

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

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11. FINANCIAL INSTRUMENTS CONTINUED

Reconciliation of Level 3 fair value measurements of financial assets	31 December 2020 £'000s	31 December 2019 £'000s
Balance at 1 January	**2,382,645**	2,097,468
Additional investments during the year	**29,984**	281,286
Net repayments during the year	**(39,465)**	(40,241)
Net change in Investments at Fair Value through profit or loss	**(27,731)**	44,132
Balance at 31 December	**2,345,433**	2,382,645

11.5 SENSITIVITY ANALYSIS

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

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)**

Significant assumptions 31 December 2019	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	7.02%	+1.00%	(221,830)	–1.00%	266,321
Inflation rate (overall)	2.26%	+1.00%	247,568	–1.00%	(204,613)
UK	2.47%	+1.00%	198,445	–1.00%	(160,506)
Europe	2.00%	+1.00%	39,398	–1.00%	(33,825)
North America	2.00%	+1.00%	1,037	–1.00%	(899)
Australia	2.50%	+1.00%	8,700	–1.00%	(9,384)
FX rate	N/A	+10.00%	63,017	–10.00%	(63,017)
Tax rate	18.31%	+1.00%	(20,668)	–1.00%	19,729
Deposit rate	1.81%	+1.00%	23,642	–1.00%	(20,778)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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12. INVESTMENTS

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**	45.00%
May 2020	The Group made a follow on investment into the Essex 1 and 2 Building Schools for the Future projects, UK	**6,655**	28.00%-100.00%
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**	15.50%-54.00%
October 2020	The Group made a follow on investment into the Blackburn 1 and 2 Building Schools for the Future projects, UK	**1,136**	100.00%
December 2020	The Group made a follow on investment into the Diabolo Rail Link Project, Belgium	**9,068**	100.00%
Total capital spend on investments during the year		**29,984**	

2019

Date of investment	Description	Consideration £'000s	% Ownership post investment
January 2019	The Group made a follow on investment into the Luton Building Schools for the Future project, UK	211	50.00%
March – December 2019	The Group made further investments as part of its commitment to the National Digital Infrastructure Fund, UK	12,805	45.00%
April – October 2019	The Group made investments into the Midlands Batch Priority Schools Building Project (Batch 4), UK	12,291	100.00%
June 2019	The Group made a follow on investment into the Wolverhampton Building Schools for the Future projects 1 & 2, UK	1,800	100.00%
June 2019	The Group, as part of a consortium, made further investments into the Cadent gas distribution network, UK	153,240	7.25%
June 2019	The Group acquired an additional interest in BeNEX, Germany	29,397	100.00%
September 2019	The Group invested additional amounts as part of its refinancing and restructure of its OFTOs portfolio	71,542	100.00%
Total capital spend on investments during the year		281,286	

13. OTHER FINANCIAL ASSETS

	31 December 2020 £'000s	31 December 2019 £'000s
Accrued interest receivable	**40,769**	27,273
Other debtors	**1,419**	3,877
Total other financial assets	**42,188**	31,150

Other debtors included £1.1 million (December 2019: £3.7 million) of receivables from unconsolidated subsidiary entities for surrender of Group tax losses.

14. TRADE AND OTHER PAYABLES

	31 December 2020 £'000s	31 December 2019 £'000s
Accrued management fee	**7,790**	8,285
Other creditors and accruals	**1,526**	2,186
Total trade and other payables	**9,316**	10,471

15. SHARE CAPITAL AND RESERVES

Share capital	31 December 2020 shares '000s	31 December 2019 shares '000s
In issue at 1 January	**1,610,795**	1,484,329
Issued for cash	**–**	124,248
Issued as a scrip dividend alternative	**10,158**	2,218
In issue at 31 December – fully paid	**1,620,953**	1,610,795

	31 December 2020 £'000s	31 December 2019 £'000s
Balance at 1 January	**1,753,840**	1,560,243
Issued for cash (excluding issue costs)	**–**	192,071
Issued as a scrip dividend alternative	**15,742**	3,482
Total share capital issued in the year	**15,742**	195,553
Costs on issue of Ordinary Shares	**–**	(1,956)
Balance at 31 December	**1,769,582**	1,753,840

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 19 June 2020, 4,162,764 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 2019.

On 13 November 2020, 5,994,652 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 2020.

Other distributable reserve	31 December 2020 £'000s	31 December 2019 £'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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15. SHARE CAPITAL AND RESERVES CONTINUED

Retained earnings	31 December 2020 £'000s	31 December 2019 £'000s
Balance at 1 January	**488,918**	456,023
Net profit for the year	**60,713**	138,168
Dividends paid[1]	**(117,258)**	(105,273)
Balance at 31 December	**432,373**	488,918

1 Includes scrip element of £15.7 million in 2020 (December 2019: £3.5 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 2020.

The Board has approved interim dividends as follows:

	Year ended 31 December 2020 £'000s	Year ended 31 December 2019 £'000s
Amounts recognised as distributions to equity holders for the year ended 31 December 2020	**117,258**[1]	105,273
Declared		
Interim dividend for the period 1 January to 30 June 2020 was 3.68 pence per share (2019: 3.59 pence per share)	**59,430**	53,321
Interim dividend for the period 1 July to 31 December 2020 was 3.68 pence per share[2] (2019: 3.59 pence per share)	**59,651**	57,828

1 Includes the 2019 interim dividend for the period 1 July to 31 December 2019.
2 The dividend for the period 1 July to 31 December 2020 was approved by the Board on 24 March 2021 and therefore has not been included as a liability in the balance sheet for the year ended 31 December 2020.

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 61.

