

Cordiant Digital Infrastructure Limited

Annual Report 2022



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Cordiant Digital Infrastructure Limited is a sector-focused specialist in Digital Infrastructure.

It was the first UK-listed investment company to provide investors with dedicated exposure to the core infrastructure of the digital economy.

The Company invests in data centres, telecommunications towers and fibre networks in the UK, EEA and North America and seeks to generate an attractive total return of at least 9% per annum over the longer term (comprising capital growth and a progressive dividend).

The Directors present the Annual Report for the period from 4 January 2021 to 31 March 2022, which includes the Strategic report, Corporate Governance report and audited accounts for this period. Pages 1 to 83 of this Annual Report comprise a report of the Directors which has been drawn up and presented in accordance with Guernsey company law and the Association of Investment Companies (AIC) Code of Corporate Governance and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Highlights

For the period ended 31 March 2022

£822.3m

Net asset value (NAV)

£841.0m

Market capitalisation
at 31 March 2022

12.49p

Basic earnings per
share for the period
ended 31 March 2022

£51.4m

Total comprehensive
income for the period
ended 31 March 2022

106.34p

NAV per ordinary share
8.4% growth since IPO,
not taking dividends
into account

10%

NAV total return,
assuming dividends
reinvested

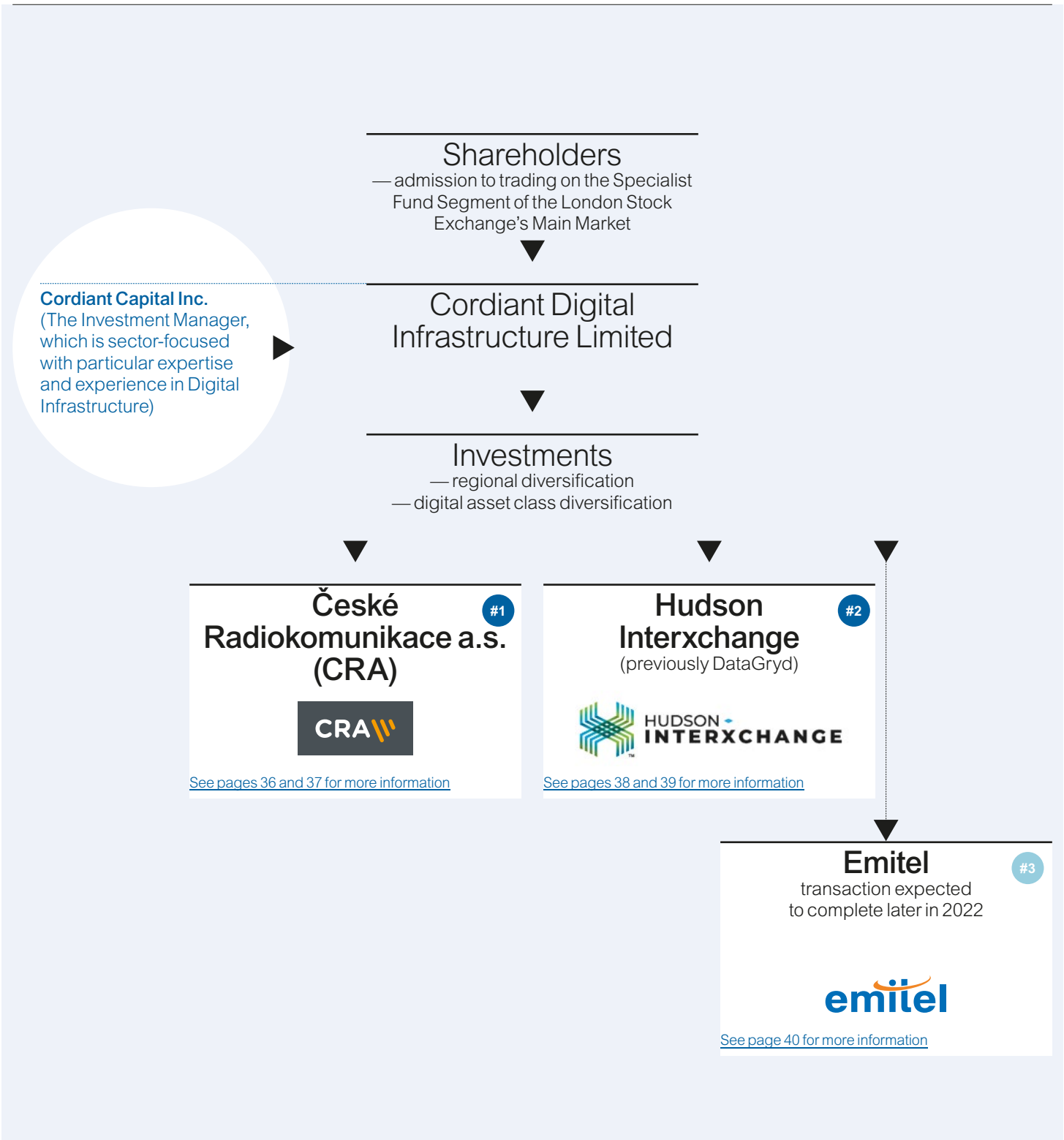
Dividend of 3 pence per share
declared with respect to the period
ended 31 March 2022 – dividend
covered 4.2x by EPS and 4.6x by
EBITDA of investee companies

3p

The Company successfully raised
gross proceeds of: £370 million
at IPO on 16 February 2021;
£185 million from the issue of
C Shares on 10 June 2021;
£200 million through the placing
of new ordinary shares on
25 January 2022; and a further
£40 million during the period
through the exercise of Subscription
Shares. Substantially all of the
net proceeds have been deployed
or committed.

£795m

Simplified organisational structure



Company overview

Cordiant Digital Infrastructure Limited (the Company) is an externally managed closed-ended investment company and its principal activity is to invest in Digital Infrastructure Assets.

The Company was incorporated in Guernsey under the Companies (Guernsey) Law 2008 on 4 January 2021 as a non-cellular company limited by shares with an indefinite life. It is domiciled in Guernsey and is tax resident in the UK. The Company is registered with the Guernsey Financial Services Commission (GFSC) as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020 and the Registered Collective Investment Scheme Rules and Guidance 2021.

On 16 February 2021, the Company's ordinary shares were admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange. The Company successfully raised gross proceeds of £370 million at IPO, and a further £200 million gross proceeds through the placing of new ordinary shares in January 2022. £185 million gross proceeds were raised from the issue of C Shares in June 2021 with the C Shares all converting into ordinary shares on 20 January 2022. A further £40 million was raised during the period through the exercise of Subscription Shares.

The registered office of the Company is 2nd Floor Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Investment Manager

The activities of the Company are managed by Cordiant Capital Inc. (the Investment Manager), a sector-focused investment manager with particular expertise and experience in Digital Infrastructure. The Investment Manager invests in global infrastructure and real assets, running infrastructure private equity and infrastructure private credit strategies on behalf of clients (including the Company) through limited partnership funds and managed accounts.

The Investment Manager's current client base, in addition to the Company, consists of global insurance companies, pension plans and family offices. The Investment Manager has maintained a long-term focus on ESG (environmental, social and governance) and impact investing, and was an early signatory of the United Nations PRI (Principles for Responsible Investing) and a founding signatory of the World Bank/International Finance Corporation (IFC) Operating Principles for Impact Management.

Investment objective

The Company seeks to generate attractive total returns (on a risk adjusted basis) for shareholders over the longer term, comprising capital growth and a progressive dividend, through investment in Digital Infrastructure Assets.

Investment strategy

The Company invests principally in operating Digital Infrastructure Assets, with a predominant focus on data centres, mobile telecommunications/broadcast towers and fibre-optic network assets, primarily located in the UK, the EEA, the US and Canada.

The Company generally seeks to invest by purchasing operating cash-generative Digital Infrastructure platforms (often consisting of multiple assets) under a 'buy, build & grow' model. This entails purchasing businesses and then expanding revenues and margins through a combination of operating improvements, capital expenditure and judicious acquisitions. This is done with a view to generating returns for investors primarily through:

- contractual escalators;
- increasing the utilisation of Digital Infrastructure Assets by attracting more tenants, or encouraging more activity by existing tenants;

- adding additional capacity by expanding existing facilities or building new assets; and
- driving operational improvements with the aid of the Investment Manager's experienced team of industry executives.

Diversification within the Company's investment portfolio is achieved by:

- investing in a range of individual underlying Digital Infrastructure Assets, each of which is capable of separate disposal;
- investing in different types of Digital Infrastructure Assets; and
- achieving a geographic spread across the underlying Digital Infrastructure Assets.

Investment restrictions

The Company observes the following investment restrictions:

- no single Digital Infrastructure Asset represents more than 20% of gross asset value (GAV);
- no more than 15% of GAV is invested, in aggregate, in Digital Infrastructure Assets located in countries outside the UK, the EEA, the US and Canada;
- the maximum exposure to Digital Infrastructure Assets in the development phase does not exceed, in aggregate, 10% of GAV; and
- the maximum exposure to Digital Infrastructure Assets in the development phase and construction phase does not exceed, in aggregate, 30% of GAV.

Each individual underlying data centre, mobile telecommunications tower or segment of a fibre-optic network held within the portfolio constitutes a separate Digital Infrastructure Asset for the purposes of the above investment restrictions and the investment policy generally.

The Company intends to pay a dividend of 4 pence per ordinary share in respect of its second financial year commencing 1 April 2022 (first year 3 pence), three years earlier than was originally anticipated.

Each of these investment restrictions is calculated and applied as at the time of investment and non-compliance resulting from changes in the price or value of assets following investment is not considered a breach of the investment restrictions.

Dividend policy and target returns

While not forming part of the Company's investment policy, the Company intends to pay dividends twice a year, with dividends typically declared in respect of the six-month periods ending 30 September and 31 March and paid in December and July, respectively.

We announced on 4 May 2021 that the Company was targeting an initial dividend of 3 pence per ordinary share in respect of the first full financial year, compared with the 1 penny per ordinary share target described in the Company's prospectus. On 5 January 2022, the Company announced that it intends to further increase the rate of dividend progression envisaged at the time of the IPO and that we intend to pay a dividend of 4 pence per ordinary share in respect of the second financial year commencing 1 April 2022, three years earlier than it was originally anticipated that such a level of dividend would be paid.

Ongoing charges

	£'000	% of weighted average NAV for the period to 31 March 2022
Management fee	4,690	0.73
Directors' fees	218	0.03
Ongoing expenses	929	0.15
Total	5,837	0.91

In respect of the target dividend in the first full financial year, the Company paid a first interim dividend on 16 December 2021 of 1.5 pence per ordinary share and 1.5 pence per C Share, totalling £8.92 million, in respect of the period from the admission of the Company to the London Stock Exchange on 16 February 2021 to 30 September 2021. On 23 May 2022, the Board approved a further interim dividend of 1.5 pence per share in respect of the period from 1 October 2021 to 31 March 2022. The record date for this is 24 June 2022 and the payment date is 21 July 2022.

Review of business and future outlook

Details of the underlying portfolio and a review of the business in the period, together with future outlook are covered in the Investment Manager's report on [pages 26 to 33](#).

Key performance indicators

The Board believes that the KPIs detailed on [page 16](#) will provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives.

Ongoing charges

Ongoing charges are an alternative performance measure and the ongoing charges ratio of the Company is 0.91%, of the weighted average NAV for the period to 31 March 2022. Ongoing charges are set out in the table above and have been calculated using the AIC recommended methodology.

The Investment Manager is entitled to receive an annual management fee and, from 2024, a performance fee, plus any applicable VAT, in addition to the reimbursement of reasonable expenses incurred in the performance of its duties, as disclosed in note 12 to the financial statements.



Strategic report

Žižkov Television Tower, Prague



Who we are and what we do

Who we are

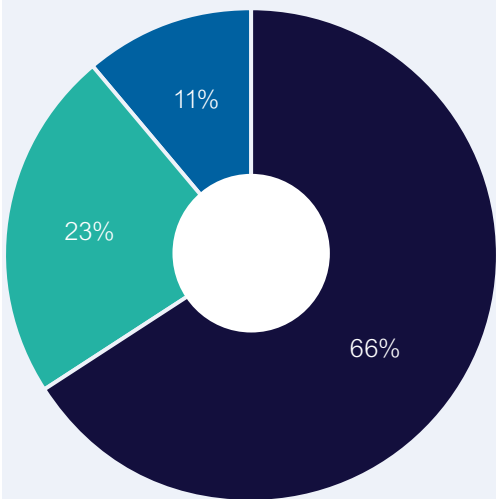
We are a sector-focused specialist owner and operator of Digital Infrastructure focused on the UK, EEA and North America.

The Digital Infrastructure sector has been a beneficiary of changes in work patterns associated with the COVID-19 pandemic and we do not expect Digital Infrastructure usage patterns to change significantly as global economies begin to recover. In our view, growth rates should remain above those of the economy in general.

This data traffic growth will have the consequence of requiring more Digital Infrastructure to carry it. The most efficient way for this growth to be funded is for the users – telecommunications operators, corporations, cloud computing companies, governments and others – to purchase space on shared Digital Infrastructure platforms from providers such as the Company.

Our shareholders are primarily UK-based with some international investors from Europe, North America and Australia. They comprise a mixture of institutional (pension, insurance and multi-asset) investors, retail asset managers, wealth managers and individual private investors.

Revenue* by sector



66%

Mobile telecommunication and broadcast towers

23%

Fibre-optic networks

11%

Data centres and cloud computing

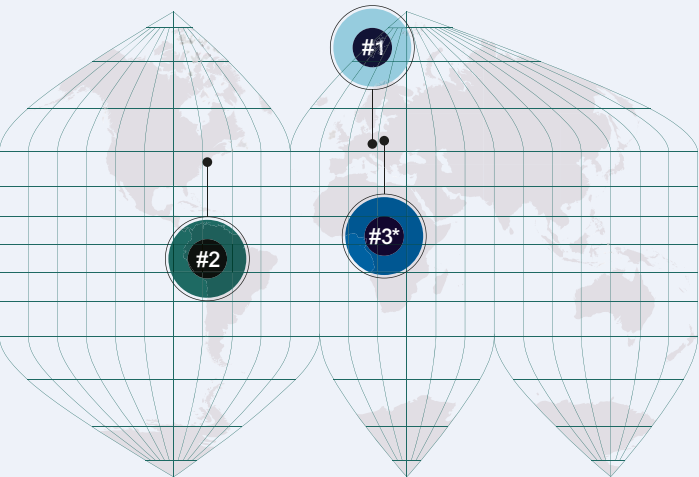
*Revenue streams of investee companies for the period from the acquisition of each to 31 March 2022.

What we do

The core building blocks of the internet

Our diversified portfolio includes mobile and broadcast towers, fibre-optic networks and both cloud and data centres – the core building blocks of the internet.

Geographic context



*Expected to complete later in 2022.

#1

CRA is a leading independent Digital Infrastructure platform in the Czech Republic and holds the national broadcast licence. See pages 36 and 37 for more information.

#2

Hudson Interexchange is located in the 60 Hudson Street building, the most interconnected facility in one of the most interconnected cities on the planet, New York. See pages 38 and 39 for more information.

#3

Emitel is the leading independent broadcasting and telecom infrastructure operator in Poland and provides access to TV and radio signal for nearly the entire population. See page 40 for more information.

Business sectors in which we invest



Mobile telecommunications/broadcast towers – a cellular-enabled mobile device site where antennas and electronic communications equipment are placed, typically on a radio mast, tower, or other raised structure.

Distributed antenna systems (DAS) – where a network of antennas connected to a common source are distributed throughout a building or an area to improve network performance.



Active pipeline



Mobile telecommunication and broadcast towers



DAS, small cells and Internet of Things



Fibre-optic networks – are the medium and the technology associated with the transmission of information as light pulses along a glass or plastic strand or fibre. A fibre-optic network is used for long-distance and high-performance data networking and is also commonly used in telecommunication services such as the internet, television and telephones.

Fibre-optic networks consist of four main elements: subsea cables, cross-border national hubs, metro-local loops and last mile/access.



Long haul, subsea, regional

Fibre-to-the-premises



Cloud computing – the on-demand availability of computer system resources, especially data storage (cloud storage) and computing power, without direct active management by the user. The term is generally used to describe data centres available to many users over the internet.

Data centres – are physical facilities that enterprises use to run their business-critical applications and store data. This applies to almost every industry around the world and is an enabler for all current digital communications as well as vital for technology evolution such as self-driving cars, 5G, artificial intelligence and more.



Edge, interconnect and colocation



Hyperscale

Digital Infrastructure – how it helps us live

Digital Infrastructure is the plumbing of the internet. It is the invisible infrastructure (data centres, mobile telecommunications/broadcast towers and fibre-optic networks) that connects us to our bank, our workplace and our friends and family, allowing us to shop, watch television and to use our smartphones, instantly at the touch of a button.

Digital Infrastructure has increasingly become integral to daily life through the adoption of technology designed to make our lives easier, more productive and safer through greater connectivity, understanding and the sharing of ideas and information.

It is a service working 24 hours a day, 365 days a year to support governments, businesses, not for profit organisations, academic institutions and individuals, and will support emerging and future technologies such as artificial intelligence and augmented reality as they continue to develop.

Digital Infrastructure – how it works

Digital Infrastructure is an integrated system of different but interdependent components that enable the near-instantaneous travel, processing and storage of bits and bytes of data. In broad terms, these integrated components consist of:

- **Communication towers** connect mobile devices, such as smartphones, tablets, and sensors, to the fixed infrastructure. Through the adoption of 4G, and now 5G, connectivity with mobile devices is becoming quicker, more secure and offers greater bandwidth.
- **Fibre-optics and cable** represents the first fixed component of the infrastructure network – they are the superhighway for data to move between points, typically between static and mobile connected devices and data centres.
- **Data centres** are the hub of the system, processing, redirecting and storing vast amounts of data that is readily accessible and transferable.

Traditionally the integrated system of Digital Infrastructure has been akin to a hub and spoke model, with a powerful central brain, connected to end-user devices through a distinct network of superhighways. It is a highly structured model, based predominantly around the use of fixed end-user devices, such as desktop computers, but is changing with the increasing viability and adoption of mobile connected devices, such as smartphones. Mobility is driving the need for quicker responses and lower latency, resulting in the growth of smaller localised (or edge) data centres and a matrix of interconnected hub and regional infrastructure that offers the end user enhanced speeds, with lower CO₂ emissions.

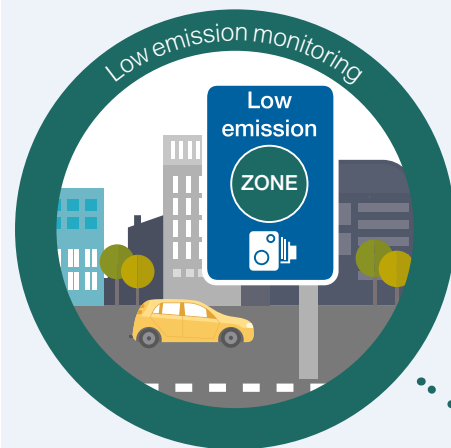
Driving measurable social and environmental benefits

Digital Infrastructure is a core part of the United Nations Sustainable Development Goals (UN SDGs) and investment in Digital Infrastructure Assets has a central role to play in the transition to a low-carbon economy with sustainable cities.

The Company is committed to responsible and sustainable investing. Once Digital Infrastructure Assets are acquired, the Investment Manager aims to work with the investee companies to reduce carbon emissions, support social integration and strong governance. Specific activities relating to the environment and sustainability revolve around three interconnected initiatives:

- improving the efficiency of electrical consumption;
- integrating renewable energy where possible; and
- enhancing the efficient network design to reduce energy consumption.

Low emission monitoring – to protect the climate we need to first measure where we are and where we are going. This is made possible through a network of sensors powered by an Internet of Things (IoT) digital network that measures and reports frequent data on emissions.

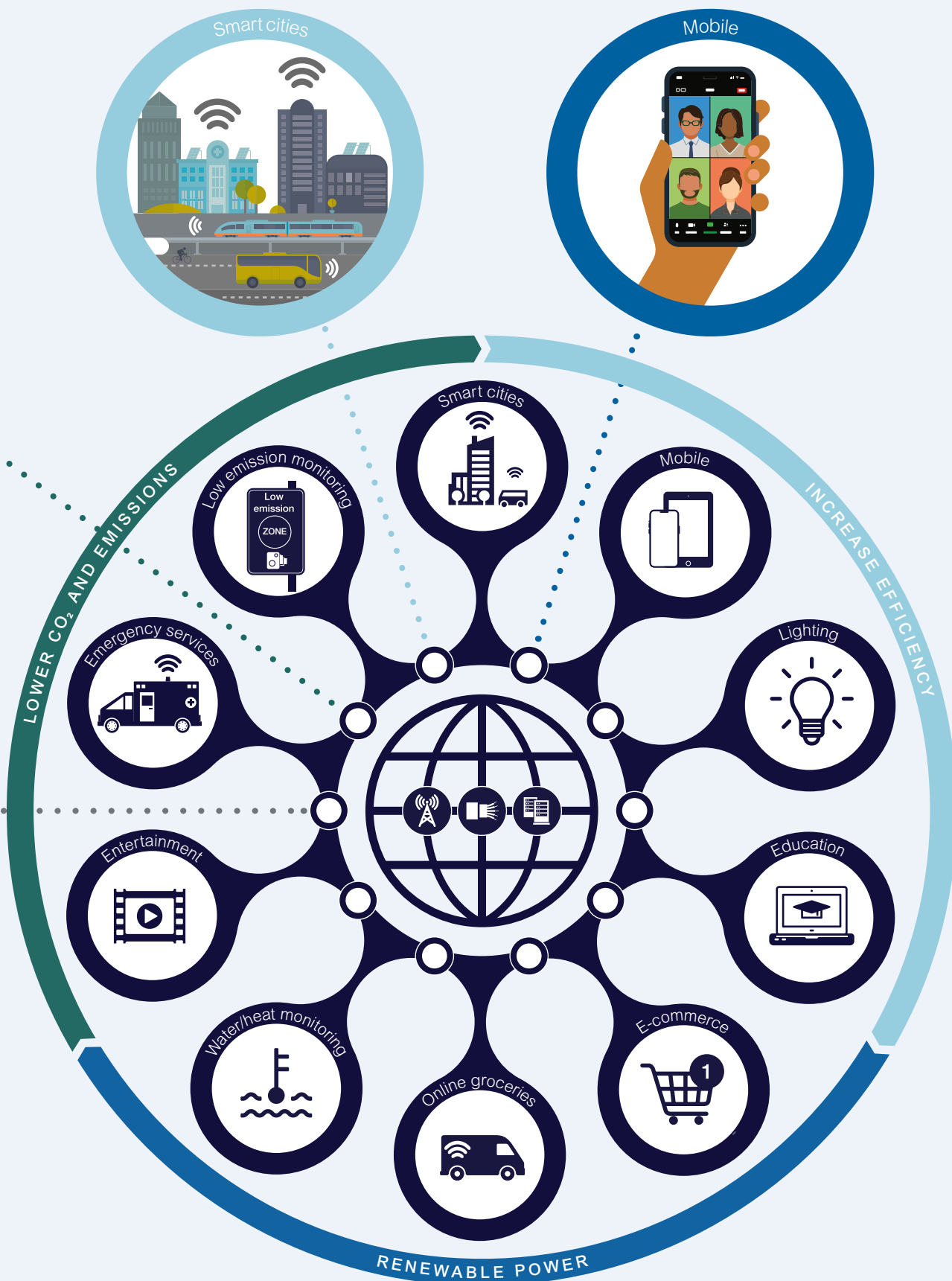


Emergency services – Digital Infrastructure empowers the network that saves lives. All emergency services in the world rely on some form of Digital Infrastructure to help coordinate services in real time.



Smart cities – from connected buses that tell us where they are, traffic management to help reduce traffic jams, to a connected medical system that knows our condition better than we do ourselves, all powered by a background network of Digital Infrastructure.

Mobile phones – a vital part of people's everyday activity today whether checking information from different sources, ordering items, coordinating activities or working remotely. Every mobile phone depends on a network of mobile towers, fibre-optic networks and data centres.



Chairman's statement

I am pleased to present the Annual Report of Cordiant Digital Infrastructure Limited (the Company), for the period ended 31 March 2022.

Shonaid Jemmett-Page
Chairman

Performance

The Company has enjoyed a busy and successful first year as a listed company. We have been well supported, raising £795 million of gross proceeds during the period and deploying or committing substantially all of it – creating a platform that offers a strong and consistent stream of income and opportunities for growth, in line with the strategy we set out at the time of the IPO.

The judicious and rapid deployment of the funds raised has enabled the Company to increase its dividend guidance twice since the listing and to deliver a total return for the period exceeding expectations.

All told, this has been a strong result and the Board is delighted with the progress that has been made to date.

A successful IPO and subsequent fundraises

The Company debuted on the market in February 2021, with an upscaled fundraising of £370 million. We subsequently made our first acquisition in April that year: CRA, which delivered a diversified pool of assets, including towers, data centres, fibre and wireless sensors for our investors.

Following the IPO, the Company successfully raised capital three further times: £185 million via a C Share issue, £40 million via the conversion of Subscription Shares and, early in 2022, an additional £200 million of ordinary shares. The last of these coincided with announcing the purchase of a strategic, New York-based interconnect data centre platform, Hudson Interxchange (formerly DataGryd), and Emitel,



a multi-asset tower and Digital Infrastructure business based in Poland, which is expected to complete later in 2022. These investing activities enabled the conversion of the C Shares in January 2022.

The success of the various capital raises reflects the market's confidence in the Investment Manager, the investments made and the oversight and governance by the independent Board. It further speaks to the appeal of the Digital Infrastructure sector for investors seeking an attractive total return underpinned by enduring growth trends.

The portfolio

At the time of the IPO, the management team spoke of building an attractive, cash flow generating portfolio of Digital Infrastructure Assets through the acquisition of platforms with sufficient scale and growth opportunities. The two acquisitions made to date meet these criteria, as will Emitel after the purchase successfully completes. Together they offer an aggregate portfolio of over 1,200 communications towers, thousands of kilometres of fibre, multiple strategic data centre assets and two national networks of wireless sensors serving utilities.

Each of the operating investments acquired is a mid-sized platform, offering stable income and the opportunity for growth. Income is typically generated from long-term contracts, with strong counterparties, which tend to incorporate full or partial inflation protection and pass throughs. The opportunity for growth is in line with our buy, build & grow strategy, which offers reduced investment cost and the potential for enhanced returns. These assets also offer diversified risk, geographically and by market segment.

The investments to date, including Emitel, would together have recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of £95 million on a proforma basis in 2021. This would have provided sufficient cash to cover the enhanced dividend now being paid to shareholders more than 4.6 times.

The portfolio, consisting of CRA and Hudson Interxchange, was valued at the reporting date at £409.9 million, and the Company had other net assets of £412.4 million, largely in the form of cash and liquid investments available to complete the planned acquisition of Emitel. Net assets were £822.3 million at 31 March 2022, representing a net asset value (NAV) per share of 106.34p.

The Company has demonstrated strong financial and investment discipline. In what is a competitive market, these decisions can be challenging but are essential to safeguard the interests of investors and other stakeholders.

Strategy and market outlook

The aim of the Company is to generate attractive total returns over the longer term, through capital growth and a progressive dividend. To deliver on that, we are focused on our buy, build & grow model in Digital Infrastructure's middle market. We seek attractive relative entry prices, robust counterparties and compelling operating models. As it grows, the portfolio will continue to diversify across geographies and sub-sectors.

This is a strategy that allows us to remain at the forefront of the industry. It enables us to serve the evolving needs of our investee companies' clients as they adapt to new technologies and new customer demands.

It is an exciting time to be involved in the digital sector. The COVID-19 pandemic initiated an acceleration in the adoption of digital applications. While that rate of growth may slow as the world recovers and new patterns of work emerge, the overall direction of travel in data consumption appears to be persistently upwards. None of this would be possible without the corresponding investment in Digital Infrastructure to support it.

Sustainability

As a responsible operator of Digital Infrastructure Assets enabling critical functions for society and commerce, sustainability forms a key component of the Company's strategy.

The environment, and in particular, reducing the carbon footprint of the digital sector, is a central consideration when making acquisitions. These considerations are a critical part of investment decision making, and remain highly relevant as the Company works with portfolio companies to deliver a positive impact.

Extending the reach of strategic digital communications is of value to both business and communities. Access to high-speed and high-quality digital communications is widely regarded as a driver of income growth, living standards and ultimately quality of life.

Corporate Governance

In keeping with governance standards, the Company benefits from a strong and independent Board, able to offer wide-ranging and directly relevant experience. That includes industry, finance, financial markets and sustainability experience, among other areas of understanding. I thank my colleagues for their efforts.

Outlook

Alongside the successful deployment of funds over the period, the Company has generated a strong and continuing pipeline of opportunities to further support its development in 2022 and beyond.

The continued expansion of digital business models, and the corresponding growth in data use, are the principal drivers of our industry.

The past year has been a busy and rewarding time for the Company. It is an exciting time to be at the heart of a growth industry, serving increasingly essential needs, from communicating with friends and family and fulfilling everyday requirements to running a business. As a Board, we therefore look forward to the year ahead with enthusiasm and confidence.

Details of the Annual General Meeting, including the formal business of that meeting, are set out in the separate Notice of Meeting. With the ending of COVID-19 restrictions, I am pleased to say we can hold that meeting in person and therefore I, along with the rest of the Board, look forward to seeing as many shareholders there as are able to attend.

Shonaid Jemmett-Page

Chairman
24 May 2022

Our business model and strategy

Our unique approach: buy, build & grow

The Company invests under a buy, build & grow model, with a strong capital discipline.

Value creation in larger capitalisation Digital Infrastructure companies tends to rely on general market growth and the effective use of leverage. By contrast, the Company seeks to acquire cash-generative platforms (generally of medium size) and then aims to both expand and improve them. This is made possible by our team. The Investment Manager has one of the largest dedicated Digital Infrastructure investment teams in the market.



Creating value through our investment strategy

The Company invests principally in operating Digital Infrastructure Assets, with a predominant focus on data centres, mobile telecommunications/broadcast towers and fibre-optic network assets, primarily located in the UK, the EEA, the US and Canada.



Key performance indicators (KPIs)

Financial KPIs

We track our performance against indicators that reflect our strategic, operational and financial progress, as well as our impact on society and the environment. These indicators allow the Board, management and stakeholders to compare our performance to our goals.

Net asset value per share The net asset value per share is a measure of our success in adding value to the portfolio	Targets and performance Target: 105.5p Performance: 106.34p	106.34p
NAV total return	Targets and performance Target: 9.0% Performance: 10%	10%
Total return from investments The increase in the fair value of our investments and the returns received from them, taken together, measure the success of our buy, build & grow strategy and our ability to deliver returns to shareholders	Targets and performance Target: 10.2% per annum Performance: 15.8% (17.2% annualised)	15.8%
EBITDA of underlying investments since acquisition The adjusted earnings before interest, tax, depreciation and amortisation of our underlying investments measures their ability both to fund their own growth and to provide investment returns to the Company in support of our planned returns to shareholders	Targets and performance Target: £35m Performance: £35m	£35m
Full-year dividend The dividend paid to shareholders measures the extent to which we are able to deliver an income stream to investors	Targets and performance Target: originally 1p per share in the IPO prospectus, enhanced to 3p per share in May 2021 Performance: 3p per share	3p
Total shareholder return The total shareholder return, calculated assuming that dividends are reinvested, measures our ability to deliver attractive returns to investors, with a combination of capital growth and a progressive dividend	Targets and performance Target: 9% Performance: 10.27% (9.17% annualised)	9.17% annualised

All of the above measures are alternative performance measures (APMs) and are defined in the APMs section on [page 127](#).

Non-financial metrics

Non-financial metrics

Gender balance on the Board	50% women; 50% men	
Reducing the digital divide CRA is bringing connectivity to underserved regions	CRAs towers cover: 62% rural areas; 21% remote areas; and 17% urban areas	
Improving connectivity and increasing coverage CRA is increasing the number of points of presence (POPs) – access points or physical locations at which two or more networks or communication devices share a connection – which increases the speed at which content is distributed	CRA has more than 2,000 POPs	
Occupational health and safety The Investment Manager believes in and promotes a high standard of health and safety at work for both its own operations and those of the investee companies	100% of the Company's assets have implemented policies and procedures regarding employee incident and near-miss reporting, and emergency preparedness	

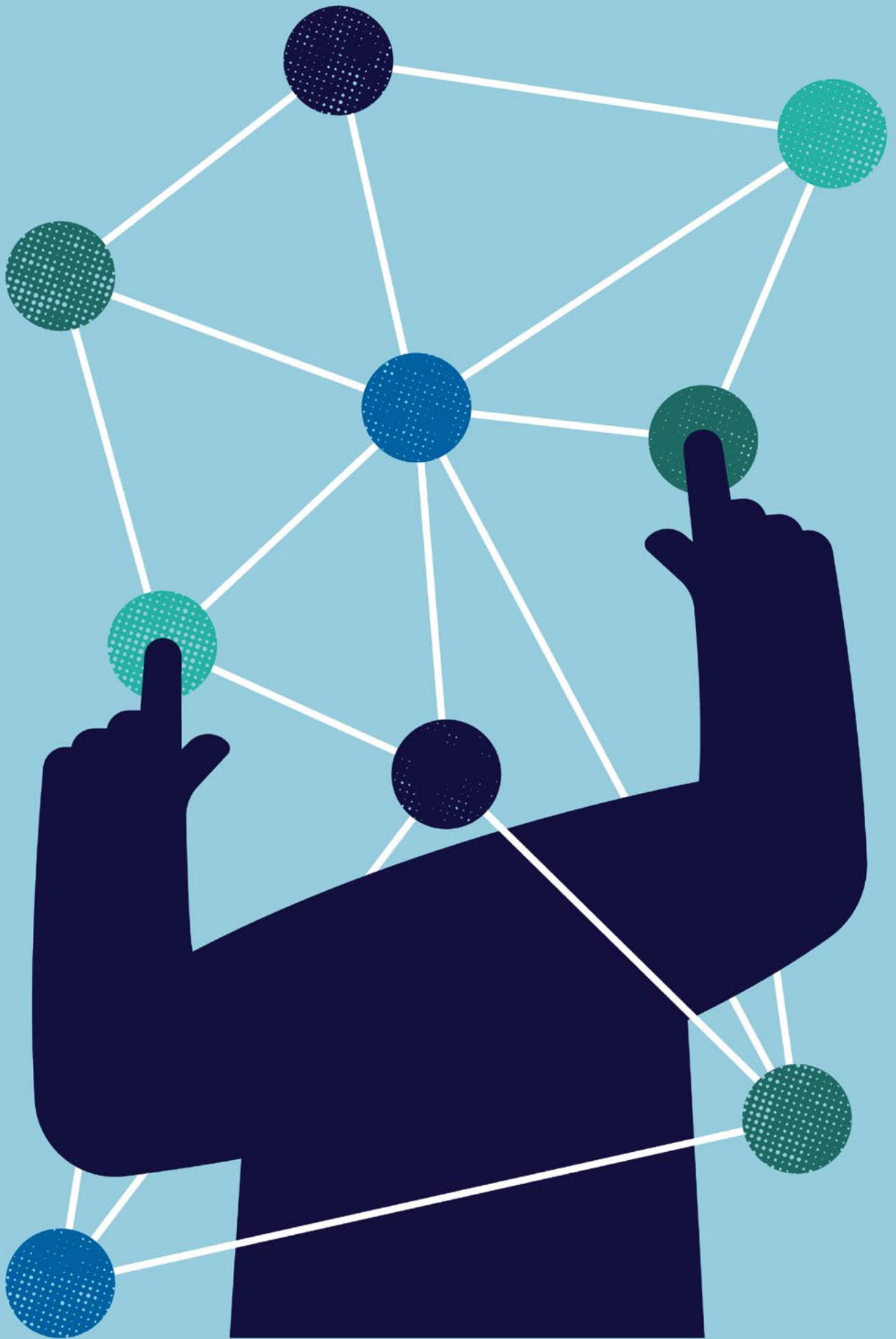
Our thinking

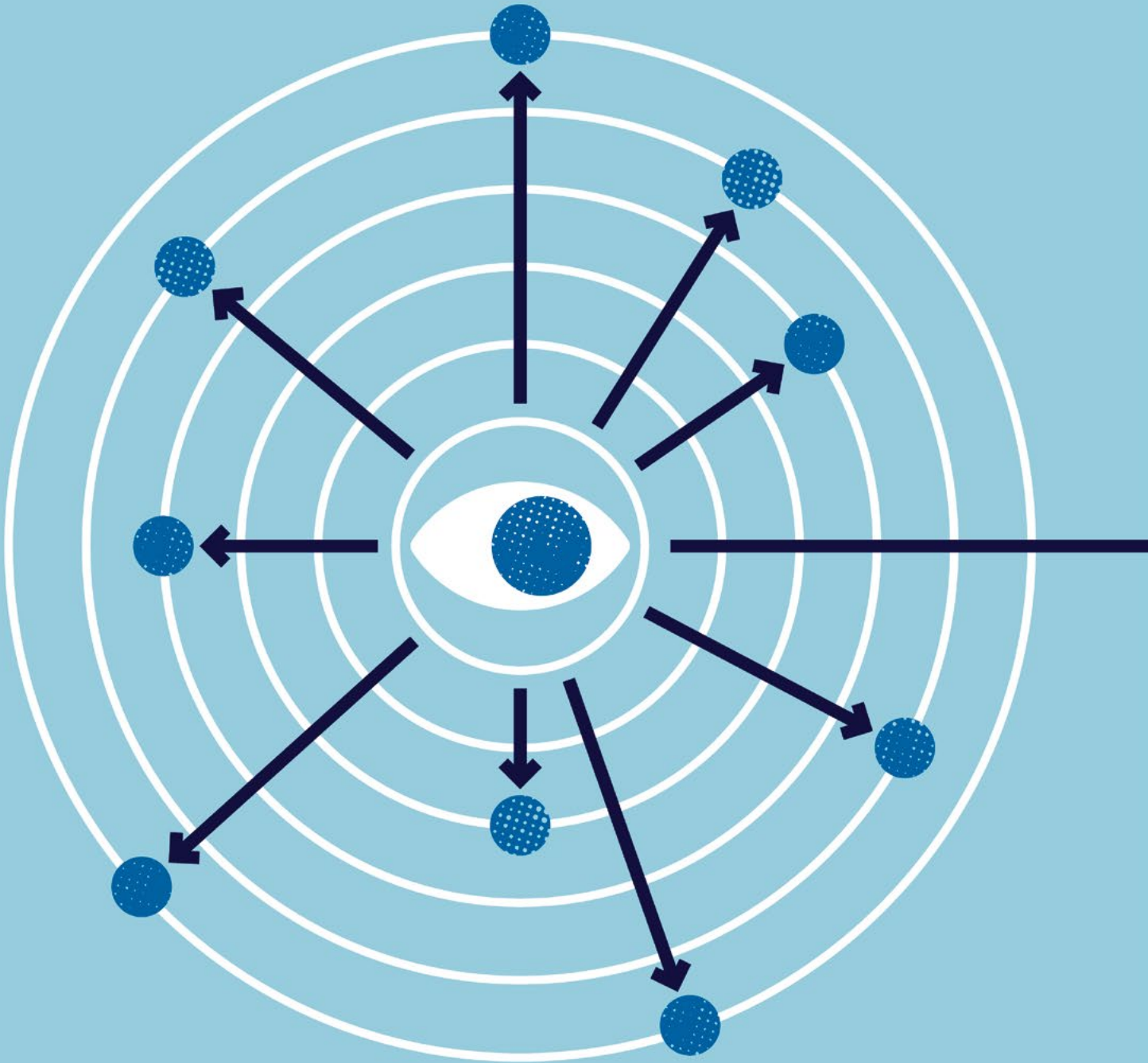
We believe that the Company is unique in the ways in which it aims to generate higher returns for investors. The Company invests under a buy, build & grow model.

Our thinking is underpinned by the Company's aim of generating attractive total returns over the longer term, with the combination of capital growth and a progressive dividend.

The balance of the portfolio of assets we acquire is central to us achieving that goal of attractive long-term returns. It requires buying the right assets at the right price and with sufficient diversity to offset risk.

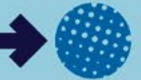
In a rapidly growing market that, in terms of annual capital expenditures, is the third largest infrastructure segment in the world, making those buying decisions requires a team with in-depth knowledge, insight and experience.





Buy,

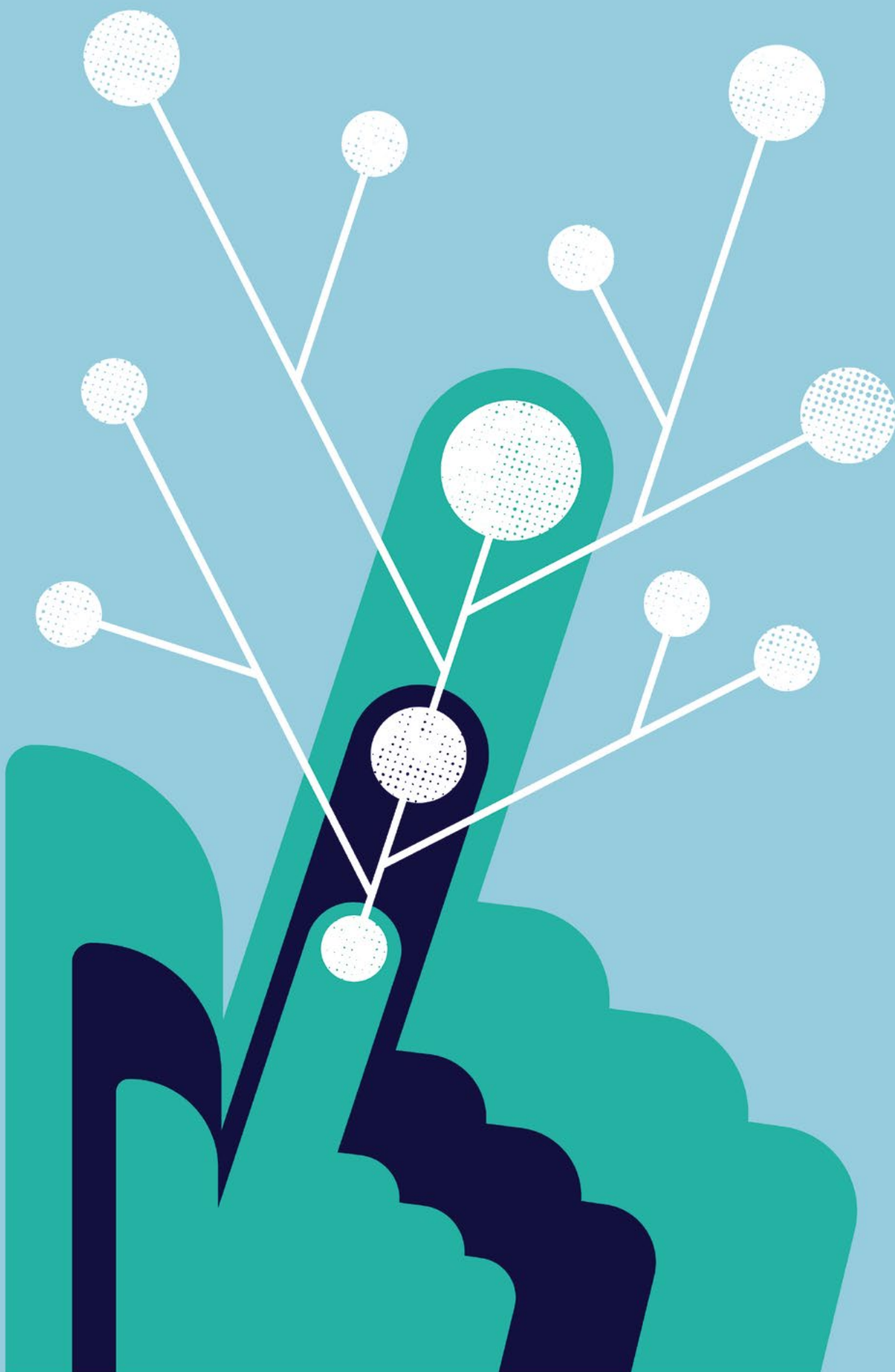
We acquire medium-sized, cash generative Digital Infrastructure platforms with attractive growth prospects. We seek to be disciplined buyers of these assets by focusing on transactions offering relative value advantage, strong market positioning and competitive moats.



build

Our value-creation model seeks to support the ambitions of these platforms through the deployment of strategic insight, capital expenditure to fuel growth and funding for tuck-under acquisitions. The Investment Manager's value-creation model is anchored in strategic insight and years of operating experience at the highest levels of the Digital Infrastructure industry.





& grow

In addition to expanding the platform's productive asset base, we seek to enhance capabilities by importing operational best practice honed at some of the largest organisations in the Digital Infrastructure sector. With a growing asset base, enhanced performance and a larger revenue base we can target both stronger margins and NAV growth for the benefit of our shareholders and other stakeholders.

Investment Manager's report

Cordiant Digital Infrastructure Limited (the Company) is delighted to have pioneered the modern Digital Infrastructure trust sector on the London Stock Exchange. The Company made its market debut on the 150th anniversary of Submarine Cables Trust, a financier of the first generation of (analogue) transatlantic telegraph cables. Just as that trust played a role in connecting societies and spurring economic development, the Company looks forward to playing its part in financing more and better Digital Infrastructure – the 'plumbing of the internet' – required by businesses, governments and society generally across the UK, North America and Europe.

Steven Marshall
Investment Manager

Benn Mikula
Investment Manager

Steven Marshall
Investment Manager

Benn Mikula
Investment Manager



The Company seeks to provide investors with access to established, growing Digital Infrastructure investment opportunities in the critical elements of the modern internet: data centres, mobile towers, fibre-optic networks and distributed sensor networks (serving governments and utilities).

These assets typically tend to be long lived and serve larger (often blue chip and government) customers on longer-term contracts. Contracts tend to incorporate full or partial inflation protection and pass throughs.

Central to our investment strategy is the notion of buy, build & grow. We aim to identify medium-sized platforms, with expansion potential, and provide them with the capital and management expertise to expand and flourish. This approach augments potential returns for our investors, as capital investments made after purchase increase the possible rate of growth even as they lower the average cost of entry.

Financial performance

The Company made a profit of £51.4 million in the period, representing movements in fair value of investments (including foreign exchange movements) and interest income from them of £57.1 million and net foreign exchange gains on derivatives and working capital of £6.2 million, offset by transaction costs of £6.1 million, management fees of £4.7 million and other operating costs of £1.1 million. This represents basic earnings per share of 12.49p, and fully diluted earnings of 12.48p.