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 2020 £'000s	31 December 2019 £'000s
Net assets attributable to equity holders of the Parent	**2,384,436**	2,425,239
	Number	Number
Number of shares		
Ordinary Shares outstanding at the end of the year	**1,620,952,892**	1,610,795,476
Net assets per share *(pence per share)*	**147.1**	150.6

17. RELATED PARTY TRANSACTIONS

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

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

AFML 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 the majority of other companies in which the Group indirectly has an investment. The transactions with the Amber Group are considered related party transactions under IAS 24 'Related Party Disclosures'.

The Director's fees of £45,900 (2019: £45,000) for Mr G Frost's directorship of the Company are paid to his employer, Amber Infrastructure Limited (a member of the Amber Group).

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

	Related party expense in the Income Statement		Amounts owing to related parties in the Balance Sheet	
	For the year ended 31 December 2020 £'000s	For the year ended 31 December 2019 £'000s	**At 31 December 2020 £'000s**	At 31 December 2019 £'000s
International Public Partnerships GP Limited	**25,888**	24,537	**7,790**	8,285
Amber Fund Management Limited[1]	**286**	4,221	**17**	533
Total	**26,174**	28,758	**7,807**	8,818

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

INVESTMENT ADVISORY ARRANGEMENTS

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) value exceeds £1.5 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 2020, Amber Infrastructure held 8,002,379 (December 2019: 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.

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17. RELATED PARTY TRANSACTIONS CONTINUED
TRANSACTIONS WITH DIRECTORS
Shares acquired by Directors in the year are disclosed below:

	Number of New Ordinary Shares	
Director	**Year ended 31 December 2020**	Year ended 31 December 2019
Mike Gerrard	**22,330**	81,112
Julia Bond	**5,358**	28,994
John Le Poidevin	**–**	32,467
Claire Whittet	**3,460**	1,532
Meriel Lenfestey	**9,979**	–
Giles Frost	**26,276**	24,036
Total purchased	**67,403**	168,141

Remuneration paid to the Non-Executive Directors is disclosed on page 66.

18. CONTINGENT LIABILITIES AND COMMITMENTS
As at 31 December 2020 the Group has committed funding of up to c.£46.8 million (December 2019: £43.5 million), which includes committed investment amounts as noted in the Strategic Report on page 23 and a deferred commitment of £18.2 million for BeNEX (December 2019: £17.8 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 2021, the UK announced an increase in the headline rate of corporation tax to 25%, to take effect from April 2023. It is estimated the impact of the rate increase is a c.£30 million reduction to the net asset valuation as at December 2020. This future tax rate increase has not been reflected within the 31 December 2020 valuations owing to the timing of the announcement, which occurred following the period end.

The Company's £400 million CDF was due to expire in July 2021, and following the year end has been renewed to March 2024. The facility has the same overall £400 million capacity as the previous fully committed arrangement, and will comprise a £250 million facility and a flexible 'accordion' component which, subject to lender consent, allows for a future extension by an additional £150 million.

20. OTHER MANDATORY DISCLOSURES
NEW STANDARDS THAT THE GROUP HAS APPLIED FROM 1 JANUARY 2020
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 – Amendments to IFRS 9, IAS 39 and IFRS 7 (1 January 2020).

STANDARDS ISSUED BUT NOT YET EFFECTIVE
Standards 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.
– Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (1 January 2021).
– IFRS 17 Insurance Contracts (1 January 2023).

From 1 January 2021, the Company will report under UK adopted IFRS, following the end of the Implementation Period between the EU and the UK. This change is not expected to have any immediate impact on the Company's accounting policies or reporting in its financial statements.

20. OTHER MANDATORY DISCLOSURES CONTINUED

UNCONSOLIDATED SUBSIDIARIES

A list of the significant investments in unconsolidated subsidiaries, including the name, country of incorporation as at 31 December 2020 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
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
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	54
Lewisham Schools for the Future SPV Limited	UK	54
Lewisham Schools for the Future SPV Limited	UK	54
Maesteg School Partnership	UK	100
Norfolk Limited Partnership	UK	100
Northampton Schools Limited Partnership	UK	100
Northern Diabolo N.V.	Belgium	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONTINUED

20. OTHER MANDATORY DISCLOSURES CONTINUED

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
Oldham BSF Limited	UK	99
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

The entities listed above in aggregate represent 58.1% (December 2019: 58.4%) 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.

CONSOLIDATED SUBSIDIARIES

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

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

21. INVESTMENTS

The Group holds 130 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 2020	%. 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	June 2025
Maesteg Schools	UK	Operational	100.0	July 2033
Moray Schools	UK	Operational	100.0	February 2042
Liverpool Library	UK	Operational	100.0	November 2037
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
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
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
Halton Place	UK	Operational	45.0	March 2038
Hertfordshire Schools Phase One	UK	Operational	100.0	August 2037

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
CONTINUED

21. INVESTMENTS CONTINUED

Investment Name	Country	Status at 31 December 2020	%. Risk Capital owned by the Group[1]	Investment end
Islington Phase One	UK	Operational	90.0	August 2034
Islington Phase Two	UK	Operational	90.0	March 2039
Lewisham Phase 1	UK	Operational	54.0	December 2034
Lewisham Phase 2	UK	Operational	54.0	August 2037
Lewisham Phase 3	UK	Operational	54.0	August 2037
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
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
Other UK				
Angel Trains	UK	Operational	4.8	December 2038
Tideway	UK	Construction	15.99	March 2150
Cadent	UK	Operational	7.25	June 2069
National Digital Infrastructure Fund	UK	Operational	45.0	July 2027

1 Risk Capital includes project level equity and/or subordinated shareholder debt.

21. INVESTMENTS CONTINUED

Investment Name	Country	Status at 31 December 2020	%. Risk Capital owned by the Group[1]	Investment end
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
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 2037
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

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.

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