The portfolio, consisting of CRA and Hudson Interxchange, was valued at the reporting date at £409.9 million, and the Company had other net assets of £412.4 million, largely in the form of cash and liquid investments available to complete the planned acquisition of

A review of the Company's first year

Following the successful launch, the Investment Manager was in a position to put the IPO proceeds to work quickly.

Key highlights of the Company's first financial period include:

£795m

Successfully raising a total of £795 million, including an initial public offering upsized at £370 million (almost 25% more than had been originally sought)

The prudent and opportune allocation of substantially all of the gross proceeds into three highly attractive platforms in the US and Europe, very much aligned with the buy, build & grow strategy and well able to support the continued development of the Company's investment strategy

12x

A prudent and disciplined approach to acquisition pricing, resulting in a blended multiple of approximately 12x EBITDA (including Emitel on a pro forma 2021 basis)

Robust deal flow and establishment of the Company's status as a potential buyer able to offer 'more than capital' by virtue of its senior team, six of whom previously held senior roles in the industry

Permanent capital vehicle also a differentiating factor

£95m

The construction of a Digital Infrastructure portfolio (including Emitel) generating proforma 2021 EBITDA of ca. £95 million and embodying the following characteristics

- Strategic and hard-to-replicate assets
- Stable cash flows, offering inflation protection through contracted price escalation
- Attractive growth opportunities
- Diversification across the key asset classes of mobile and broadcast towers, data centres (both edge and interconnect), fibre-optic networks and the Internet of Things (IoT) utility sensor networks
- An attractive and diversified customer base skewing strongly to blue chip and government counterparties

10%

NAV total return

3p

Dividend guidance increased following the acquisition of CRA to 3p for the first financial period ended 31 March 2022 and increased again, subject to completion of the Emitel acquisition, to 4p for the financial year ending 31 March 2023

10.27%

Total shareholder return in year 1

€3bn

The construction of a large and growing pipeline of over €3 billion in active potential opportunities, predominantly in North America and Western Europe

The acquisitions are CRA in the Czech Republic and the assets of US interconnect data centre operator Hudson Interxchange (formerly DataGryd) with the completion of the acquisition of Emitel in Poland expected later this year subject to the satisfaction of the remaining regulatory approvals.

Emitel. Net assets were £822.3 million as at 31 March 2022, representing a NAV per share of 106.34p.

CRA performance

CRA had a solid financial year to 31 March 2022. The company continues to benefit from its strong market positioning within the broadcasting and mobile towers sector and an increasing market presence in the data centre, cloud services and IoT business.

During the past year, the company continued to generate new sales opportunities across its various business lines. Early in the year, CRA signed a significant 15-year contract with the Czech Ministry of Interior to provide guaranteed connectivity to separate high-quality networks for Public Protection for Disaster Relief. In addition, it signed a 10-year network backbone contract extension, secured an expansion of data centre services to a major retailer, won a contract for deploying 10,000 sensors for energy management and is experiencing strong customer interest related to 5G rollout on its mobile towers.

Overall, revenue was CZK2.2 billion (£74 million, unaudited) for the year ending March 2022 with normalised EBITDA of CZK1.15 billion (£39 million, unaudited).

During the past year, CRA invested ca. CZK240 million (£8 million, unaudited) in growth capex initiatives, which will support revenue growth in future years.

CRA achieved outstanding service levels throughout the year and maintained a clean track record of health and safety. By financial year end it employed 342 FTEs.

Hudson Interxchange performance

The Hudson Interxchange (HIX) facility is well suited to support retail and/or wholesale colocation and connectivity services. HIX services clients from 250 KW to 5 MW of capacity, delivering power density well above the offerings of most carrier hotels.

HIX serves two types of customers:

- **Retail** – providing space, power, and access to connectivity offered to customers who wish to deploy servers in a managed data centre facility.
- **Wholesale colocation** – large blocks of space and power offered to large customers including enterprises, cloud providers, or other colocation providers who will customize the space to suit their own needs

HIX operates from a number of floors in 60 Hudson Street, New York. The fifth floor is fully let to a major wholesale

colocation provider on long-term basis. HIX has already started to fill up the sixth floor, letting it directly to retail customers; the pipeline of customers remains robust and has increased to more than 2 MW of demand.

In addition, the company secured an option to lease two more floors in the building, effectively providing the potential to double the size of operations in the next several years.

The evolution of the Digital Infrastructure market

The IPO of the Company took place during one of the peaks of the COVID-19 pandemic and did so digitally and online through video meetings. As the team 'met' investors, the overwhelming majority of whom were working from home, discussions invariably touched on the growing role of online activities, from investor roadshows to food shopping. It was a tangible demonstration of just how far the world had embraced the use of digital technologies in everyday life.

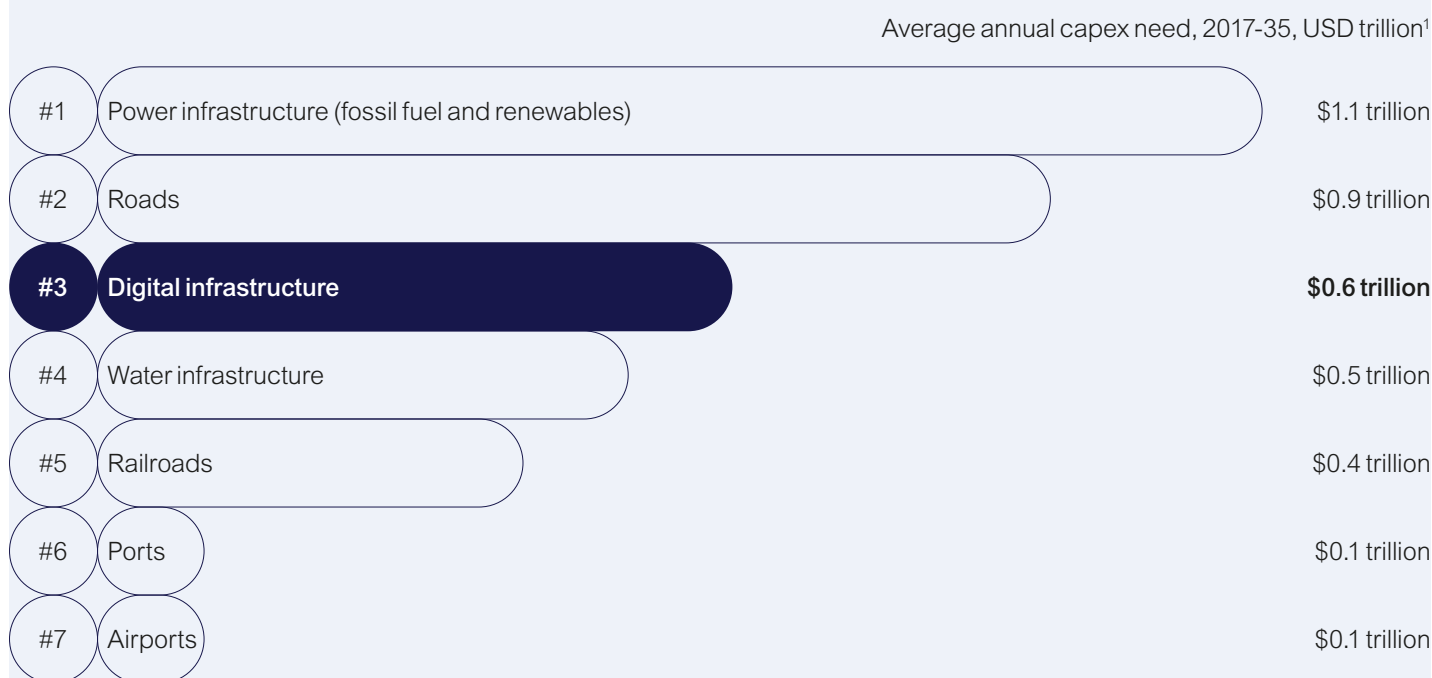
As the world recovers from the impact of COVID-19, we are unlikely to see the clock rewind. Augmented adoption of digital technologies will remain part of our business and social lives, and demand for new and improved digital services, made possible by the infrastructure we invest in, is likely to continue to grow.

Cisco, the American telecommunications equipment giant, periodically publishes a review of global internet trends. In March 2020, before the impact of COVID-19 had even become clear, Cisco was already forecasting that the number of devices connected to IP networks would, by 2023, exceed the global population by a factor of 3.6 times. Some forecasts show the volume of data created and transmitted online will almost double between 2022 and 2025.

With the growth of the internet in the 1990s, users – in particular corporations and governments – began to build their own networks. The number of players building, operating and owning Digital Infrastructure consequently expanded significantly.

In the early 2000s, with demand for data increasing apace, it became clear to this expanded sector that the value added for any telecoms operator or business or government department lay in the applications that were delivered – the Facetime call, the online order,

Digital Infrastructure market size



¹McKinsey Global Institute (2017), JP Morgan (2020) and Cordiant estimates of market growth 2021.

the sharing of information – rather than ownership of the pipes that carried the data.

This in turn led to the model of outsourced, shared infrastructure. This model – of sharing towers and data centres and fibre – allows carriers and corporations to optimise their capital structures and devote more resources to software-based customer interactions.

It is the combination of these two factors – demand growth and efficiency-driven outsourcing – that has resulted in Digital Infrastructure becoming the third largest category of infrastructure spending (as measured in annual capital expenditure).

Deployment

The Company has successfully committed most of the £795 million of gross proceeds to three investments over the course of its first year as a listed company, while its pipeline of investment opportunities is now larger and more varied than at any time during the last year and very much aligned with the Company's buy, build & grow model.

This has been achieved with the exercise of discipline over price and deal terms. Several meaningfully sized investment opportunities did not progress for these reasons even

though they were at advanced stages of negotiation.

The funds deployed were invested in, or have been committed to, three medium-sized operating platforms with significant growth potential representing what we believe are a compelling and diversified collection of Digital Infrastructure Assets, comprising in aggregate:

- ca.350,000 square feet of existing and potential raised floor (or equivalent) data centre capacity;
- ca.1,200 communication towers and sites;
- two fibre-optic networks, totalling ca.4,000 kilometres of fibre;
- two national wireless sensor networks, serving 'smart city' and utility applications; and
- ca.£95 million of 2021 pro forma EBITDA: enough to comfortably cover the projected 4p dividend with excess cash available to fund additional investments that should further grow NAV.

The acquisitions are CRA in the Czech Republic and the assets of US interconnect data centre operator Hudson Interchange (formerly DataGryd), with the completion of the acquisition of Emitel in Poland expected later this year subject to the satisfaction of the remaining regulatory approvals.

CRA

CRA is a leading independent Digital Infrastructure platform in the Czech Republic. Acquired for £305.9 million, on an EBITDA multiple of less than 12 times, this national champion operates a nationwide network of mobile towers (serving mobile carriers and government), the national broadcast network, six edge data centres, ca.3,700 kilometres of well-located fibre optics and a national sensor network serving major utilities.

CRA benefits from contracted, long-term and growing revenues from a customer base that consists largely of blue chip or government counterparties. Furthermore, it also benefits from continued innovation, such as the recent testing of 5G services.

Demand for digital services in the Czech Republic is strong and enjoys a buoyant outlook underpinned by the strength of the economy, which boasts gross domestic product per capita comparable to those of Italy, Spain and Portugal and strong public finances.

Hudson Interchange

In January 2022, the Company acquired the assets of US interconnect data centre platform Hudson Interchange.

HIX operates out of 60 Hudson Street, an iconic art deco skyscraper, nestled at the edge of downtown Manhattan's district of office towers. Having been constructed as the headquarters for the Western Union Company (formerly the largest provider of telegraphic services), it contains many design features that have allowed it to remain as a centre of US and global interconnectivity for almost 100 years, from the telegraph to the internet of today.

We see 60 Hudson Street as one of the most strategic buildings on the internet. Over 400 carriers meet and interconnect there, making it one of the densest carrier meeting points on the internet serving the essential purposes of allowing one network to connect to another and networks to effectively balance traffic loads.

The customers in these facilities are typically blue chip carriers, internet companies, media firms and software as a service (SaaS) providers, among others. Contracted space is generally at premium prices, under long-term leases, across multiple customers.

HIX occupies or has options on ca.290,000 square feet of this building, including scarce and vitally important technical capacity.

The company has also secured important supplies of power, giving it a critical competitive advantage.

These assets were acquired for US\$74 million, and a similar amount of capital expenditure is planned to expand the business potential.

Emitel

Emitel is a multi-asset Digital Infrastructure business based in Poland. It operates a network of over 500 communications towers and a nationwide IoT sensor network, serving utilities. The company shares many structural characteristics with CRA, albeit in a larger market.

The announced purchase consideration was £352 million at then-prevailing exchange rates. The acquisition is subject to the remaining regulatory approvals (antitrust approval having been granted earlier this year). The acquisition is expected to close later in 2022.

Emitel's assets are strategically located in Poland, and expansion opportunities will be explored in all four aspects of Digital Infrastructure (towers, fibre, data centres and IoT).

Emitel is the beneficiary of long-term contracts, averaging 10 years and including escalation clauses. The customer base is predominantly blue chip, including major media and communications firms.

Emitel has secured a 5-star rating from GRESB, an Amsterdam-based environmental organisation providing global ESG ratings.

In accordance with the Company's buy, build & grow and ESG strategies, once closed this acquisition offers a platform for growth in a country that has one of the highest data consumption growth rates in Europe.

Configuration of the team, value add and competitive landscape

The team at the Investment Manager brings value at all stages through its experience and expertise. This enables us to offer more than just capital to investee assets.

Providing that value is made possible by having a dedicated team of almost 20 people, supported by the Investment Manager's wider international regulatory

back office and middle office team. The dedicated Digital Infrastructure team is set to grow further.

Included within the Digital Infrastructure team are 10 senior managing director-level executives. Of these, six have backgrounds as senior operators at leading firms in the Digital Infrastructure space, including as CEO, head of strategy, head of network, general counsel, finance/operations and human resources. This provides the platforms in which we invest with valuable expertise and access to industry best practice: tools and coaching that can be deployed to increase size and profitability to the benefit of our investors.

That being said, the depth and breadth of the team is also of considerable value during the investment process.

Those competing against us to purchase Digital Infrastructure platforms are typically 'strategics' (companies in the sector) and infrastructure private equity funds (managing private capital pools for pension funds and insurance companies). Strategic buyers tend to focus on larger transactions than those targeted by the Company (albeit with some overlap at the top end of our range). The larger infrastructure funds likewise seek large deals, leaving competition for middle-sized deals predominantly to generalist infrastructure private equity. Such funds tend to lack the deep operational and strategic experience of the Investment Manager.

The implication of this is that customers of the platforms – who have a vested interest in quality of service – tend to view us as a much safer buyer.

The Company's ability to deploy investment capital for the long term also ensures it is advantageously seen as a preferred investor.

These attributes have enabled the Company to be named the preferred bidder, and sometimes the sole bidder, across several interesting investment opportunities.

Pipeline

The Investment Manager continues to improve its pipeline of investment opportunities for the Company in terms of quantity and quality.

At the time of writing, the pipeline of opportunities stands at over €3.0 billion.

Of that, the largest pool of opportunities is in Western Europe and the UK, followed closely by the US and then Canada. Potential data centre and tower transactions currently represent the largest proportion of opportunities but, as with the overall size of the pipeline, the mix of asset opportunities will evolve and change in tandem with shifting market conditions.

A pipeline of this size and quality offers the opportunity to further diversify the investment portfolio, both in terms of asset type and geography.

The Company's existing portfolio also presents several compelling opportunities for capital expenditures. This will generate new revenues and profits, thereby boosting NAV per share.

ESG, impact, sustainability and corporate governance

ESG and impact investing have been key areas of focus for the Investment Manager, for a considerable time.

An early signatory of the UN's Principles for Responsible Investing, the Investment Manager subsequently became a founding signatory of the IFC's Operating Principles for Impact Management.

During the period, the Investment Manager continued to evolve its ESG strategy. ESG analysis, now based on metrics developed by the Sustainable Accounting Standards Board, underpins the investment analysis of potential acquisitions and enables ESG action plans to be developed at the time of the investment. These analyses and plans subsequently guide the activities and monitoring of investee platforms.

The Investment Manager is committed to reducing the carbon intensity of the digital economy. Based on data from the International Energy Agency (www.iea.org/reports/data-centres-and-data-transmission-networks) in total, fixed line data transmission, mobile data transmission, various types of data centres and cryptocurrency mining account for ca.5% of global electricity consumption.

Emitel is a good example of how ESG considerations are an integral part of and underpin initial investment decisions. Emitel's power supply is, for example, already fully purchased from renewable sources and the company has obtained a 5-star rating from GRESB.

In building the platform, the Company remained committed to delivering a portfolio that is both geographically and technologically diversified.

The Investment Manager aims to work with all portfolio companies to collectively reduce carbon emissions and introduce strong governance in this area.

The Company's focus revolves around three interconnected initiatives:

- Improving the efficiency of electrical consumption at data centres at platform companies.
- Integrating renewable energy into the mix of portfolio companies, where possible.
- Enhancing efficient network design, such as moving data and users to the network edge, thereby reducing energy consumption.

At the platform level in which the Company invests, the primary mechanism for initiating, managing, and reporting on these (and other) impact investing initiatives is through impact action plans. These are developed through active and engaged involvement by the Investment Manager's team members serving on the portfolio company's board of directors, supported by the relevant members of the investment and ESG and impact teams.

In terms of reporting structures, at the portfolio management level, the Investment Manager is working towards

the Net Zero Asset Management (NZAM) initiative via its membership of UN PRI. It is also progressing alignment with the EU's taxonomy for sustainable activities.

The Company benefits from a fully independent Board of Non-Executive Directors. The Board has directly relevant experience to the operations of the Company and, along with its Committees, provides appropriate oversight of the Company's portfolio and challenge to the Investment Manager.

Portfolio strategy and outlook

We are greatly encouraged by the progress achieved since the IPO in assembling the Company's portfolio of high-quality, operational Digital Infrastructure Assets. Plans outlined at the time of the IPO have been more than delivered, including the full and prudent commitment of capital, and the construction of a strong portfolio generating solid cash flows and offering the potential for NAV growth in line with target returns.

In building the platform, the Company remained committed to delivering a portfolio that is both geographically and technologically diversified. Although the two largest deals announced during the period are based in the EU, the pipeline skews westwards and beyond to North America.

We see active opportunities in areas such as edge and interconnect networking, hybrid cloud, the growth of DAS and fibre densification in relation to tower networks, multi-asset platforms, misunderstood assets requiring strategic repositioning, the potential integration of 5G and broadcast, and other areas.

The Investment Manager's commitment to investing rigour (including the exercise of pricing discipline) will continue to be combined with substantial industry and operating experience. This can in turn support the delivery of long-term and sustainable returns for investors. We look forward to the year ahead with confidence and enthusiasm.

Acquisitions and pipeline

Hudson Interchange, New York





Acquisitions



České Radiokomunikace (CRA)

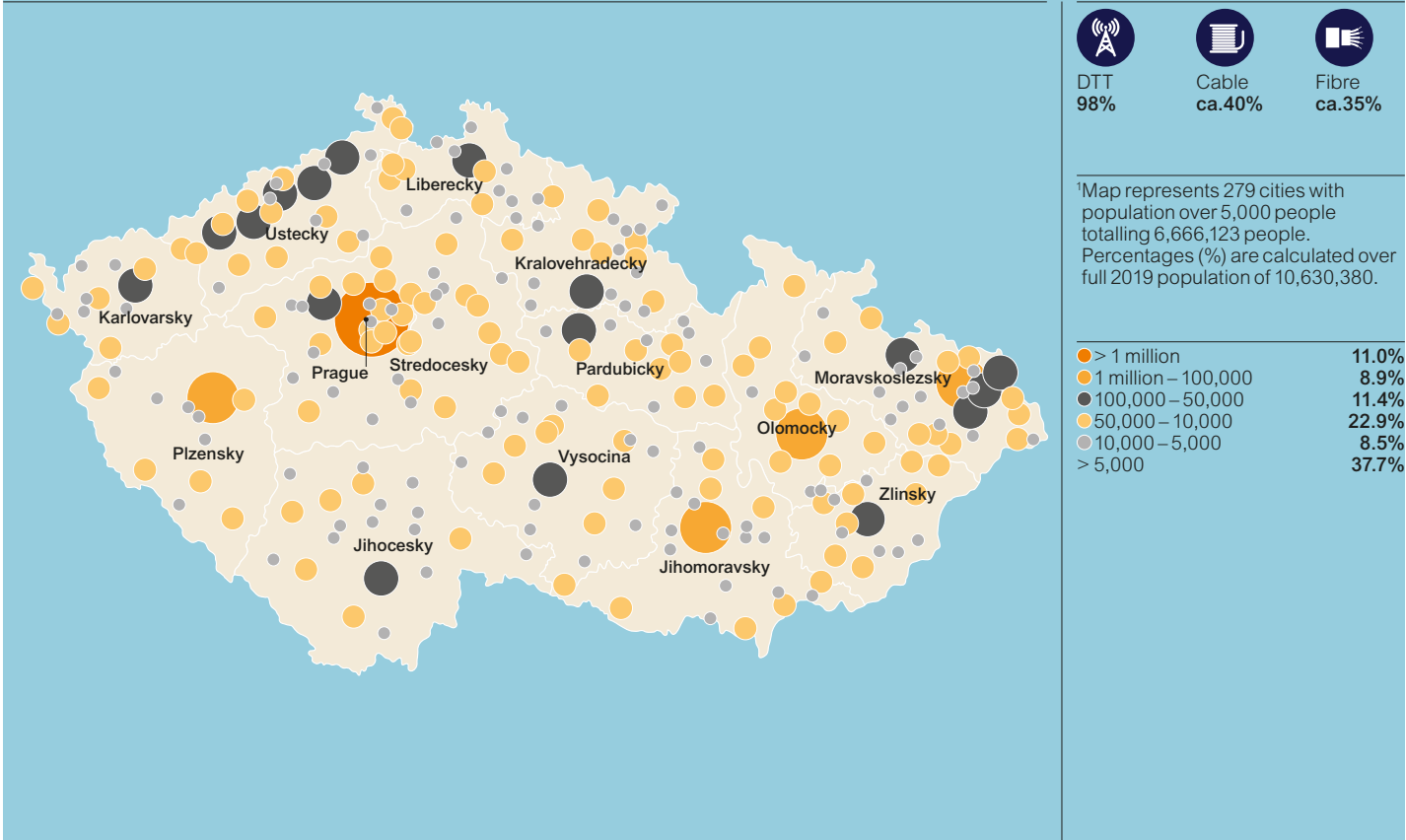


A market leader in the Czech Republic

CRA is a leading independent Digital Infrastructure platform in the Czech Republic, and holds the national broadcast license. CRA has a unique portfolio of assets comprising 660 towers (17 broadcast towers of significance and 643 towers capable of hosting mobile network operator tenants).

Household coverage

A country where ca.80% of the population live in towns of <100,000 and digital broadcast is the dominant mode of delivery¹



3 multiplexers

CRA owns three multiplexers, each with a national coverage of 98% or above. The fourth, which is owned by a competitor, has only 84% coverage.

3,730km

of optic fibre (ca.1,530km owned and ca.2,200km leased).

98%

coverage of the country.

660

towers (CRA owns a total 643 towers capable of hosting mobile network operator tenants).

53%*

using DTT (digital terrestrial television) as their primary TV platform.

*Source: Nielsen Admosphere

3,000

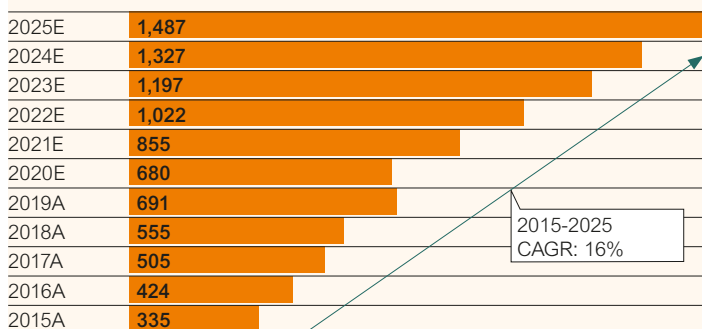
3,000 microwave connections.

6-8yrs

on average broadcasting contracts are between 6-8 years, while MNO contracts are usually for 15 years or more or are perpetual.

Czech Republic IoT market to experience double digit growth

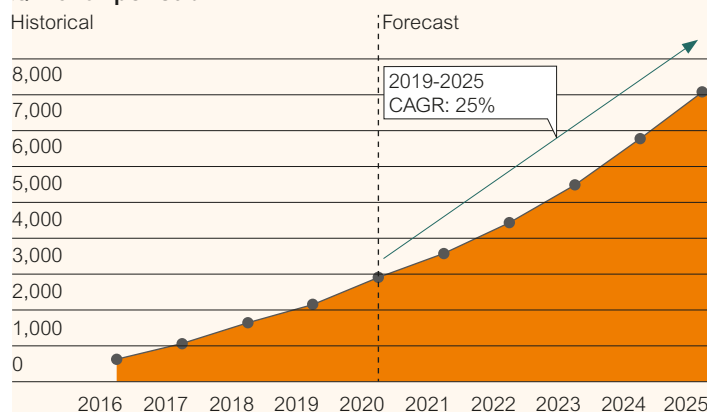
Czech IoT spend €m



Source: Solon, Company Information

Czech Republic mobile data usage to surge

£/month per sub



CRA historical

Historically, CRA has had strong visibility into future revenues and cash flows as contracts for broadcasting revenues (ca.55% of total CRA revenues) are locked into 6-8 year contracts. A substantial portion of broadcasting contracts are linked to either CPI or other escalators, while telecoms infrastructure contracts are inflation linked with undefined contract lengths. CRA additionally has a strong order book – its current order book for broadcasting and telecom infrastructure is 3.9 times of March 2022 revenues and 8.4 times if order book includes likely to renew contracts. In 2018 the company was successful in renewing 100% of commercial television contracts with existing customers and they are the main provider in the country capable of delivering the technological and coverage standard for a public service broadcaster.

Acquisitions



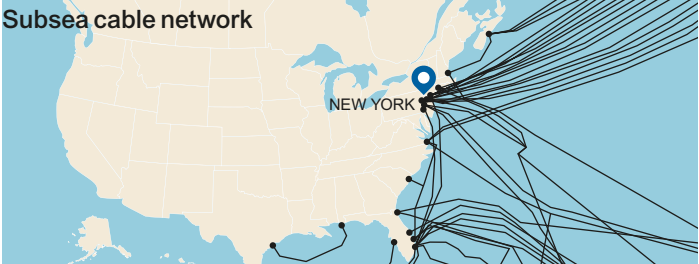
Hudson Interxchange

(Formerly DataGryd)



A major interconnect site

60 Hudson Street is possibly the most interconnected commercial facility in New York, the most interconnected city on the planet. Of four major interconnect sites on Manhattan, one of them has been fully taken over by Google and two others have much less significant carrier density.



Infrastructure

A critical network

- The bulk of subsea cable lands in the NY area.
- The NY area is a critical connection point for the US national fibre network.
- The NY area drives substantial data creation from media, financial services, gaming, hyperscale, SaaS, engineering and education.

Leading asset infrastructure

- Of the eight facilities within the tri-state area, 60 Hudson Street has the best latency and highest carrier count; has been able to command premium pricing.
- 60 Hudson Street and CoreSite Secaucus are the only connectivity-centric facilities with expansion potential.
- 60 Hudson Street has the best UPS and cooling.
- Only company headquartered in 60 Hudson Street.

23m

The New York area (tri-state area) has 23 million inhabitants: largest in the US.

300

60 Hudson Street is considered the top facility in this group, with over 300 carriers colocating in the building.

15 MW

Largest power availability (15 MW) and the best power infrastructure in the building. Can support new customers and higher power densities.

6%

Tri-state is a major data centre market and an interconnection hub; accounts for 6% of all connectivity/edge demand in the US.

Highlights

Critical internet infrastructure: an interconnect data centre platform with significant growth potential	A platform with scale in, arguably, the most connected building in the most connected city on the internet	Important sector and geographic diversification for the Company	US\$74 million acquisition price + US\$75 million capex for the next three years	Two floors + option on two more floors = ability to be the largest player in 60 Hudson Street	Strong current and pending blue chip clients
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An attractive market segment



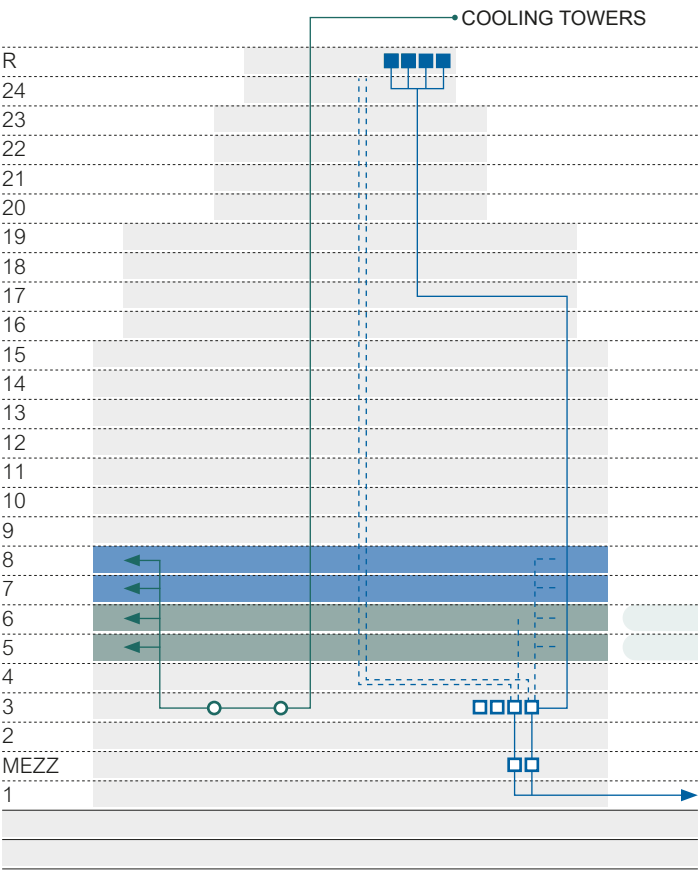
- Interconnect data centres are critical pieces of internet infrastructure: they are the ‘digital crossroads’ where carriers, hyperscalers, content delivery networks, financial institutions, SaaS companies, universities, engineering companies and others meet and exchange.
- Interconnect data centres offer their customers this essential, premium service at a superior cost point to traditional colocation.
- The US interconnect market is growing at up to 17.5% per annum¹ on the back of surging traffic volumes.
- Interconnect data centres enable two primary use cases:
 - directly linking users to each other to reduce network latency
 - improving load balancing across user networks.
- Interconnect data centres develop organically over decades. The density of connections becomes a competitive barrier to entry.

¹Source: Altman Solon

A solid platform for growth



- The platform has the potential to become the pre-eminent business in 60 Hudson Street. The business can also expand beyond New York.
- It provides both geographical and sub-sector diversification while providing the Company with long-term, strong growth potential.
- This is a high-profile asset of enduring strategic importance in the US.
- HIX was previously owned by a credit fund that lacked the mandate for equity growth capital.
- Management and the Company are aligned on the strategic vision for the company: a platform occupying a pivotal role in a network wherein compute and connectivity is increasingly software-defined.
- Management has an attractive pipeline of customer opportunities.



Services offered

Based around four floors (two leased, two under option) and critical infrastructure (electrical switchgear, generators and so forth) distributed across several other parts of the building. One floor is contracted to Digital Realty on a long-term lease (and which in turn subleases to household-name internet and financial firms).

Power infrastructure for use of HIX on multiple floors of the building (as well as the roof).

Other tenants in 60 Hudson Street include Verizon, Databank, Tata, BCE, Viatel, Telx Digital Realty Trust.

Acquisitions



Emitel

(expected to complete later in 2022)



Emitel is a national champion, operating network assets across Poland.

It is the sole national provider of digital terrestrial television (DTT), the leading radio broadcast emissions provider and a leading provider of network-neutral towers and fibre infrastructure in Poland. It benefits from long-term contracts, averaging 10 years, with escalator clauses. The client base consists largely of blue chip customers. Emitel has a substantial physical footprint of digital distribution assets comprising 569 towers, an IoT network, distributed antenna systems and fibre and terrestrial networks. This creates a platform for growth in a country that has one of the highest data consumption usages in Europe. Emitel is also the owner and operator of critical national television infrastructure, complemented by leading DTT and global media distribution capabilities with ca.98% population coverage in Poland, in one of the stronger DTT markets in Europe.

The acquisition is subject to regulatory approvals and expected to close later in 2022.

Emitel is the leading independent broadcasting and telecom infrastructure operator in Poland

- Sole technical operator of all nationwide DTT multiplexes.
- Nationwide portfolio of 569 sites.
- Long-term contracts with average term of over seven years.
- Blue-chip client base.
- High cash flow generation.
- Relentless focus on operational excellence.
- Zero-carbon power sources.
- Average tenure of over seven years.

Source: Altman Solon, Company information

TV broadcasting



Sole

National Provider

6

MUXes

ca.99%

Population coverage

Radio broadcasting



#1

Operator

523

Emissions

ca.98%

Population coverage

Telecom infrastructure services



#1

Independent operator

569

sites

>1.4k

Total tenants, incl. >1.0k MNO tenants

Telecom transmission services & other



ca.2.5k

Services

ca.170

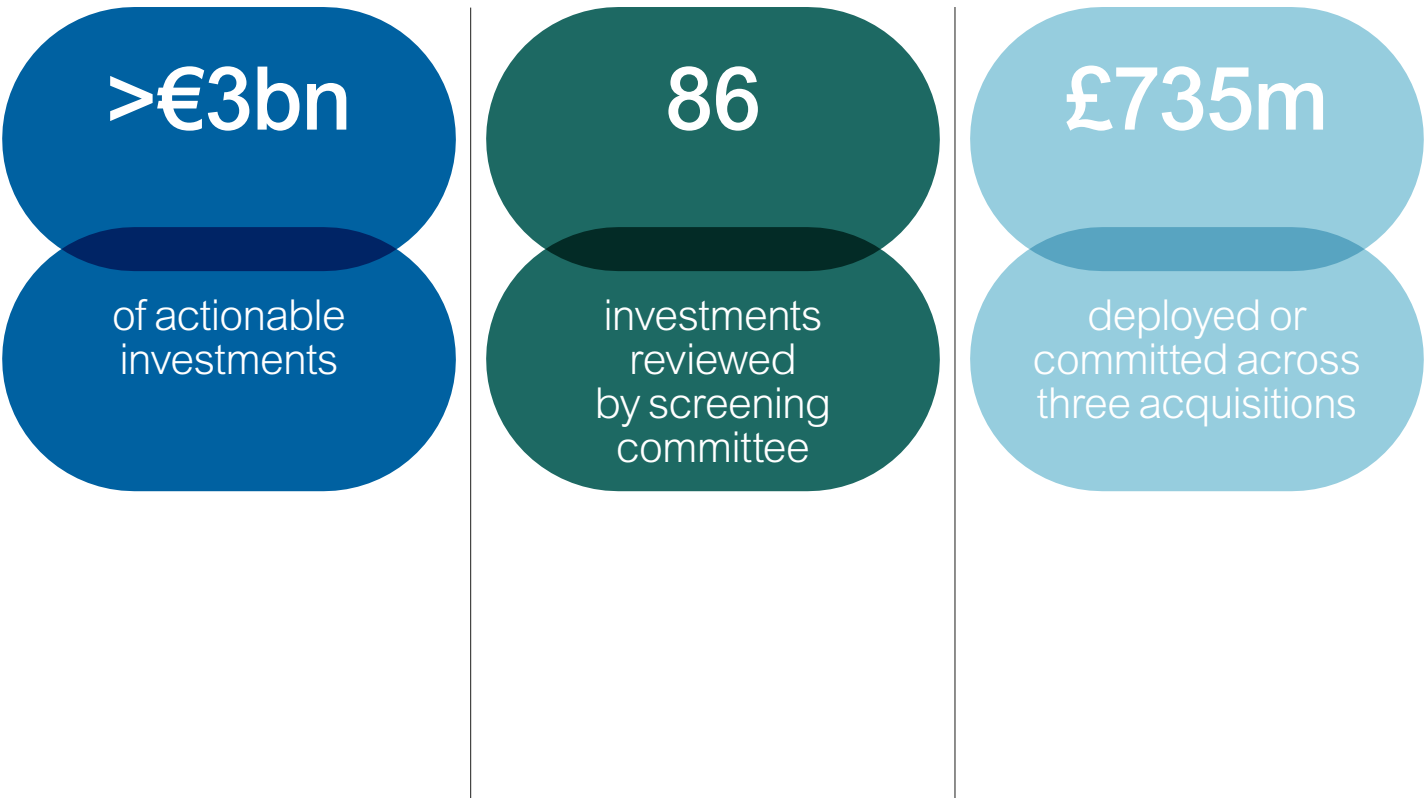
Customers

Opportunities

Investment process

Robust pipeline

As of April 2022, the pipeline of opportunities stood at over €3 billion. The majority are in Western Europe and the UK, followed closely by the US and then Canada. Potential data centre and tower transactions currently represent the largest proportion of opportunities but, as with the overall size of the pipeline, the mix of asset opportunities will evolve and change in tandem with shifting market conditions.



Risk management

Risk management is the process of identifying, assessing, managing and monitoring risks. Risks may have financial, legal and operational consequences, and may arise from a wide variety of causes.

The process of risk management is a continuous one



Risk identification

Before the launch of the Company, a comprehensive exercise was undertaken to identify the risks that it would face as a new investment trust in the Digital Infrastructure industry, taking into account the views and experience of the Investment Manager, external advisors and others. The IPO prospectus included discussion of those risks. The Company maintains a comprehensive risk matrix, on which are recorded all the risks identified at that initial stage, together with other risks that have been identified since IPO. The risk matrix is updated whenever a new risk is identified.

Risk assessment

Every risk that is identified is considered by the Investment Manager and by the Directors, with specialist third party advice where necessary. That assessment is both qualitative and quantitative, considering the nature of the risk and the likelihood of it crystallising, together with the financial, legal and/or operational consequences if it does. For each risk, a two-part score is assigned: low, medium or high likelihood; and low, medium or high impact.

Risk management

There are several options for managing risks once identified. Some risks are likely to have minimal impact, and the Company may choose simply to accept them. Some risks can be shared with or transferred to other parties, such as by purchasing insurance. Some risks can be avoided altogether by declining to participate in the process which gives rise to the risk, for example by declining to make an offer for an asset where insufficient information is available to allow a properly informed assessment of the returns available from it. Most risks, though, are managed by identifying mitigating actions which can be taken, either to minimise the probability of the risk materialising or to minimise any impact, or both.

Risk monitoring and review

The Audit Committee reviews the risk matrix at each quarterly meeting, supported by the Investment Manager and relevant external advisors. This review may identify new risks and/or changes to previously identified risks. Whenever a new risk is identified, it is assessed and scored, and the Audit Committee considers how best to manage the risk. This includes consideration of whether the risk is acceptable or can be avoided or transferred, and identifying and recording specific mitigating factors for each risk. The likelihood and impact scoring assigned to each previously identified risk is reassessed to determine whether it remains appropriate. For risks whose scoring changes as a result of that review, the Audit Committee considers whether any previously identified mitigating factors remain appropriate and sufficient, or whether additional controls are necessary.

Under the FCA's Disclosure Guidance and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. The significant risk factors are disclosed in the Company's IPO prospectus, which is available on the Company's website.

The Company's assets consist primarily of investments in Digital Infrastructure Assets, with a predominant focus on data centres, mobile telecommunications/broadcast towers and fibre-optic network assets. Its principal risks are therefore related to market conditions in the Digital Infrastructure sector in general, but also the particular circumstances of the businesses in which it is invested. The Investment Manager seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company, including emerging risks, on an ongoing basis and these are reported and discussed at Board meetings. The Board ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

For each material risk, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed, and results reported and discussed at the quarterly Board meetings.

Investment valuation

The Company's business model, and many of the specific principal risks identified and shown in the table, relate to the Investment Manager's ability to value a business appropriately. This is relevant at several stages in acquiring

and managing an investment:

- At the initial stage of considering whether a particular target is an attractive investment prospect, and therefore whether to apply resources to pursuing it;
- At the offer stage, in considering at what level to pitch a bid, setting that level high enough to be attractive to the seller but not so high as to dilute the returns available from it;
- After acquisition, in considering the performance of an investment in delivering the Company's target returns and whether the investment should be retained or whether a disposal could achieve more shareholder value;
- When a disposal is contemplated, in determining what price should be sought for the asset; and
- At each financial reporting date, in determining the value at which the investment should be recognised in the financial statements.

The Investment Manager has extensive expertise in valuing businesses at all stages of making, holding and disposing of investments. It has formed an Investment Committee, consisting of six senior members of the investment management team, which meets whenever significant decisions are required involving making, holding or disposing of investments. That Investment Committee informs and makes recommendations to the Board, and the Board has the opportunity to ask questions and seek further information. The Company has also appointed an independent valuation expert, who provides a reasonableness check of the Investment Manager's valuations at each interim financial reporting date, and performs a full independent valuation at each year end.

The key areas of risk faced by the Company are summarised on pages 44 and 45.

Principal risks and uncertainties

The risk	How we mitigate risk	How the risk is changing	Movement
1. The Company may lose investment opportunities if it does not match investment prices, structures and terms offered by competing bidders. Conversely, the Company may experience decreased rates of return and increased risk of loss if it matches investment prices, structures and terms offered by competitors.	The Investment Manager operates a prudent and disciplined investment strategy, participating in transaction processes only where it can be competitive without compromising its investment objectives.	The Investment Manager has been successful in identifying and pursuing bilateral opportunities rather than auction processes, where competition for assets has been less significant. However, there can be no guarantee that suitable further bilateral opportunities will arise, and prices in competitive processes in the market have been rising.	
2. There can be no guarantee or assurance the Company will achieve its investment objective, which is an indicative target only. Investments may fail to deliver the projected earnings, cash flows and/or capital growth expected at the time of acquisition.	The Investment Manager performs a rigorous due diligence process, using expert professional advisors in fields relevant to the proposed investment, prior to any investment being executed.	The results of our investments to date are in line with our expectations and have met the Company's investment objective so far, demonstrating that the due diligence process undertaken at the time of acquisition was appropriately rigorous to mitigate this risk. However, the same level of rigour must be maintained for future investments.	
3. The actual rate of return may be materially lower than the targeted returns.	The Investment Manager performs a rigorous due diligence process before any investment is acquired. The Investment Manager also carries out a regular review of the investment environment and also benchmarks target and actual returns against the industry and competitors.	The NAV total return for the period had exceeded the 9% return targeted at the time of the IPO, supported by investment performance in line with expectations and a dividend ahead of IPO target.	
4. The Company may invest in Digital Infrastructure Assets which are in construction or construction-ready or otherwise require significant future capital expenditure. Digital Infrastructure Assets which have significant capital expenditure requirements may be exposed to cost overruns, construction delay, failure to meet technical requirements or construction defects.	The Investment Manager has significant experience of managing construction risks and engages third parties where appropriate to oversee such construction.	The Company's investments to date have not undertaken significant capital construction projects. This risk has therefore been relatively low, but may increase as capital investment increases under our buy, build & grow strategy.	

The risk	How we mitigate risk	How the risk is changing	Movement
5. The operation, maintenance and performance of Digital Infrastructure Assets in which the Company may invest, or acquire in the future, may be affected by the impact of COVID-19 or another pandemic or epidemic, climate change, or other wide-scale disruption to the global economy and business. Such disruption may materially adversely affect the Company's suppliers, tenants and customers.	The Company seeks to acquire a diversified range of investments, so that the exposure to conditions in any one market, and to individual suppliers, customers and tenants, is limited.	COVID-19 has had very little impact on the Company and indications are that risks from the pandemic are fading. However, the war in Ukraine has shown that there can be emergent risks to the world economy. The war itself is not expected to affect the Company's investments directly, but it will have an impact on supply chains in the short to medium term, in respect of both pricing and delivery times.	
6. Actual results may vary from the projections, which may have a material adverse effect on NAV.	The Investment Manager provides the Board with at least quarterly updates of portfolio investment performance and detail around material variation from forecast returns. Investment valuations are performed in line with the valuation policy and IPEV guidelines, and at year end reviewed both by the Company's auditors and by an independent valuer.	The results of our investments to date are in line with our projections at the time of acquisition, and their fair value has increased, contributing to NAV growth of 8.4% since IPO. This demonstrates the quality of the Investment Manager's projections and its ability to manage the investments for growth.	
7. Unforeseen tax liabilities may arise during the course of making an investment, in extracting dividends from investments, and on disposal of investments.	The Company has taken and will continue to take specialist tax advice in relation to maintaining investment trust status, and regularly reviews its compliance with the requirements to maintain that status. The Company takes specialist advice from local experts in jurisdictions in which investments are planned or made before investment in order to anticipate and plan for tax liabilities.	The Company has in-house expertise and has taken, and will continue to take, advice from suitably qualified external advisors in relation to UK and international tax risks.	
8. Inflation may cause costs to rise faster than revenues, causing a reduction in margins and profits.	CRA has predominantly long-term contracts with strong counterparties incorporating full or potential protection and pass throughs. The Company will seek to put similar protections in place in future contracts and in future investments wherever possible. The Investment Manager will continue to take board positions on investee companies and use its influence to maintain rigorous cost controls.	Globally, inflation has risen dramatically, largely as a result of the war in Ukraine. While the effect of inflation is net positive in the case of CRA, there can be no guarantee that future investments will be able to obtain or maintain similar contractual protections.	

Longer term viability statement

As required by the AIC Code, the Directors have assessed the prospects of the Company over a longer period than required by the going concern provision. Given the long-term investment intentions of the Company, and the fact that its investee companies' income is generated under contracts of typically around seven years' duration from inception, and with around five years left to run on average, the Board chose to conduct a review for a period of five years to 31 March 2027. On a rolling basis, the Directors will evaluate the outcome of the investments and the Company's financial position as a whole. While an unprecedented and long-term decline in the global Digital Infrastructure market could threaten the Company's performance, it would not necessarily threaten its viability.

In support of this statement, the Directors have taken into account all of the principal risks and their mitigation as identified in the Principal risks and uncertainties section on [pages 44 and 45](#), the nature of the Company's business, including: the cash reserves; the potential of its portfolio of investments to generate future income and capital proceeds; and the ability of the Directors to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified principal risks and uncertainties on viability were determined to be:

- The ability of the Company to make investments in order to generate returns to shareholders may be limited by competition for assets;
- The ability of the Company to achieve target returns will depend on the Investment Manager's ability to identify, acquire and manage suitable investments in accordance with the Investment Policy; and
- The ability of the Company to achieve target returns from investments may be affected by disruptions to the global economy, causing erosion of revenues and/or margins.

On at least an annual basis, the Board reviews threats to the Company's viability utilising the risk matrix and updates as required due to recent developments and/or changes in the global market. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks faced by the Company. When required, experts are utilised to gather relevant and necessary information, regarding tax, legal, and other factors.

The Investment Manager considers the future cash requirements of the Company before acquiring or funding portfolio companies. Furthermore, the Board receives regular updates from the Investment Manager on the Company's cash position, which allows the Board to maintain its fiduciary responsibility to the shareholders and, if required, limit funding for existing commitments.

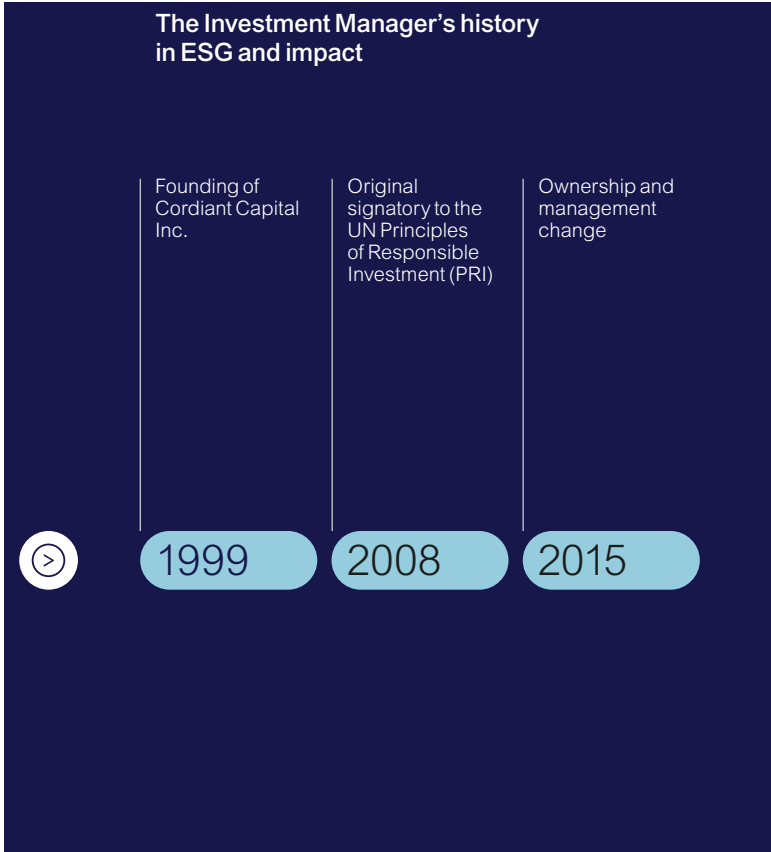
The Board considered the Company's viability over the five-year period, based on a working capital model prepared by the Investment Manager. The working capital model forecasts key cash flow drivers such as capital deployment rate, investment returns and operating expenses. In connection with the preparation of the working capital model, capital raises, realisations and distribution payments were assumed to not occur during the five-year period, unless already predetermined. In addition, the Board reviews credit market availability, but no such financing has been assumed.

Based on the aforementioned procedures and the existing internal controls of the Company and Investment Manager, the Board has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of the assessment.

In support of this statement, the Directors have taken into account all of the principal risks and their mitigations as identified in the Principal risks and uncertainties section on [pages 44 and 45](#), the nature of the Company's business; including the cash reserves, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary.



Environmental, social and governance (ESG) matters



The Company is committed to collaboratively understanding the challenges and identifying the solutions, that may foster positive impacts, while enhancing the value of the Company. Combining sustainability and responsibility with attractive risk-adjusted returns is a central pillar in the Company's investment approach.

The Company works with the Investment Manager and requires it to take appropriate ESG principles into account in its investment decisions and in the ongoing management of the portfolio. The Investment Manager has long combined traditional investment approaches with ESG analysis and an implementation of Impact Investing to ensure profitable investment goes hand-in-hand with a sustainable, responsible approach. ESG risk mitigation and analysis, which covers a wide range of issues, including opportunities to create value, has not always been embedded in traditional financial analysis models, yet it has frequently been of significant financial relevance. With the integration of ESG and impact principles in the investment process, and the add-on expertise of the ESG and impact team, the Investment Manager has been a pioneer in recognising the importance of merging traditional investment analysis with new sustainable and responsible

methods of analysis and investment to produce profitable investment strategies.

The Company's ESG and impact guiding principles

We approach ESG and impact by integrating ESG policies and practices into the investment process to better align investment capital with societal objectives. Objectives are specifically tailored to the digital sector, and the Company's guiding principles are:

- ✔ The need to reduce the carbon footprint of the digital economy through better designed, more efficient data centres as well as the integration of clean, renewable electricity sources into the energy mix.
- ✔ The need to reduce the carbon footprint of society through communication methods that reduce the need for travel and shrink pollution-causing congestion.
- ✔ The need to better connect underserved businesses and households to the digital economy, thereby supporting enhanced opportunity and economic activity.

Actions taken in 2021

Responsible Investment Policy

During 2021, the Company created a Responsible Investment Policy (the policy) tailored to the digital sector

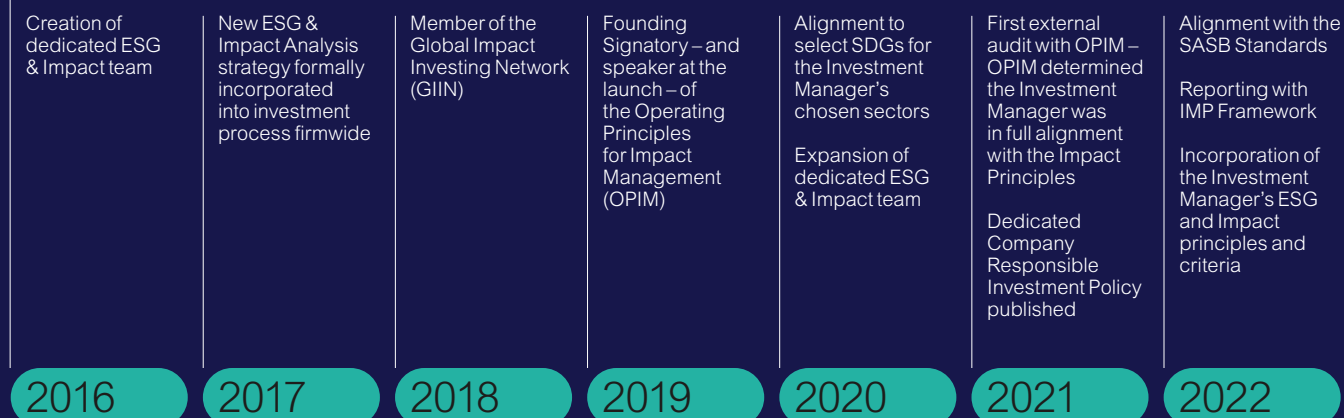
and also formalised its ESG and impact procedures. The policy, which can be found on the Company's website, outlines our background and approach to ESG and impact including its:

- theory of impact;
- ESG and impact policy framework; procedures – including integration of ESG into the investment process and formalised ESG due diligence policies;
- E&S safety risk evaluation; and
- financially material sustainability metrics for Digital Infrastructure.

The policy was created to ensure that ESG risk mitigation and analysis, which covers a wide range of issues including opportunities to create value, are properly integrated into the investment process with the add-on expertise of the ESG and impact team. It outlines the collaborative approach that can provide investee companies with the guidance to improve ESG standards and practices and achieve optimal development outcomes.

The Investment Manager was a pioneer in recognising its relevance as a potential contributor to investment internal rates of return and has merged traditional investment analysis with new sustainable and responsible methods of analysis and investment to drive profitable investment strategies. In assessing the Company's

New management ESG and impact a central pillar of new management strategy



“As investors increasingly focus on securing positive impacts from the capital they deploy, we understand our investing activities must be organised around the dual purposes of wealth creation and stewardship.”

Benn Mikula
Investment Manager

investments, the Investment Manager proactively engages with relevant partners to gain insight into existing and potential business, environmental and political risks that might arise as part of its operations. By adequately addressing these factors with front-end risk assessment, the Investment Manager incorporates risk scenario analysis into valuation and pricing as appropriate. Its ESG and impact policies are based on a number of internationally recognised approaches combined with its own evaluation methodology and risk analysis process as appropriate for the Digital Infrastructure sector.

The Company applies the Investment Manager's ESG and impact process and policies with three key principles: screening, process and checklist due diligence for new investments; management, monitoring ESG for compliance, risks, and opportunities, and monitoring impact outcomes; and tracking, data capture and annual reporting.

Sustainable Accounting Standards Board (SASB) Standards

The Investment Manager became a licensee of the Value Reporting Foundation's SASB Standards in October 2021. Established through a rigorous and stakeholder-inclusive

process, combining SASB's own evidence-based research with comprehensive participation and feedback from key stakeholder groups, SASB's Sustainable Industry Classification System (SICS) categorises financially material sustainability metrics for defined industries. The Company decided to transition to report in line with the SASB standards for two primary reasons: to enhance the measurement, monitoring and transparency of financially material sustainability information; and to incorporate financially material sustainability metrics in the Investment Manager's reporting and engagement with investees and sharpen the focus on relevant material sustainability metrics.

The Company also initiated the use of the Impact Management Project's (IMP) 'Five Dimensions of Impact', in an attempt to make its approach to impact management more systematic. The IMP began in 2016 as a forum for building global consensus on how to best measure and report impact on people and the natural environment, created by investments. We will continue to reference other best practices in the industry.

Investee engagement

The Company views engagement as a vital component of its integration of ESG and impact into the investment process and has been actively engaging with investee companies on ESG-related issues and opportunities, such as the move to net zero. The Responsible Investment Policy details our full approach to engagement with its investee companies, including a number of key aspects such as: the discussion and implementation of ESG metrics and indicators for monitoring and reporting requirements; the implementation of remediation measures to improve or mitigate (and if not possible, reduce) any adverse ESG or impact outcomes; development of ESG action plans, if necessary, to address highly material concerns and create deliverable deadlines; engagement with investee companies' management to promote the adoption of policies, standards and best practice, particularly in regards to governance and labour; and periodically reviewing management objectives in the content of the impact the Company would like to achieve.

Sustainability initiatives

The Investment Manager's London office launched several initiatives during its first year to demonstrate our commitment to sustainability.

- **Plastic waste** – the UK Government estimates that 7.7 billion plastic bottles are bought across the UK each year. In an effort to help reduce the consumption of single-use plastic bottles, our office offers free filtered still and sparkling water on tap, available for guests and employees.
- **Paper** – while the use of paper is still needed for operations to run in some capacity, we have reduced the amount of paper used in the office by encouraging and incentivising the use of digital and cloud solutions to printing. We also encourage recycling all appropriate materials – with the office boasting several recycling stations.

— **Carbon offsetting** – a substantial amount of active engagement with investee companies has been focused on setting initial targets to help all of the Company's assets reach net zero status in the near future. As such, the Investment Manager felt it appropriate to look internally and ensure emissions it was unable to mitigate or eradicate throughout the year were offset. It decided to calculate tCO₂e emissions produced by its London office throughout the course of the year. To ensure full transparency and accuracy, the Investment Manager chose to have emissions assessed and verified using a third party, Carbon Footprint Ltd., using their Carbon Footprint Appraisal Service. The appraisal service uses industry best practice standards such as WRI/WBCSD Greenhouse Gas (GHG) Protocol; is aligned to ISO 14064-1; and follows UK Government Guidelines for reporting GHG emissions. The service is underpinned by the use of internationally recognised emissions factors databases. Reports are made available in formats suitable for Mandatory Greenhouse Gas Reporting and Streamlined Energy and Carbon Reporting (SECR). The comprehensive assessment identifies current major emission sources and provides opportunities for savings in the future. At the time of publication, the assessment is still ongoing. However, the Investment Manager has committed to offsetting the results of the assessment by donating to offset projects provided by Carbon Footprint. Carbon Footprint's portfolio of carbon offset projects focuses on using high-quality Certified Emissions Reductions; Gold Standard CERs, Gold Standard Verified Emissions Reductions and Verified Carbon Standard certified credits. All projects meet the stringent requirements of the Quality Assurance Standard for Carbon Offsetting. The Investment Manager looks forward to becoming

a Carbon Footprint Standard CO₂e Assessed and a Carbon Neutral operation.

Disclosures

The Company is committed to disclosing all relevant ESG and impact information as transparently as possible. As such, it has published its first SASB Disclosure; its first voluntary Sustainable Finance Disclosure Regulation (SFDR) Periodic Report for Article 8 Financial Products; along with a statement regarding voluntary Taxonomy eligibility. Please see Supplementary ESG information (unaudited) on [pages 118 to 124](#) for all three disclosures. The Company will be using the balance of the 2022 financial year to work towards becoming TCFD compliant.

Committing to green Digital Infrastructure

The Company is committed to helping accelerate the decarbonisation of the global economy and the Investment Manager has launched a number of environmentally friendly initiatives with our investee companies. The Company has been engaging with its businesses to help find new opportunities and avenues to increase the use of renewable energy into their operational supply mix. For example, in 2021 CRA decided to commit to transition to 100% renewable energy. This will involve buying renewable energy, while also looking at options to install renewable energy capacity. As a data centre operator, CRA is working on

greater data centre efficiency, looking at ways to improve the power usage effectiveness (PUE) of existing data centres, while ensuring that new facilities come with a higher degree of energy efficiency – such as on-site renewable energy.



The Company’s Theory of Impact

As an inherently impactful sector, Digital Infrastructure offers the Company an opportunity to select companies where investment and active engagement can intentionally generate measurable social and/or environmental outcomes. In this sector, investments can support positive impacts through the responsible application of capital, while also offering additional scope to generate operating improvements with societal benefits. The Company supports the UN Sustainable Development Goals (SDGs) and underlying targets. While the Digital Infrastructure sector can be mapped against a number of SDGs, we found in 2021 our operations contributed to positive impact creation in alignment with the following goals:



Via governance and management reporting of its investee companies’ operation of Digital Infrastructure Assets, the Company seeks to minimise its negative impact and maximise its positive impact as follows:

- 1 Monitor labour rights and promote safe and secure working environments for all workers
- 2 Promote diversity in the workplace
- 3 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- 4 Improve sustainability with infrastructure upgrades where appropriate, with the adoption of clean and environmentally sound technologies and processes
- 5 Significantly increase access to information and communications technologies, and strive to widen affordable digital broadband access wherever possible
- 6 Support positive economic, social, and environmental links between urban, pre-urban, and rural areas by strengthening national and regional connectivity, where possible
- 7 Protect, restore and promote sustainable use of terrestrial ecosystems in and around our Digital Infrastructure, where possible
- 8 Periodically review management objectives, in the context of the impact we would like to achieve through our capital investment programmes

Theory of Change

The Company believes its activities can support the generation of positive impact and the mitigation of negative consequences through the Theory of Change model. The Company, through its direct inputs and activities with investee companies, can support, enable and produce a series of results that contribute to the achievement of intended positive impacts. The Company has decided to use the Theory of Change to assist in the identification of impacts as well as to identify data that should be gathered and reported to assess impact.

Inputs	Activities	Outputs	Outcomes	Impacts
Capital ESG requirements Engagement Advice and research	<ul style="list-style-type: none"> — ESG integration from the outset. — Gap analysis to identify areas of potential improvement. — Monitoring and reporting KPIs. — Ongoing engagement. 	<p>As a result of the Company's efforts, investee companies are currently:</p> <ul style="list-style-type: none"> — Implementing processes to measure and track impact indicators an ESG performance. — Measuring and monitoring systems to provide unimpeded service during potential service interruptions, and reporting (1) number of wireless subscribers; (2) number of wireline subscribers; (3) number of broadband subscribers; (4) network traffic. — Measuring environmental footprint of operations, including energy and emissions data. — Investee company commitment to moving to 100% renewable energy in the near future; lowering PUE; and lowering overall emissions. — Incorporation of relevant working welfare policies, to ensure the Investment Manager's standards are met and upheld. 	<p>Positive external impacts</p> <ul style="list-style-type: none"> — Better access to digital economy (especially in rural and remote areas) and a decrease in service interruptions. — Better access to digital economy decreases reliance on pollution-causing transport (e.g. ability to work from home is increased, thereby decreasing the number of people driving to and from their office). — Access to digital economy promotes inclusion of access to information, irrespective of service, decreases service interruptions and increases ability for society to function at its best. — Improved systems to provide unimpeded service, decreases service interruptions and increases ability for society to function at its best. — Lowering emissions thereby decreasing carbon footprint of operations. — Move to renewable energy aids in the global transition away from fossil fuels. — Initiatives to improve community welfare. <p>Positive internal impacts</p> <ul style="list-style-type: none"> — Investee companies are improving practices in terms of health and safety, and working welfare. — Investee companies are adopting more sustainable methods of operating. 	<p>SDG underlying targets</p> <p>Improvement in digital access and improved infrastructure reliance meets the following SDG targets:</p> <ul style="list-style-type: none"> — SDG 9.1 — SDG 9.C — SDG 10.2 — SDG 11A <p>Decreasing the carbon footprint of operations, improving infrastructure and aiding energy transitions meet the following SDG targets:</p> <ul style="list-style-type: none"> — SDG 8.4 — SDG 9.4 — SDG 11.6 — SDG 13.3 <p>Improving investee companies' policies in regards to working welfare, and initiatives to improve community welfare meet the following SDG targets:</p> <ul style="list-style-type: none"> — SDG 3.D — SDG 5.1 — SGD 5.5 — SDG 5.C — SDG 8.8 — SDG 10.3 — SDG 10.4

Impact themes

The Company initiated the use of the IMP five dimensions of impact, in order to make its approach to the assessment of impact created more systematic. As CRA is the longest held asset, and largest business, it has contributed the most to the following impact themes.

Reducing the digital divide and improving connectivity

Aligns to UN SDG goals:



What?

The Company's portfolio of assets has improved and increased the coverage of internet access across its areas of operation, as well as access to information and communications technologies.

Through the improvement in access to the digital world, the Company's businesses generated additional positive impacts, generating economic, social and environmental outcomes, such as reduced reliance on transport and the improvement in communications between individuals, households and communities.

This impact has aligned the Company's businesses with SDGs: 9 – Industry, Innovation and Infrastructure; 10 – Reduced Inequalities; and 11 – Sustainable Cities and Communities.

Who?

The primary stakeholders benefiting from the reduction in digital inequality are customers of CRA in the Czech Republic. According to the European Commission's Digital Economy and Society Index (DESI), the Czech Republic is still considered underserved in regards to digital connectivity.

A large proportion of the population within the Czech Republic (ca.70%) live in small towns of <50,000 people. The activities of CRA, therefore, significantly help reduce the digital divide within the Czech Republic.

How much?

Measurement	Note	2021 disclosure
Service coverage	CRA digital terrestrial television coverage of the population of the Czech Republic	98%
Internet of Things (IoT) network	CRA has a countrywide IoT network that covers the population of the Czech Republic	92%
Digital Infrastructure Assets in:	CRA has a total of 660 towers in the Czech Republic	1. 62%
1. Rural areas		2. 21%
2. Remote areas		3. 17%
3. Urban areas		

Reducing the environmental impact of operations

Aligns to UN SDG goals:



What?

The Company's increasingly sustainable portfolio of Digital Infrastructure Assets will reduce important negative impacts generated by Digital Infrastructure. All of the Company's businesses are in the process of baselining sector-specific ESG metrics and working towards reducing their overall operational carbon footprint.

On a broader scale, the provision of telecommunications and internet access can assist the reduction of the global carbon footprint as customers become less reliant on carbon-emitting transport.

The efforts to reduce the environmental footprint of Digital Infrastructure aligns the Company's assets with SDGs: 11 – Sustainable Cities and Communities; 13 – Climate Action; and 15 – Life on Land.

Who?

The planet is the identified stakeholder that will experience the outcome from improvements to the sustainability and carbon footprint reduction of Digital Infrastructure Assets.

The planet as a stakeholder is currently underserved in relation to carbon emissions and climate change, with the associated issues escalating and combative action being necessary.

How much?

The Company's assets are currently working towards reducing their environmental impact through:

1. Implementing green energy into their supply mix (with CRA committing to transition to 100% green energy);
2. Setting targets to reduce Scope 1 and Scope 2 GHG emissions;
3. Looking at ways to introduce energy efficiency measures, in an effort to reduce overall energy consumption;
4. An effort to reduce the PUE of existing data centres, while ensuring new facilities come with a higher degree of energy efficiency; and
5. Implementation of waste reduction and recycling programmes, to reduce waste and increase the percentage of waste recycled.

Employee welfare

Aligns to UN SDG goals:



What?

The importance of and commitment to improved employee welfare in relation to its investee companies is integral for the Company. The Company ensures that investee companies work to continually achieve improvements to employee experience – in regards to labour and working rights and conditions; occupational health and safety and security.

As such, the Company expects all investee companies to have effective and appropriate policies to ensure employee welfare. This includes policies such as:

- Improved emergency preparedness;
- Standards of Conduct;
- Incident and Near-Miss Reports;
- Grievance Mechanism Procedures; and
- Responsible Purchasing Policy.

Implementation of policies related to ensuring improved employee welfare provides important impacts to the primary stakeholders and is a key part of improving working conditions. These measures are aligned with SDGs:

- 3 – Good Health and Well-Being;
- 5 – Gender Equality;
- 8 – Decent Work and Economic Growth; and
- 10 – Reduced Equality.

Who?

The identified stakeholders that experience the outcome from improvements/implementation of policies and procedures in the three key areas of working welfare are the employees of the Company's investee companies.

Community welfare

Aligns to UN SDG goals:



What?

The Company aims to help investee companies be a beneficial and committed member of their local communities. The aim is being achieved through a multitude of different community support initiatives at the investee company. The Company believes that there are many different avenues and mechanisms through which to provide community support and therefore implement a broad range of community welfare initiatives. These provide important positive impacts to intended stakeholders.

The scope of the initiatives ranges from access to IoT platforms for educational activities to blood donation for the Czech Stem Cell Registry. These initiatives are aligned with SDGs:

- 3 – Good Health and Well-Being;
- 4 – Quality Education; and
- 10 – Reduced Inequalities.

Who?

The identified stakeholders that experience the outcome of community projects are the local communities surrounding investee company operations.

CRA contribution

Donations and support given to various non-profit organisations, including Talents and Skills (with the aim of supporting youths in their personal development and acquisition of skills applicable to future life and work) and the European Police Association's (EPA) children's educational project.

- Firefighter and rescue service trainings on CRA sites
- Support for books and publications about CRA sites, along with excursions for students from technical schools
- Cooperation with local authorities and schools 'best practice' sharing technology field
- Free OTT for non-profit
- Free access IoT platform for educational activities
- Demo space in CRA cloud
- Road shows in broadcasting, IoT and Cloud across the Czech Republic
- CRA content platforms providing information
- Financial support for non-profit organisations
- Safety publications for children with the Czech Republic state safety authority
- Charity run for various local communities
- Support for the association for the disabled
- Lighting up Žižkov Tower (display of support for health and community issues across Europe)
- Support for the Czech Registry of Hematopoietic Cell Donors, and for employee blood donation

Efforts for Ukraine

As the humanitarian crisis in Ukraine continues to unfold, the Company and its investee companies are committed to supporting the Ukrainian people.

CRA initially lit the Zizkov tower in Prague's city centre with Ukrainian colours, sending a strong message of support to the people of Ukraine. On 11 April it also launched the broadcasting of the Ukrainian TV station 1+1 within the framework of terrestrial digital television broadcasting. The broadcast is available free of charge throughout the Czech Republic. The terrestrial broadcasting platform is used for television reception by approximately 53% of households in the Czech Republic. Terrestrial TV broadcasting signal covers more than 99% of households in the country and terrestrial television is the only free platform for viewers. 1+1 television will broadcast 24 hours a day, 7 days a week. "I fully understand how important it is for people fleeing Russian aggression to stay in regular contact with their homeland. The Czech Ministry of Industry and Trade is already coordinating the assistance provided to Ukrainian refugees by mobile operators in the Czech Republic. The launch of the Ukrainian TV channel 1+1 in our country is another way of helping" said Jozef Sikela, Minister of Industry and Trade for the Czech Republic.

The Company, and its investee companies, will continue to support Ukraine until this crisis has ended.

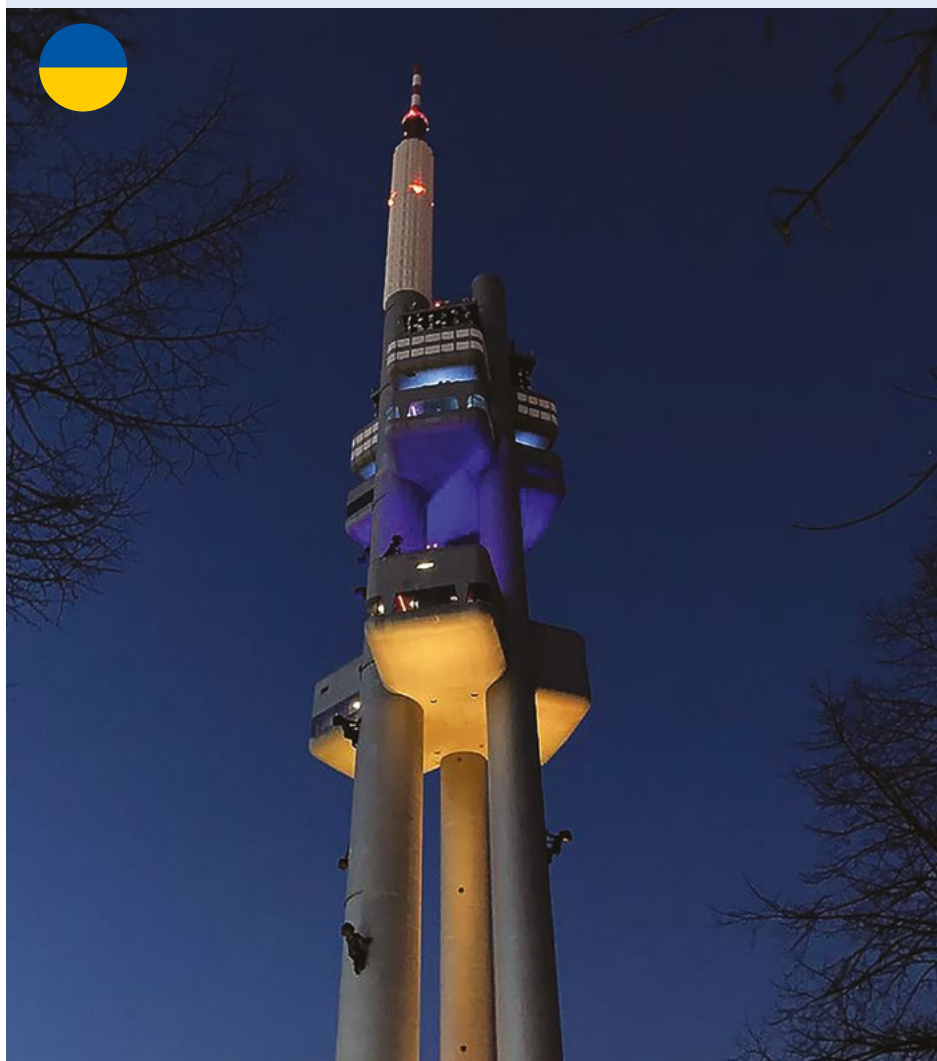
Help for Ukraine

"We want to contribute as best we can, through free and highly accessible distribution of the Ukrainian station 1+1, to give people the opportunity to get information in their native language about what is happening in their country" said CRA's CEO Vit Vážan. "The flexibility

of digital terrestrial TV broadcasting allows us to start broadcasting the entire programme of the station 1+1. The broadcasting will be available from 11 April for as long as it is required."

CRA is supporting the Ukrainian people by providing donations to humanitarian organisations:

- collecting items (such as sleeping bags, clothing, etc.) for donation;
- committing to hiring refugees; and
- preparing space at one of the sites for accommodation and giving this information to those coordinating the placement of refugees.



Section 172 statement

Section 172 statement

Section 172 of the UK Companies Act 2006 (the Act) requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, while having regard to a range of factors set out in section 172(1)(a)-(f) in the Act.

Section 172 of the Act applies directly to UK domiciled companies. Nonetheless the AIC Code requires that matters set out in section 172 are reported on by all companies, irrespective of domicile.

The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

The Board is committed to effective engagement with the Company's stakeholders, and believes effective communication is an essential element in building stakeholder relationships. The statement below outlines the ways in which the Directors have, throughout the past year, complied with the requirements of section 172 of the Act and how their decisions have been guided by the Company's purpose, to generate attractive risk-adjusted returns combined with sustainability and responsibility, for stakeholders and investors.

Key decisions

Key decisions are those that are material or of strategic importance to the Company or are significant to any of the Company's key stakeholders, as described on [page 58](#). The key decisions set out on [pages 60 and 61](#) were made or approved by the Directors during the period, with the overall aim of promoting the success of the Company while considering the impact on its members, stakeholders and the wider society, as outlined in the ESG section on [pages 48 to 56](#).

Stakeholder engagement

Key stakeholders identified

As it is externally managed, the Company has no employees other than the Directors. Its key stakeholders are identified below.

Shareholders

The Board recognises the importance of regular engagement with all existing and potential shareholders. As further described in the Corporate Governance report on [page 73](#), the Company reports to shareholders in a number of formal ways, including its Annual Report, Interim Report and regulatory news releases, all of which are approved by the Board. The AGM will be used as a forum for the Board and Investment Manager to communicate Company performance and future plans and prospects. Members of the Board will be in attendance and will be available to answer any shareholder questions. The Company's website was regularly updated during the period and contains comprehensive information for shareholders and other stakeholders. The Chairman of the Board offers to meet shareholders on matters such as strategy, management, governance and more. Other Board members are also available to meet with shareholders, if asked or if necessary. The Board is regularly briefed on feedback from analysts and investors, and all substantial concerns raised by shareholders are communicated to the Board. In addition, the Administrator's, PR advisor's and Investment Manager's contact details are available to shareholders.

Investors engage directly with the Investment Manager's ESG and impact team throughout the year to maintain and improve their relationships. There is extensive engagement through regular and ad hoc meetings with investors and the Investment Manager and occasional investee company site visits.

Investee companies

The Investment Manager engages with investee companies in working to create long-term value – both financial

and non-financial. Principally, informal engagement efforts with our investee companies are made by the Investment Manager, as well as the ESG and impact team. Directors are committed to engagement with the Company's investee companies – for example, in the next year a number of initiatives such as site visits will help to ensure direct engagement with investees.

Investment Manager

The Board seeks to engage with the Investment Manager and other service providers in an open manner, encouraging constructive discussion. This approach enhances service levels and strengthens relationships to receive the highest standard of service at a competitive cost, ensuring shareholders' interests are best served.

While the Company does not have any employees, the Investment Manager, under the Board's supervision, takes its role as a responsible employer seriously. The Investment Manager ensures all employees, regardless of age, disability, gender, race, religion or belief, sexual orientation or any other distinction receive equal pay for the same, or broadly similar, work, for work rated as equivalent and work of equal value, and are treated fairly. The Investment Manager ensures that standards of conduct and similar employee / workplace welfare policies are in place and properly adhered to. All major concerns in regards to employee and workplace welfare are brought to the attention of the Board.






Communities

The Company takes responsible investment seriously. As such, generating positive community and societal impact through investment has been a central pillar of the Company's approach. A detailed description of the positive impact created through the Company's investment this year can be found within the impact section of this report on [pages 48 to 56](#).

Governments and regulatory bodies

The Company operates within full compliance of all relevant laws and regulations. The Company seeks to ensure appropriate relationships with our primary regulators, currently in the UK and Europe. The Company is a member and/or signatory of a number of internationally recognised networks, as described within the ESG section of the report.

The interests of all stakeholders mentioned above will continue to influence decision making at Director level. The key decisions set out on [pages 60 and 61](#) were made or approved by the Directors during the period, with the overall aim of promoting the success of the Company while considering the impact on its members, stakeholders and wider society as outlined in the ESG section on [pages 48 to 56](#).

Stakeholder group		Why is it important to engage?	Key strategic engagement during the period
Shareholders		As providers of capital, shareholders are essential for our operational success and potential future growth.	<ul style="list-style-type: none"> — Regular market announcements — Regular email and telephone communications — Interim reports to provide financial performance updates — Interim reports to provide sustainability updates — Regular meetings with management and investment team
Investee companies		Investee companies are the source of returns to our shareholders and are therefore integral to our purpose.	<ul style="list-style-type: none"> — Regular informal engagement with Investment Manager — Regular engagement with the Investment Manager's ESG and impact team — Formal engagement at the investee company Board level
Investment Manager /Service providers		Our Investment Manager provides the employees that facilitate the operational success of the Company. Service providers are essential to ensure the Company obtains all necessary technology and equipment to run operations smoothly.	<ul style="list-style-type: none"> — Policies in place to ensure healthy work environment is adhered to for all
Communities		Positive relationship with communities surrounding the areas in which we operate is key to our social goals and principles.	<ul style="list-style-type: none"> — Responsible Investment Policy — Theory of Impact — Working towards SDGs
Regulators		Key to ensure compliance with laws, maintain engagement with a key stakeholder and to meet industry best practice.	<ul style="list-style-type: none"> — The Investment Manager has engaged with a number of regulators in relation to the acquisitions undertaken during the year and where necessary for post transaction activities that impact either the Company and/or the relevant investee company

Key decisions of 2021



IPO and subsequent equity raises

The Chairman of the Board and the Senior Independent Director met with several major shareholders during the IPO process. The Board was then actively involved with the finalisation of the prospectus, taking those meetings into account.

Further capital raises have been undertaken post IPO in consultation with the Company's brokers.

Stakeholders considered as part of decision making:

- Shareholders
- Investment Manager/Service providers
- Regulators



Dividend policy and payments

The Board reviewed and approved a dividend policy at IPO. This was increased in May 2021 and again on 5 January 2022.

Stakeholders considered as part of decision making:

- Shareholders
- Investment Manager/Service providers
- Investee companies



Deployment of capital through acquisitions

In the first year of operations, deployment of capital through appropriate acquisitions was the Company's top priority. The Board ensured that all deployment of capital was driven by both a financial and non-financial perspective, with regard being paid to other factors such as sustainability.

Stakeholders considered as part of decision making:

- Shareholders
- Investee companies
- Regulators
- Communities

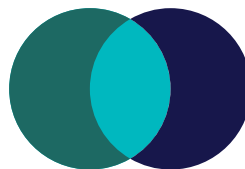


ESG and impact integration

The Company incorporated ESG and impact into its strategy throughout the period and, after Board approval, now has comprehensive ESG and impact risk mitigation and opportunity policies and procedures. The full Responsible Investment Policy can be found on the Company's website.

Stakeholders considered as part of decision making:

- All stakeholders ([see page 59](#))

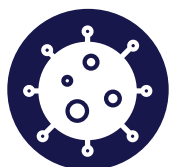


Response to COVID-19

The Board considered the impact of COVID-19 on the Company's activities during the year.

Stakeholders considered as part of decision making:

- Investee companies
- Investment Manager
- Communities



Ukraine response

From the outset of the humanitarian aspects of the crisis in Ukraine in February 2022, the Company's Board was quick to discuss new developments, and encouraged our investee companies to provide support to the Ukrainian people.

Stakeholders considered as part of decision making:

- Investee companies
- Communities





Governance

CRA's Ještěd Tower, Liberec, Czech Republic

Board of Directors



Shonaid Jemmett-Page FCA

Chairman

Shonaid Jemmett-Page is an experienced non-executive director in the energy and financial sectors. Mrs Jemmett-Page spent the first 20 years of her career at KPMG in London and Tokyo, rising to the position of Partner, Financial Services. In 2001, she moved to Unilever, where she was Senior Vice President, Finance and Information for Asia, based in Singapore, before returning to the UK as Finance Director for Unilever's global non-food business. In 2009, Mrs Jemmett-Page joined CDC Group as Chief Operating Officer, a position she held until 2012.

Since then, she has focused on non-executive appointments and is currently chairman of Greencoat UK Wind Plc, a non-executive director of Caledonia Investments plc and chairman of the remuneration committee and a member of the governance, nomination and audit committees, senior independent director and chairman of the audit and remuneration committees and a member of the nomination and risk committees at ClearBank Ltd, and a non-executive director of QinetiQ Group plc and chairman of the audit committee and a member of the risk, remuneration, security and nomination committees. Until January 2016 she was a non-executive director of APR Energy Limited where she served as chairman of the audit committee and a member of the remuneration committee. Until October 2017 she was non-executive chairman of Origo Partners plc. Mrs Jemmett-Page has been appointed as an independent non-executive director at Aviva Plc with effect from 16 December 2021. As of the date of this report Mrs Jemmett-Page has given notice of her resignation as non-executive director of Caledonia Investments plc, with effect from 31 May 2022. Until April 2018 she was a non-executive director of GKN plc where she served as chairman of the audit committee and was a member of the remuneration and nominations committees. Until November 2019 she was a non-executive director of MSAmlyn plc where she served as chairman and was also chairman of the remuneration and nominations committees and a member of the risk & solvency committee. Until March 2020 she served as non-executive chairman and then non-executive director of MSAmlyn Insurance SE (a Belgian subsidiary of MSAmlyn plc). She is also the examiner of the UK branch of an Indian children's cancer charity.



Sian Hill FCA

Senior Independent Director and Chairman of Audit Committee

Sian Hill is a chartered accountant with experience principally within the financial services sector. Mrs Hill began her career practicing audit for KPMG in 1984, moving to specialise in tax in 1990. In 1996 she became a tax partner in KPMG's financial services group, working with a range of financial institutions, including major listed banking groups, international insurance and reinsurance groups and intermediaries and investment managers. She advised on a wide range of projects including mergers and acquisitions, disposals and reorganisations and also provided the tax input to the statutory audit of a number of financial services groups. From 1999 until 2003, and again from 2008 until 2010, Mrs Hill also served as Head of KPMG's UK Financial Services Tax group. From 2003 until 2006 she served as Head and Co-Head respectively of both KPMG's UK M&A Tax and European M&A Tax groups and was a member of KPMG's Global M&A Tax Steering Group. Mrs Hill also led KPMG's response to Brexit for the insurance sector, helping clients formulate and implement their response to Brexit from early 2016 until her retirement from KPMG in 2018.

Since 2019 Mrs Hill has gained positions as a non-executive director of Yealand Administration Limited (a fund administration specialist), Carvetian Capital Management Limited and Suffolk Building Society, serving on its audit and board risk and compliance and remuneration committees of the latter. Since 2014 she has served as a trustee of the UK children's mental health charity Place2Be and is currently chairman of the finance and audit committee and member of the people and culture committee.



Marten Pieters

Non-Executive Director

Marten Pieters is an executive with extensive international experience in the telecoms sector. From 1978 to 1984, Mr Pieters held company secretarial roles at Smilde Holding B.V., rising to Corporate Director of Finance and Strategic Planning in 1984 where he was responsible for various budgeting, financial reporting, policy, legal and fiscal matters. In 1988 Mr Pieters joined Fano Fine Food Salades B.V. as CEO, where he was responsible for management restructuring, overseeing several corporate acquisitions.

Mr Pieters moved into telecoms in 1989 serving in various directorship positions, including as Managing Director for Telecom District Groningen from 1993 until 1995 and as Vice President of International Operations for PTT Telecom B.V. from 1995 until 1998. Between 1998 and 2003 Mr Pieters went on to hold various other positions within the KPN Group, the Dutch landline and mobile telecommunications company, including Executive Vice President, where he was responsible for branch offices in Europe and the US, and later becoming a member of KPN's Executive Management Board and CEO of the Division KPN Business Solutions, overseeing the operation of network solutions and equipment. During this time he sat on various other international supervisory boards, including the board of directors of Cesky Telecom, Eircom Ireland, Euroweb Corp, KPNQwest, and notably as chairman of the supervisory board of Xantic, a worldwide working provider of software solutions and satellite services. From 2003 to 2007 Mr Pieters served as CEO of Celtel International B.V., a company operating mobile telephone licenses in African countries, and from 2009 until 2015 he served as Managing Director and CEO of Vodafone in India.

Since 2015, Mr Pieters has held other board memberships including for Vodacom Group S.A., Vodafone India Ltd, Indus Towers Ltd and Oi S.A. He is currently chairman of the supervisory board for Open Tower Company B.V., the Dutch telecom tower operator, and a non-executive director of Tawal Towers Saudi Arabia, a telecom tower operator and subsidiary of Saudi Telecom Company.



Simon Pitcher ACA

Non-Executive Director

Simon Pitcher has over 20 years' experience in international private equity. Mr Pitcher is a chartered accountant, spending the first six years of his career at PwC in London. In 2000, he moved to MetLife Investments where he was responsible for making and monitoring over US\$1 billion of mezzanine and private equity investments throughout Europe. In 2003, he left MetLife to become a founder member of Hermes Private Equity, a UK focused mid-market buyout fund, where he remained until 2007.

From 2007 to 2009 Mr Pitcher was a director at Blackwood Capital Partners (BCP), based in Sydney, Australia. While at BCP, a mid-market buyout fund with c.AUS\$100 million under management, Mr Pitcher's role covered all aspects of investment-related activity, including holding portfolio board positions, investor reporting and assisting with the fund's financial reporting and compliance requirements. In 2009, Mr Pitcher returned to London, joining Standard Bank Private Equity, a US\$800 million global emerging markets private equity business, as director, where he remained until 2011. During his time at Standard Bank, Mr Pitcher was particularly focused on its sub-Saharan African investments, fulfilling a senior deal execution role working closely with local teams.

In 2012 Mr Pitcher joined J Rothschild Capital Management (JRCM), as investment manager of RIT Capital Partners, a UK listed investment trust founded by Lord Rothschild, where he remains Head of Private Investments. His role encompasses deal execution, portfolio management and asset realisation across diverse sectors and geographies. Mr Pitcher has held several non-executive board positions representing JRCM, including six years at Helios Towers, a leading African telecom tower infrastructure company, prior to its London IPO. Mr Pitcher is currently a non-executive director of Infinity SDC, a UK data centre owner and operator, a position he has held since 2013.

Corporate Governance report



This Corporate Governance report forms part of the Directors' report as further disclosed on [pages 80 to 83](#). The Board operates under a framework for corporate governance which is appropriate for an investment company. Securities listed on the Specialist Fund Segment of the London Stock Exchange are not admitted to the Official List of the London Stock Exchange and are not required to comply with the FCA Listing Rules; however, as a matter of good corporate governance, the Company voluntarily complies with the majority of the provisions of the Listing Rules applicable to closed-ended investment companies.

The Company is a member of the Association of Investment Companies (AIC). From the date of admission to the London Stock Exchange, the Company has complied with the principles of good governance contained in the AIC Code of Corporate Governance (the AIC Code). The AIC Code is endorsed by the Financial Reporting Council (FRC) and the Guernsey Financial Services Commission (GSFC), and by reporting in accordance with the AIC Code the Company is meeting its applicable obligations under the UK Code of Corporate Governance (the UK Code) and the GFSC Finance Sector Code of Corporate Governance 2016.

The AIC Code and the AIC Guide are available on the AIC's website, <https://www.theaic.co.uk>. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that, as the AIC Code has been specifically designed to reflect the characteristics of the investment company sector, reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to shareholders compared to reporting against the UK Code alone.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company,

being an externally managed investment company, which delegates most day-to-day functions to third parties.

The Company does not have a chief executive or any executive directors and has not established a separate remuneration committee. The Board is satisfied that any relevant issues that arise can be properly considered by the Board.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit Committee Report.

The Board

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term success of the Company. It does so by creating and preserving value, and has as its foremost principle acting in the interests of shareholders.

The Company believes that the composition of the Board is a fundamental driver of its success, as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The Non-Executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

As at the date of this report, the Board consists of four Non-Executive Directors, all of whom are independent of the Company's Investment Manager. For a short period of time, from incorporation of the Company on 4 January 2021 until his resignation on 26 January 2021, Ian Smith (an employee of the Administrator) was appointed as a Director of the Company. All current Directors were appointed on 26 January 2021 and served throughout the remainder of the period. The AIC Code requires that Directors be subject to an annual election by shareholders, and the Directors comply with this requirement. All of the Directors shall offer themselves for re-election at the forthcoming AGM. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors.

At each subsequent AGM of the Company, each of the Directors at the date of the notice convening the AGM shall retire from office and may offer themselves for election or re-election by the shareholders, in accordance with corporate governance best practice.

The Chairman of the Board is independent and is appointed in accordance with the Company's Articles of Incorporation. Mrs Jemmett-Page is considered to be independent because she:

- has no current or historical employment with the Investment Manager;
- has no current directorships or partnerships in any other investment funds managed by the Investment Manager; and
- is not an executive of a self-managed company or an ex-employee who has left the executive team of a self-managed company within the last five years.

The Board meets at least four times a year for regular, scheduled meetings and, should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting, the Board follows a formal agenda that covers the business to be discussed. The primary focus at Board meetings is a review of investment performance and associated matters such as investor relations, peer group information, industry issues and principal and emerging risks and uncertainties in particular those identified in the Strategic report on [pages 8 to 61](#).

The Board may request to be supplied in a timely manner with information by the Investment Manager and Administrator, and other advisors in a form and of a quality to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and seeks to ensure compliance by the Board and relevant personnel of the Investment Manager and other third party service providers where required with the relevant provisions as if they were subject to the code.

Culture

The Company's culture is built around that of the Investment Manager, with a focus on long lasting relationships with a diverse investor base; sustainable investment excellence; and a world class team demonstrating extensive industry knowledge. The Board will continue to monitor the Company's culture on an annual basis through continued engagement with shareholders and management.

Diversity

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including but not limited to gender, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets,

capabilities and experience gained from different sectors and geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company.

As at the date of this report, the Board comprises two men and two women, all Non-Executive Directors who are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Investment Manager has a diverse employee base and continues to dedicate recruitment resources to increasing diversity across all positions and levels.

Board tenure and re-election

As the Company was incorporated on 4 January 2021 and the current Directors were all appointed on 26 January 2021, there are no issues to be considered by the Board with respect to long tenure. In accordance with the AIC Code, in the event that any Director, including the Chairman, shall have been in office (or on re-election would have been at the end of that term of office) for more than nine years, the Company will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service. However, the Board may nonetheless consider Directors to remain independent and will provide a clear explanation within future Annual Reports as to its reasoning. The Board will consider its composition and succession planning on an ongoing basis.

A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed. Directors are appointed under letters of appointment.

Directors' remuneration

The Board considers at least annually the level of the Board's fees, in accordance with the AIC Code.

Remuneration policy

The table below shows all remuneration (audited information) earned by each individual Director during the period:

	Total paid in the period £
Shonaid Jemmett-Page (Chairman)	70,879
Sian Hill (Audit Committee Chair)	53,014
Marten Pieters (Non-Executive Director)	47,123
Simon Pitcher (Non-Executive Director)	47,123
Total	218,139¹

¹Amounts payable to Directors of £32,945 are included in this total which relate to the period 26 January 2021 to 31 March 2021. An amount of £194 was paid to Mrs Jemmett-Page as reimbursement of travel and other incidental expenses during the period.

Remuneration policy

Due to the size of the Company and the Board, there is no separate remuneration committee. Discussions regarding Directors' remuneration is undertaken by the full Board.

Each Director receives a fixed fee per annum of £40,000, other than the Chair of the Audit Committee who receives an additional £5,000, and the Chairman who receives an annual fee of £60,000. In addition, Directors are entitled to additional fees if the Company raises additional equity capital in circumstances where a new Prospectus is required. If these requirements are met, each Director is entitled to an additional fee of £5,000 and the Chairman an additional £10,000. It is not considered appropriate that Directors' remuneration should be performance related and none of the Directors are eligible for pension benefits, share options, long term incentive schemes or other benefits in respect of their services as Non-Executive Directors of the Company.

The maximum annual limit of aggregate fees payable to the Directors was set at the time of the Company's incorporation on 4 January 2021 at £500,000 per annum. The Board may grant special remuneration to any Director who performs any special or extra services to, or at the request of, the Company.

The Articles of Incorporation provide that all Directors at the date of the notice covering each AGM shall retire from office and each Director may offer themselves for re-election, in accordance with corporate governance best practice.

All of the Directors have been provided with letters of appointment by the Company, subject to re-election by shareholders.

A Director's appointment may at any time be terminated by and at the discretion of either party upon written notice. A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances. Being Non-Executive Directors, none of the Directors has a service contract with the Company.

Directors' interests

Directors who held office during the period and had interests in the ordinary shares of the Company as at 31 March 2022 are given in the table below. There were no changes to the interests of each Director as at the date of this report.

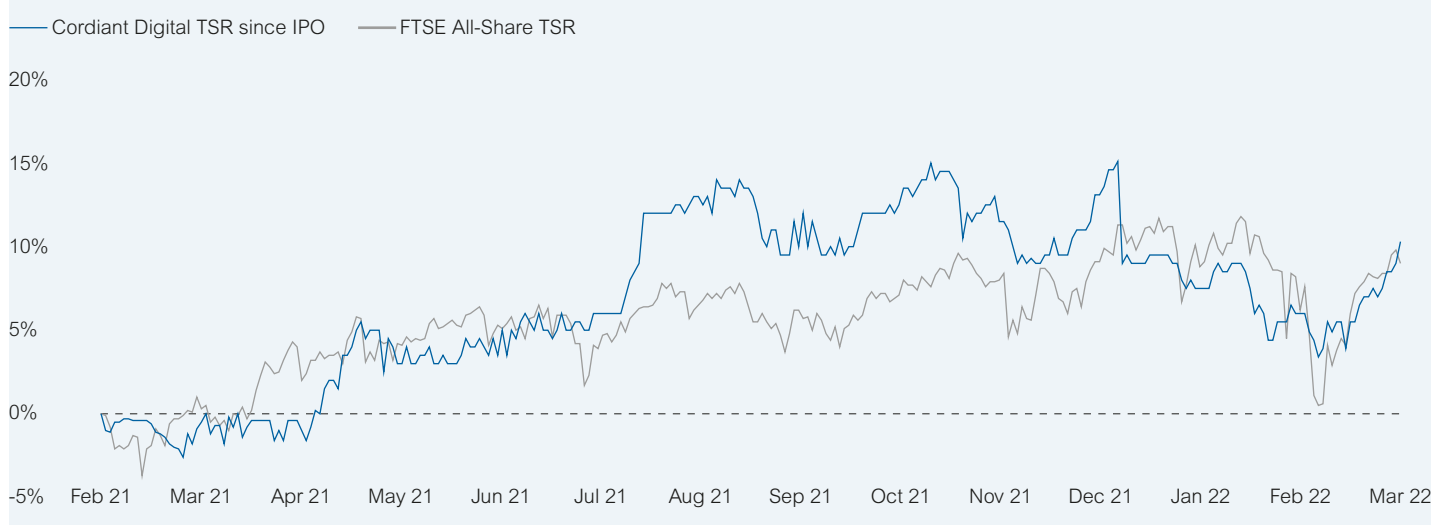
	Ordinary shares each held at 31 March 2022
Shonaid Jemmett-Page	22,500
Sian Hill	22,500
Marten Pieters	28,125
Simon Pitcher	28,125

Relative importance of spend on pay

The remuneration of the Directors with respect to the period totalled £218,139 in comparison to distributions paid or declared to shareholders with respect to the period of £20.5 million. As the Company only listed in February 2021, there is no comparable year-on-year information to disclose. Full disclosure will be presented in the Annual Report for 2023.

Company performance

Source: FactSet



Percentage change in director pay

As the Company only listed in February 2021, there is no comparable year-on-year change to disclose. Full disclosure of comparative information will be presented in the Annual Report for 2023.

Payments for loss of office and/or payments to former directors (audited)

No payments for loss of office, nor payments to former directors were made during the period under review. An employee of the Administrator, Ian Smith was initially appointed as a director of the Company as part of its establishment, but subsequently resigned and received no remuneration or compensation.

Company performance

The graph above illustrates the total shareholder return of the Company from Admission, to the end of the financial period. This is mapped against the FTSE-All Share index. This index has been chosen as it is considered to be the most appropriate benchmark against which to assess relative performance of the Company.

Duties and responsibilities

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, position and performance, business conduct and policy. The Directors also review and supervise the Company's delegates and service providers, including the Investment Manager.

The Directors may delegate certain functions to other parties. In particular, the Directors have delegated responsibility for management of the Company's portfolio of investments to the Investment Manager.

The Board retains direct responsibility for certain matters, including (but not limited to):

- approving the Company's long-term objectives and any decisions of a strategic nature including any change in investment objectives, policy and restrictions, including those which may need to be submitted to shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategy, objectives and budgets, ensuring that any necessary corrective action is taken;
- appointing, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;
- approving half-yearly distributions and the Company's distribution policy;
- approving any non-ordinary course transactions and transactions with 'related parties' for the purposes of the Company's voluntary compliance with the applicable sections of the FCA Listing Rules;
- reviewing the Company's valuation policy;
- reviewing the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring

that Board procedures are followed and that it complies with applicable law and regulations relating to the Company's admission to the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains directors' and officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the Annual Report are set out in the Directors' responsibilities statement. The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company at that time and which enable it to ensure that the financial statements are properly prepared and comply with applicable regulations. It is the Board's responsibility to present a fair, balanced and understandable Annual Report, which provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Company. This responsibility extends to the half-yearly financial reports and other price-sensitive market announcements.

Committees of the Board

The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board is of the view that no one individual or small group dominates decision-making. The Board keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website and reviewed on an annual basis. All committee members are provided with appropriate induction on joining their respective committees, as well as on-going access to training. Minutes of all meetings of the committees are made available to all Directors and feedback from each of the committees is provided to the Board by the respective committee Chair at the next Board meeting. The Chair of each committee attends the AGM to answer any questions on their committee's activities.

The Board and its committees are supplied with regular, comprehensive and timely information in a form and of a quality that enables them to discharge their duties effectively. All Directors are able to make further enquiries of management whenever necessary, and have access to the services of the Administrator.

Audit Committee

The Audit Committee's role and activities are contained in the Audit Committee report on [pages 76 to 79](#).

Nomination Committee

The Nomination Committee meets at least once a year pursuant to its terms of reference. The Nomination Committee is chaired by Mrs Shonaid Jemmett-Page and also consists of Mrs Sian Hill and Mr Marten Pieters.

The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. The Nomination Committee recognises the continuing importance of planning for the future and ensuring that succession plans are in place. In considering appointments to the Board, the Nomination Committee will take into account the ongoing requirements of the Company and evaluate the balance of skills, experience, independence, and knowledge of each candidate. Therefore, appointments will be made on merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board while taking into account the existing balance of knowledge, experience and diversity.

In the case of candidates for non-executive directorships, care will be taken to ascertain that they have sufficient time to fulfil their Board and, where relevant, committee responsibilities. The Board believes that the terms of reference of the Nomination Committee ensure that it operates in a rigorous and transparent manner. The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, among Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

The Nomination Committee 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 Committee and the Board confirm that they believe that the Board has an appropriate mix of skills and backgrounds and was selected with that in mind, that all the 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.

Accordingly, the Board recommends that shareholders vote in favour of the election of all Directors at the upcoming AGM of the Company.

Directors' attendance at Board and Committee meetings

One of the key criteria the Company uses when selecting Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The number of meetings of the full Board attended in the period to 31 March 2022 by each Director is set out below:

Director	Board Meetings (min 4)		Audit Committee Meetings (min 2)		Nomination Committee Meetings (min 1)		Management Engagement Committee Meetings (min 1)		Tenure as at 31 March 2022
	A	B	A	B	A	B	A	B	
Shonaid Jemmett-Page	5	5	1	1	1	1	3	3	1 year 2 months
Sian Hill	5	5	4	4	1	1	3	3	1 year 2 months
Marten Pieters	5	5	4	4	1	1	3	3	1 year 2 months
Simon Pitcher	5	5	4	4	²	²	2	2	1 year 2 months

Column A: indicates the number of meetings held during the period.

Column B: indicates the number of meetings attended by the Director during the period.

A quorum is comprised of any two or more members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose on this committee.

¹Shonaid is not a member of the Audit Committee.

²Simon is not a member of the Nomination Committee or Management Engagement Committee.

³No Management Engagement Committee meetings have been held in the period due to the short period after the Committee's formation; the Management Engagement Committee will meet during the forthcoming year.

Detailed attendance for additional meetings of the Board is further set out below:

Director	Ad hoc Board meetings		Ad hoc Committee meetings	
	A	B	A*	B
Shonaid Jemmett-Page	17	17	10	8
Sian Hill	17	17	10	6
Marten Pieters	17	16	10	3
Simon Pitcher	17	16	10	4

*Seven of the 10 ad hoc committee meetings held in the period related solely to the allotment of ordinary shares following exercise of Subscription Shares and did not require attendance of the full Board.

Column A: indicates the number of meetings held during the period.

Column B: indicates the number of meetings attended by the Director during the period.

Directors are encouraged when they are unable to attend a meeting to give the Chairman their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the Directors also liaise with the Investment Manager whenever required and there is regular contact outside the Board meeting schedule.

Management Engagement Committee

The Management Engagement Committee is chaired by Mrs Shonaid Jemmett-Page and also consists of Mrs Sian Hill and Mr Marten Pieters. The Management Engagement Committee will meet at least once a year pursuant to its terms of reference.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Investment Manager and the Company's other advisors and service providers. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the shareholders. Later in 2022, the Management Engagement Committee will formally review the performance of the Investment Manager and other service providers to confirm whether performance had been satisfactory.

The AIC Code recommends that companies appoint a Remuneration Committee; however, the Board has not deemed this necessary as, being wholly comprised of Non-Executive Directors, the whole Board considers these matters.

Board performance and evaluation

In accordance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. Such an evaluation of the performance of the Board as a whole, the Audit Committee, the Nomination Committee, the Management Engagement Committee, individual Directors and the Chairman is carried out under the mandate of the Nomination Committee. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

Later in 2022, the Management Engagement Committee will conduct an internal evaluation of the Board, the Audit Committee and individual Directors. This will be in the form of performance appraisal, questionnaires and discussion to determine effectiveness and performance in various areas, as well as the Directors' continued independence and tenure. This process will be facilitated by the Administrator.

New Directors receive an induction on joining the Board and regularly meet with the senior management employed by the Investment Manager both formally and informally to ensure that the Board remains regularly updated on all issues. All members of the Board are members of professional bodies and/or serve on other Boards, which ensures they are kept abreast of the latest technical developments in their areas of expertise.

The Board arranges for presentations from the Investment Manager, the Company's brokers and other advisors on matters relevant to the Company's business. The Board will assess the training needs of Directors on an annual basis.

Internal control and financial reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. However, the Board's objective is to ensure that the Company has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future position and performance, solvency or liquidity. As further explained in the Audit Committee report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the period. The Board continually reviews its policy setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise.

The key procedures which have been established to provide internal control are that:

- the Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however, it retains accountability for all functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's consultants and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such consultants and advisors and will continue to do so through the Management Engagement Committee;
- the Board monitors the actions of the Investment Manager at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which they report to the Board.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. The Administrator and Investment Manager both operate risk-controlled frameworks on an ongoing basis within a regulated environment. The Administrator formally reports to the Board quarterly through

a compliance report and holds the International Standard on Assurance Engagements (ISAE) 3402 Type 2 certification. The certification dates to June 2020, with the period up to 31 March 2022 being covered by a bridging letter that states no material changes in the internal control environment have been noted. This entails an independent rigorous examination and testing of their controls and processes. The Investment Manager formally reports to the Board quarterly and on an ad-hoc basis as required. No weaknesses or failings within the Administrator or Investment Manager have been identified.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. This process has been in place for the period under review and up to the date of approval of this Annual Report. It is reviewed by the Board and is in accordance with the FRC's internal control publication: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Investment Management Agreement

The Investment Manager has been appointed as the sole investment manager of the Company. The Investment Manager is a sector-focused investor in global infrastructure and real assets, running infrastructure private equity, infrastructure private credit and real assets partnerships and managed accounts. The Investment Manager has particular experience and expertise in Digital Infrastructure with a dedicated sector team concentrated in London and with additional team members located in North America.

Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's assets, subject to, and in accordance with, the Company's investment policy. A summary of fees paid to the Investment Manager is given in note 12 to the financial statements.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to an annual management fee, together with reimbursement of certain expenses reasonably incurred by it in the performance of its duties. From 2024 the Investment Manager will also be entitled to receive a performance fee if certain targets are met.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee. Each year, a detailed review of performance pursuant to their terms of engagement will be undertaken by the Management Engagement Committee.

The Board as a whole reviewed the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors, the continuing appointment of the Investment Manager on the terms agreed is in the interests of the shareholders as a whole. The Board is pleased with the performance of the Investment Manager, based on its successful deployment of substantially all the equity capital raised by the Company and the returns achieved in the period on the assets acquired.

Relations with shareholders

The Company reports formally to shareholders in a number of ways. Regulatory news releases are issued through the London Stock Exchange's Regulatory News Service in response to events or routine reporting obligations. An Interim Report is published each year outlining performance to 30 September and the Annual Report is published following the end of the financial year each, both of which are available on the Company's website. In addition, the Company's website contains comprehensive information, including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering on the website www.cordiantdigitaltrust.com.

The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Investment Manager and the Company's brokers. The Administrator also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Administrator, where applicable.

Other stakeholders

The wider stakeholders of the Company comprise its service providers, investee companies and suppliers and the Board recognises and values these stakeholders.

As an investment company with no employees, the Company's relationship with its service providers, including the Investment Manager, is of particular importance. Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls

Corporate Governance report continued

and expertise. The Company has established a Management Engagement Committee, which reviews the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

The Company's Investment Manager helps to ensure that the investee companies have the resources to perform well, which helps to drive the local economies in which these companies are located. Responsible investing principles have been applied to each of the investments made, which ensures that appropriate due diligence has been conducted and that the terms of the investments are clearly set out and agreed with investee companies in advance. During the period, the Investment Manager contacted all investee companies to make sure that they have the appropriate plans and resources in place to prioritise the health and safety of their employees in light of the COVID-19 pandemic, as well as to assess supply chain disruptions and ensure the normal operations of their business.

Going concern

The Company's cash balance at 31 March 2022 was £353.73 million, which is sufficient to cover its existing liabilities of £1.02 million, dividend of £11.6 million with respect to the six-month period ended 31 March 2022, and any foreseeable expenses for at least, but not limited to, 12 months from the issuance of the financial statements. The Company also has future acquisition commitments of £366 million. As at 31 March 2022 Royal Bank of Scotland International held £42 million as collateral in respect of foreign currency forward contracts held for financing the acquisition. The £42 million cash collateral will be released when the forward contracts mature and will be available to help meet the Emitel purchase consideration.

The most significant cash requirements arise when the Company successfully bids for investments, and the amount and timing of these are impossible to predict. Where further cash is needed to make fully funded bids, it is anticipated that the Company will be able to access the capital markets for equity, debt or a combination of both, and will therefore be able to continue to make investments.

The Company's cash balance is comprised of cash held on deposit with substantial global financial institutions with strong credit ratings, and the risk of default by the counterparties is considered extremely low. Due to this the Directors believe there is no material going concern risk. The major cash outflows of the Company are expected to be the payment of dividends and expenses and the acquisition of new assets. The Company is closed-ended and there is no requirement for the Company to redeem shares.

The COVID-19 pandemic has caused severe disruptions in global economies and capital markets. The pandemic is not yet over and may also continue to materially and adversely impact the performance of the global economy, the Company's operations, and investments in the future. The war in Ukraine has also had, and is expected to continue for some time to have, substantial additional impacts on the global economy, in particular in respect of inflation rates. Given the ongoing nature of the COVID-19 pandemic and the war in Ukraine, it is currently not possible to determine the potential scale and scope of the ultimate effects on the global economy, capital markets, and the Company's operations and investments. As the situation continues to evolve, this will remain a risk to the Company.

The Directors and Investment Manager are actively monitoring this and its potential effect on the Company and its underlying investments. In particular, they have considered the following specific key potential impacts:

- unavailability of key personnel at the Investment Manager or Administrator due to illness
- increased volatility in the fair value of investments
- disruptions to business activities of the underlying investments; and
- recoverability of income and principal and allowance for expected credit losses.

In considering the above key potential impacts of COVID-19 and the war in Ukraine on the Company and its underlying investments, the Investment Manager has assessed these with reference to the mitigation measures in place.

As further detailed in note 5 to the financial statements, the Investment Manager uses a third-party valuation provider to perform a reasonableness assessment of the Investment Manager's valuation of the underlying investments. Additionally, the Investment Manager and Directors have considered the cash flow forecast to determine the term over which the Company can remain viable given its current resources.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the effects of COVID-19 or the war in Ukraine have created a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period from 24 May 2022 to 30 June 2023, being the period of assessment covered by the Directors. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



Audit Committee report



The Audit Committee, chaired by Mrs Sian Hill, operates within clearly defined terms of reference, which are available from the Company's website, and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code. Its other members are Mr Marten Pieters and Mr Simon Pitcher. Members of the Audit Committee must be independent of the Company's external auditor and Investment Manager. The Audit Committee meets no less than two times in a year, and at such other times as the Audit Committee Chair requires, and meets the external auditor at least once a year.

The Committee members have considerable financial and business experience and the Board has determined that the membership as a whole has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing.

Responsibilities

The main duties of the Audit Committee are to:

- monitor the integrity of the Company's financial statements and regulatory announcements relating to its financial performance and review significant financial reporting judgements;
- report to the Board on the appropriateness of the Company's accounting policies and practices;
- consider the ongoing assessment of the Company as a going concern and assessment of longer term viability;
- review and challenge the valuations of the Company's investments prepared by the Investment Manager, and provide a recommendation to the Board on the valuation of the Company's investments;
- oversee the relationship with the external auditor, including agreeing its remuneration and terms of engagement, review its reporting, monitoring its independence, objectivity and effectiveness, ensuring that any non-audit services are appropriately considered, and making recommendations to the Board on its appointment, reappointment or removal, for it to put to the shareholders in general meeting;
- monitor and consider annually whether there is a need for the Company to have its own internal audit function;
- keep under review the effectiveness of the Company's internal controls, including financial controls and risk management systems;
- review and consider the UK Code, the AIC Code, and the AIC Guidance on Audit Committees; and
- report to the Board on how it has discharged its responsibilities.

The Audit Committee is aware that certain sections of the Annual Report are not subject to formal statutory audit, including the Chairman's Statement, the Investment Manager's Report and certain disclosures relating to Directors'

remuneration. All information in these sections is reviewed by the Audit Committee.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor was invited to attend the Audit Committee meetings at which the Annual Report was considered. They have the opportunity to meet with the Committee without representatives of the Investment Manager or Administrator being present at least once per year.

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Administrator, the Investment Manager and the external auditor and report to the Board on the appropriateness of the Annual Report and Interim Financial Report, concentrating on, among other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or where there has been discussion with the external auditor including going concern and viability statement;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and the Investment Manager and also reports from the external auditor on the outcome of its annual audit.

Meetings

During the period ended 31 March 2022, the Audit Committee met four times formally and there was ongoing liaison and discussion between the external auditor and the Audit Committee Chair with regards to the audit approach and the identified risks.

The matters discussed at those meetings include:

- review of the terms of reference of the Audit Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review of significant areas of financial judgement;

- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the valuations of the Company's investment portfolio and recommendation for approval by the Board;
- detailed review of the Interim Report and half-yearly portfolio valuations, and recommendation for approval by the Board;
- assessment of the independence of the external auditor;
- assessment of the effectiveness of the external audit process as described on [pages 78 and 79](#); and
- review of the Company's key risks and internal controls.

The Audit Committee met on 19 May 2022 to review the results of the audit and to consider the Annual Report for the period ended 31 March 2022, which they approved on 24 May 2022.

Significant areas of judgement considered

The Audit Committee has determined that a key risk of misstatement of the Company's financial statements relates to the valuation of its investments at fair value through profit or loss, in the context of the judgements necessary to evaluate market values of the underlying investments. There is also an inherent risk of management override as the Investment Manager's fees are dependent on the performance of the Company's NAV and share price. The first performance fee calculation date is 31 March 2024 and subsequent calculation dates are on 31 March each year thereafter. The Investment Manager is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

The Audit Committee reviews, considers and, if thought appropriate, recommends for the purposes of the Company's financial statements, valuations prepared by the Investment Manager in respect of the investments.

As outlined in note 5 to the financial statements, the total carrying value of the investments at fair value through profit or loss at 31 March 2022 was £409.9 million.

The Audit Committee has satisfied itself that the key estimates and assumptions used in the valuation models for investee companies are appropriate and that the investments have been fairly valued.

The valuation process and methodology was discussed with the Investment Manager and with the external auditor at the Audit Committee meeting held on 19 May 2022. Due to the illiquid and subjective nature of the Company's investments, the Investment Manager uses an independent third-party valuation expert to perform an independent valuation, which is used to assess the reasonableness of the Investment Manager's half-yearly valuations of the underlying investments. The independent valuation expert provides a detailed valuation report to the Company at each period end.

Accounting for subsidiaries

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 'Consolidated Financial Statements' in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an Investment Entity as defined in IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Consolidated and Separate Financial Statements'. The three essential criteria, and how the Company has satisfied these are outlined in note 2.

Management fee

The Investment Manager receives from the Company an annual management fee, based on the average market capitalisation of the Company, calculated and paid monthly in arrears using the average market capitalisation for each LSE trading day for the relevant month. The management fee has been payable since 30 April 2021, being the date on which more than 75% of the IPO proceeds were deployed in investment activities.

The annual management fee is calculated on the following basis:

- 1.00% of the average market capitalisation up to £500 million;
- 0.90% of the average market capitalisation between £500 million and £1 billion; and
- 0.80% of the average market capitalisation in excess of £1 billion.

Following the publication of each Interim Report and Annual Report and financial statements, the Investment Manager is required to apply an amount, in aggregate, equal to 10% of the annual management fee for the preceding six-month period in the following manner:

- a) if the average trading price, calculated over the 20 trading days immediately preceding the announcement date, is equal to, or higher than, the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) the Investment Manager shall use the relevant amount to subscribe for new ordinary shares (rounded down to the nearest whole number of ordinary shares), issued at the average trading price; or
- b) if the average trading price is lower than the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) the Investment Manager shall, as soon as reasonably practicable, use the relevant amount to make market purchases of ordinary shares (rounded down to the nearest whole number of ordinary shares) within two months of the relevant NAV announcement date.

Even though the annual management fee is payable on a monthly basis, ordinary shares will only be acquired by the Investment Manager on a half-yearly basis.

Any ordinary shares subscribed or purchased by the Investment Manager pursuant to the above arrangements will, subject to usual exceptions, be subject to a lock-up of 12 months from the date of subscription or purchase.

Risk management

The Board is accountable for carrying out a robust assessment of the principal and emerging risks facing the Company, including those threatening its business model, future position and performance, solvency and liquidity. On behalf of the Board, the Audit Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit Committee. The work of the Audit Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Strategic report. The Audit Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External audit

BDO Limited has been the Company's external auditor since the Company's incorporation. This is the first year of audit.

The external auditor is required to rotate the audit partner every five years. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. Under Guernsey company law, the reappointment of the external auditor is subject to shareholder approval at the AGM. The Audit Committee continues to monitor the performance of the external auditor on an annual basis and considers its independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chair continues to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of any non-audit fees. Notwithstanding such services, the Audit Committee considers BDO Limited to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit Committee are aware of the FRC's Ethical Standard 2019 which precludes BDO Limited from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that BDO Limited should only be engaged for non-audit services where they are best placed to provide those services, for example the interim review and reporting accountant services. The Ethical Standard also imposes a cap on fees to be charged by a company's external auditor for non-audit services at 70% of the average statutory audit fees for the previous three years. Note 10 details services provided by BDO Limited during the period and the amounts paid for those services.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

Fees paid to the Company's auditor during the period are as follows:

	For the period ended 31 March 2022 £'000
Fees to the Company's auditor for audit of the statutory financial statements	114
for non-audit services	16
	130

Non-audit services paid to the Company's auditor relate to a review of the Interim Report (£8,000) and services concerning the C Share conversion to ordinary shares (£7,500).

The Audit Committee is satisfied with BDO Limited's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated. Having carried out the review described above, and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that BDO Limited be reappointed as external auditor for the year ending 31 March 2023.

On behalf of the Audit Committee

Sian Hill
Audit Committee Chair
24 May 2022

Directors' report

The Directors present their Annual Report and audited financial statements for the Company for the period ended 31 March 2022. The Corporate Governance report on [pages 66 to 74](#) forms part of this report.

Details of the Directors who held office during the period and as at the date of this report are given on [pages 64 and 65](#).

Capital structure

Cordiant Digital Infrastructure Limited (the Company) is an externally managed closed-ended investment company and its principal activity is to invest in Digital Infrastructure Assets.

The Company was incorporated in Guernsey under the Companies (Guernsey) Law 2008 on 4 January 2021 as a noncellular company limited by shares with an indefinite life. It is domiciled in Guernsey and is tax resident in the UK. The Company is registered with the Guernsey Financial Services Commission (GFSC) as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020 and the Registered Collective Investment Scheme Rules and Guidance 2021.

On 16 February 2021, the Company's ordinary shares were admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange. The Company successfully raised gross proceeds of £370 million at IPO, and a further £200 million gross proceeds through the placing of new ordinary shares in January 2022. £185 million gross proceeds were raised from the issue of C shares in June 2021 with the C Shares all converting into ordinary shares on 20 January 2022. A further £40 million was raised during the period through the exercise of Subscription Shares.

As at 31 March 2022, the Company's issued share capital comprised 773,288,394 ordinary shares and 6,435,071 Subscription Shares. Ordinary shareholders are entitled to all distributions paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, ordinary shareholders are entitled to all of the surplus assets of the Company attributable to the ordinary shares.

Ordinary shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held. Subscription shareholders carry no right to any dividends paid by the Company and have no voting rights.

Authority to buy back shares

The current authority of the Company to make market purchases of up to 55,463,000 ordinary shares (being 14.99% of the issued ordinary share capital at Admission) as authorised at the time of the Company's IPO is due to expire

at the conclusion of the AGM. At the AGM, the Board will seek to renew such authority. Any buy back of ordinary shares will be made subject to the Companies (Guernsey) Law 2008 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 and not at the option of the shareholders. Ordinary shares will only be repurchased at a price which, after repurchase costs, represents a discount to the net asset value per ordinary share and where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the FCA Listing Rules 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.

Modern Slavery Act

As per section 54(1) of the Modern Slavery Act 2015, our Modern Slavery Statement is reviewed and approved by the Board on an annual basis and published on our website.

Significant interest in shares

Significant shareholdings as at 31 March 2022 are detailed below.

	Ordinary shares held %
Sarasin & Partners	9.98
Newton Investment Management	9.94
Smith & Williamson Wealth Management	6.41
Rathbones	4.84
Close Brothers Asset Management	4.69
Charles Stanley	3.82
Killik, stockbrokers	3.28

In addition, the Company also provides the same information as at 6 May 2022, being the most current information available.

	Ordinary shares held %
Sarasin & Partners	10.00
Newton Investment Management	9.89
Smith & Williamson Wealth Management	7.02
Rathbones	4.94
Close Brothers Asset Management	4.77
Charles Stanley	3.82
Killik, stockbrokers	3.40

Investment trust status

On 5 May 2021, HMRC approved the Company's application to be an approved investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended, and the Investment Trust (Approved Company) (Tax) Regulations 2011, subject to continuing to meet the relevant conditions. The Directors intend at all times to conduct the affairs of the Company so as to enable it to meet the conditions and continue to qualify as an investment trust. In particular, the Company generally must not retain in respect of any accounting period an amount which is greater than 15% of its eligible investment income, and must distribute by way of dividend an amount required to comply with this requirement not later than 12 months following the end of the accounting period in which the income arises.

AIFMD disclosures (unaudited)

The Directors have considered the impact of AIFMD on the Company and its operations. The Company is a non-EU domiciled Alternative Investment Fund and the Investment Manager has been appointed as the Company's non-EU AIFM. As the Company is managed by a non-EU AIFM, only a limited number of provisions of AIFMD apply.

Report on remuneration and quantitative remuneration disclosure

Under the AIFMD, we are required to make disclosures relating to remuneration of staff working for the Investment Manager for the year to 31 March 2022.

Amount of remuneration paid

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 March 2022 in relation to work on the Company.

	2022 £'000
Fixed remuneration	533
Variable remuneration	117
Total remuneration	650
Number of beneficiaries	9

The amount of the aggregate remuneration paid (or to be paid) by the Investment Manager to its partners which has been attributed to the Company in respect of the financial year ending on 31 March 2022 was £1.9 million. The amount of the total remuneration paid by the Investment Manager to members of its staff whose actions have a material impact on the risk profile of the Company which has been attributed to the Company in respect of financial year ending on 31 March was £0.3 million.

Leverage

The Company's long-term gearing is expected to be between 20% and 35% of gross asset value, and shall not exceed a maximum of 50% of gross asset value, calculated at the time of drawdown. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its net asset value, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under AIFMD, the leverage of the Company is detailed in the table below:

	Commitment leverage as at 31 March 2022	Gross leverage as at 31 March 2022
Leverage ratio	0%	0%

Other risk disclosures

The risk disclosures relating to risk framework and risk profile of the Company are set out in note 15 on [pages 112 to 116](#) and the Principal risks and uncertainties on [pages 44 and 45](#).

Pre-investment disclosures

AIFMD requires certain information to be made available to investors in an Alternative Investment Fund (AIF) before they invest and requires that material changes to this information be disclosed in the Annual Report of the AIF. There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

Business review and diversity

A business review is detailed in the Investment Manager's report on [pages 26 to 33](#) and the Company's policy on diversity is detailed in the Corporate Governance report on [page 67](#).

Directors' report continued

Directors' indemnity

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Incorporation provide, subject to the provisions of Guernsey legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Incorporation and in the Directors' letters of appointment, there are no qualifying third-party indemnity provisions in force.

Risks and risk management

The Company is exposed to financial risks such as price risk, interest rate risk, credit risk and liquidity risk and the management and monitoring of these risks is detailed in note 15 to the financial statements.

Independent auditor

The Directors will propose the reappointment of BDO Limited as the Company's auditor and resolutions concerning this and the remuneration of the Company's auditor will be proposed at the AGM.

At the time that this report was approved, so far as each of the Directors is aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any audit information and to establish that the auditor is aware of that information.

Annual Report

As disclosed in the Audit Committee Report on [pages 76 to 79](#), the Audit Committee has given due consideration that the Annual Report, taken as a whole, is fair, balanced and understandable. Therefore, the Board is of the opinion that the Annual Report provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Company.

The Board recommends that the Annual Report, the Directors' report and the Independent Auditor's Report for the period ended 31 March 2022 are received and adopted by the shareholders and a resolution concerning this will be proposed at the AGM.

Dividends

With respect to the six months ended 31 March 2022, the Board has declared a dividend of £11.6 million, equivalent to 1.5 pence per share, as disclosed in note 14 to the financial statements. This brings the total distribution declared with respect to the period ended 31 March 2022 to 3 pence per share.

Subsequent events

There have been no significant subsequent events, other than those disclosed in note 18 to the financial statements.

Strategic report

A review of the business and future outlook and the principal and emerging risks and uncertainties of the Company are disclosed in the Strategic report on [pages 8 to 61](#).

Prompt payment

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

Whistleblowing

The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period from 24 May to 30 June 2023, being the period of assessment covered by the Directors. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

By order of the Board

Shonaid Jemmett-Page
Chairman
24 May 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with IFRS, as issued by IASB. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that year, are in accordance with IFRS and comply with any enactment for the time being in force.

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

- select suitable accounting policies and apply them consistently;
- make accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names are set out on [pages 64 and 65](#), confirms to the best of their knowledge and belief that:

- the Company's financial statements have been prepared in accordance with IFRS, as issued by IASB and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal and emerging risks and uncertainties that they face.

Fair, balanced and understandable

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Shonaid Jemmett-Page
Chairman
24 May 2022



Financial statements



Independent Auditor's Report to the Members of Cordiant Digital Infrastructure Limited

Opinion on the financial statements

- In our opinion, the financial statements of Cordiant Digital Infrastructure Limited ("the Company"):
- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the period from 4 January 2021 to 31 March 2022;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB; and
 - have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the period from 4 January 2021 to 31 March 2022 which comprise the Statement of Financial Position, the Statement of Comprehensive Income the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 ("IFRS") as issued by the IASB.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the paper prepared by the Directors and management in respect of going concern and discussing this with both the Company's Directors and management;
- Examining management's cash flow forecasts and their stress tests of future income and expenditure;
- Reviewing the key inputs into the cashflow forecasts to

- ensure that these were consistent with our understanding of the company; and
- Reviewing the minutes of the Board Meetings and the Company's RNS announcements and the compliance reports for any indicators of concerns in respect of going concern.

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 entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's voluntary reporting on how it has 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.

Overview

Key audit matters	Valuation of Investments
Materiality	Company financial statements as a whole £12.3m based on 1.5% of net assets

An overview of the scope of our audit

Our Company audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the Company's interaction with the Manager and the Company's Administrator. We considered the control environment in place at the Manager and the Company's Administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of investments (See note 2 and note 5)</p> <p>The investment portfolio consists of two unlisted investments which were acquired during the period and are both valued using valuation techniques. The investments consists of loan and equity investments.</p> <p>The Hudson Interxchange investment has been valued at cost, as acquired close to the year end, with a discounted cash flow cross check being undertaken.</p> <p>The investment in CRA, which has been held for a longer time frame, has been valued on a discounted cash flow basis.</p> <p>The valuations are subjective, with a high level of judgment and estimation linked to the determination of fair value with limited market information available.</p> <p>These estimates and judgements include revenue projections, terminal growth rate, discount rates, asset lives and tax rates. In addition, valuations are prepared by the Investment Manager who is remunerated based on the net asset value of the company.</p> <p>As a result of the subjectivity, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model being used.</p> <p>The valuation of the unlisted investments is a key driver of the Company's net asset value and total return. Incorrect valuations could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders. As such we determined this to be an area of audit focus and a key audit matter.</p>	<p>For the two investments acquired during the period we obtained and reviewed agreements and contracts and considered whether these were accurately reflected in the valuation model.</p> <p>In respect of the loan portion of the investments :-</p> <ul style="list-style-type: none"> — We vouched the amounts to loan agreements and verified the terms of the loan. — We recalculated the loan interest on the loans based on the agreements and compared to that calculated by management. <p>As the loans are an integral part of the investment they are carried as part of the overall investment valuation.</p> <p>In respect of the equity investment carried at cost as supported by a discounted cash flow model, we performed the following specific procedures:-</p> <ul style="list-style-type: none"> — We inspected the discounted cash flow model and considered whether any changes to the investee entity's cash flows, within the short period of ownership, indicated that the price of acquisition was no longer an appropriate representation of the fair value at the period end. — Obtained management's discounted cash flow model and ensured that this supported the continuing valuation at cost by considering the resulting valuation to that of the price of recent investment. — Management had also utilised a third party to perform a valuation on the investment. We obtained management's third-party specialist valuation and assessed whether this supported management's assessment of fair value at period end. We reviewed the report for any factors identified by management's valuation specialists that would indicate that the price of acquisition is no longer an appropriate representation of the fair value at period end. <p>In respect of the equity investment fair valued using a discounted cash flow models, we performed the following specific procedures:</p> <ul style="list-style-type: none"> — We utilised our internal valuation specialists to assess and challenge the reasonableness and appropriateness of the valuation model/method and the key inputs into the valuation such as discount rates and tax rates. — For the cashflow forecast we obtained a detailed understanding of the cashflow forecasts and challenged management and obtained support for the key inputs that drove the valuation. — Utilised spreadsheet analysis tools to assess the integrity of the valuation models. — Challenged the appropriateness of the selection and application of key assumptions in the model including the discount rate, inflation, asset life, revenue projections, and terminal growth rate applied by benchmarking to available industry data and consulting with our internal valuations specialists. — For the key assumptions in the valuation models, we also considered whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole. Where appropriate, we sensitised the valuation where other reasonable alternative assumptions could have been applied. — Reviewed the corporation tax workings within the valuation model and considered whether these had been modelled accurately in the context of current corporation tax legislation and rates. — Agreed cash and other net assets to bank statements and investee company management accounts. — Considered the accuracy of forecasting by comparing previous forecasts to actual results. — Management had also utilised a third-party to perform a valuation on the investment. We obtained management's third-party specialist valuation and assessed whether this supported managements calculation of fair value at period end. We reviewed the report for any factors that would indicate that the fair value calculated by management is inappropriate. <p>Key observations</p> <p>Based on our procedures performed we found the valuation estimates and judgements were within an acceptable range.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Company Financial Statements	
Materiality	£12.3m
Basis for determining materiality	1.5% of net assets
Rationale for the benchmark applied	Net assets are considered to be the benchmark of most interest to the users of the financial statements in understanding the financial position of the Company as an investor in Digital Infrastructure Assets.
Performance materiality	£8.0m
Basis for determining performance materiality	65% materiality This was determined using our professional judgement and took into account the complexity and our knowledge of the engagement.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £241,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

As the Company has voluntarily adopted the UK Corporate Governance Code, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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.

Going concern and longer-term viability	<ul style="list-style-type: none">— The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 74 and 82; and— The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriately set out on page 46 and 82.
Other Code provisions	<ul style="list-style-type: none">— The Directors' statement on fair, balanced and understandable set out on page 83;— The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks 72;— The section of the annual report that describes the review of effectiveness of risk management and internal control systems 72; and— The section describing the work of the audit committee set out on pages 76 to 79.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where 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 accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Guernsey law 2008, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, requirement and applicable accounting standards. We also considered the risk that the valuation of the investment portfolio was subject to bias from the Investment Manager, as described in the Key audit matters section above.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditor, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations and fraud; and
- Agreement of the financial statement disclosures to underlying supporting documentation

We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the key fraud risk areas to be the ownership and valuation of investments and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key audit matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating the investment management fees in total; and
- Testing journals, based on risk assessment criteria as well as an unpredictable sample, and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's opinion is Justin Hallett.

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.

Justin Hallett

For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

24 May 2022

Statement of Financial Position

As at 31 March 2022

	Note	As at 31 March 2022 £'000
Non-current assets		
Investments at fair value through profit and loss	5	409,856
		409,856
Current assets		
Receivables	7	51,705
Foreign exchange forwards	8	8,072
Cash and cash equivalents		353,734
		413,511
Current liabilities		
Payables		(1,021)
		(1,021)
Net current assets		412,490
Net assets		822,346
Equity		
Equity share capital	9	779,896
Retained earnings		42,450
Total equity		822,346
Number of shares in issue		
Ordinary shares	9	773,288,394
		773,288,394
Net asset value per ordinary share (pence)	13	106.34

The financial statements on pages 90 to 93 were approved and authorised for issue by the Board of Directors on 24 May 2022 and signed on their behalf by:

Shonaid Jemmett-Page
Chairman

Sian Hill
Director

The accompanying notes on pages 94 to 117 form an integral part of these financial statements.

Statement of Comprehensive Income

For the period ended 31 March 2022

	Note	For the period from 4 January 2021 to 31 March 2022 £'000
Movement in fair value of investments	5	40,346
Unrealised foreign exchange gains on investments	5	13,852
Interest income	5	2,932
		57,130
Operating expenses		
Investment acquisition costs		(4,564)
Other expenses	4	(7,448)
Operating profit		45,118
Foreign exchange movement on revaluation of working capital		(1,876)
Unrealised gain on foreign exchange forwards	8	8,072
Finance income		180
Finance expense		(124)
Profit for the period before tax		51,370
Tax charge	11	–
Profit for the period after tax		51,370
Profit and total comprehensive income for the period		51,370
Weighted average number of shares		
Basic	13	411,129,146
Diluted	13	411,644,654
Earnings per share		
Basic earnings from continuing operations in the period (pence)	13	12.49
Diluted earnings from continuing operations in the period (pence)	13	12.48

The accompanying notes on [pages 94 to 117](#) form an integral part of these financial statements.

Statement of Changes in Equity

For the period ended 31 March 2022

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Opening net assets as at 4 January 2021		–	–	–
Issue of share capital		794,997	–	794,997
Share issue costs		(15,101)	–	(15,101)
Distributions paid in the period	14	–	(8,920)	(8,920)
Profit and total comprehensive income for the period		–	51,370	51,370
Closing net assets attributable to shareholders as at 31 March 2022		779,896	42,450	822,346

The accompanying notes on [pages 94 to 117](#) form an integral part of these financial statements.

Statement of Cash Flows

For the period ended 31 March 2022

	Note	For the period from 4 January 2021 to 31 March 2022 £'000
Operating activities		
Operating profit for the period		45,118
Adjustments to operating activities		
Movement in fair value of investments	5	(40,346)
Unrealised foreign exchange gain on investments	5	(13,852)
Interest capitalised and receivable on shareholder loan investments		(2,932)
Increase in receivables		(1,038)
Increase in payables		1,021
Net cash flows used in operating activities		(12,029)
Cash flows used in investing activities		
Investment additions		(361,481)
Cash collateral held for investing purposes	7	(50,599)
Repayment of shareholder loan received	5	8,620
Loan interest received		397
Net cash flows used in investing activities		(403,063)
Cash flows used in financing activities		
Issue of share capital	9	794,997
Payment of issue costs	9	(15,101)
Loan drawn down		286,980
Loan repaid		(286,980)
Finance costs paid		(124)
Bank interest received		150
Dividends paid	14	(8,920)
Net cash flows from financing activities		771,002
Net increase in cash and cash equivalents during the period		355,910
Cash and cash equivalents at the beginning of the period		—
Exchange translation movement		(2,176)
Cash and cash equivalents at the end of the period		353,734

The accompanying notes on [pages 94 to 117](#) form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Cordiant Digital Infrastructure Limited (the Company; LSE ticker: CORD) was incorporated and registered in Guernsey on 4 January 2021 with registered number 68630 as a non-cellular company limited by shares and is governed in accordance with the provisions of the Companies (Guernsey) Law 2008 (as amended). The registered office address is 2nd Floor Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY. The Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 16 February 2021 and its C Shares on 10 June 2021. On 20 January 2022, all C Shares were converted to ordinary shares. A second issuance of ordinary shares took place on 25 January 2022. Note 9 gives more information on share capital.

2. Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with IFRS as issued by the IASB and with the Companies (Guernsey) Law 2008 (as amended).

The annual financial statements have been prepared on an historical cost basis as modified for the measurement of certain financial instruments at fair value through profit or loss. They are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates and are rounded to the nearest thousand, unless otherwise stated. The principal accounting policies are set out below.

Going concern

The Company's cash balance at 31 March 2022 was £353.73 million, which is sufficient to cover its existing liabilities of £1.02 million, dividend of £11.6 million with respect to the six-month period ended 31 March 2022, and any foreseeable expenses for at least, but not limited to, 12 months from the issuance of the financial statements. The Company also has future acquisition commitments of £366 million. As at 31 March 2022 Royal Bank of Scotland International held £42 million as collateral in respect of foreign currency forward contracts held for financing the acquisition. The £42 million cash collateral will be released when the forward contracts mature and will be available to help meet the Emitel purchase consideration.

The most significant cash requirements arise when the Company successfully bids for investments, and the amount and timing of these are impossible to predict. Where further cash is needed to make fully funded bids, it is anticipated that the Company will be able to access the capital markets for equity, debt or a combination of both, and will therefore be able to continue to make investments.

The Company's cash balance is comprised of cash held on deposit with substantial global financial institutions with strong credit ratings, and the risk of default by the counterparties is considered extremely low. Due to this the Directors believe there is no material going concern risk. The major cash outflows of the Company are expected to be the payment of dividends and expenses and the acquisition of new assets. The Company is closed-ended and there is no requirement for the Company to redeem shares.

The COVID-19 pandemic has caused severe disruptions in global economies and capital markets. The pandemic is not yet over and may also continue to materially and adversely impact the performance of the global economy, the Company's operations, and investments in the future. The war in Ukraine has also had, and is expected to continue for some time to have, substantial additional impacts on the global economy, in particular in respect of inflation rates. Given the ongoing nature of the COVID-19 pandemic and the war in Ukraine, it is currently not possible to determine the potential scale and scope of the ultimate effects on the global economy, capital markets, and the Company's operations and investments. As the situation continues to evolve, this will remain a risk to the Company.

The Directors and Investment Manager are actively monitoring this and its potential effect on the Company and its underlying investments. In particular, they have considered the following specific key potential impacts:

- unavailability of key personnel at the Investment Manager or Administrator due to illness
- increased volatility in the fair value of investments
- disruptions to business activities of the underlying investments; and
- recoverability of income and principal and allowance for expected credit losses.

In considering the above key potential impacts of COVID-19 and the war in Ukraine on the Company and its underlying investments, the Investment Manager has assessed these with reference to the mitigation measures in place.

As further detailed in note 5 to the financial statements, the Investment Manager uses a third-party valuation provider to perform a reasonableness assessment of the Investment Manager's valuation of the underlying investments. Additionally, the Investment Manager and Directors have considered the cash flow forecast to determine the term over which the Company can remain viable given its current resources.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the effects of COVID-19 and the war in Ukraine have created a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the period from 24 May 2022 to 30 June 2023, being the period of assessment considered by the Directors. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Accounting for subsidiaries

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 'Consolidated Financial Statements' in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an Investment Entity as defined in IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Consolidated and Separate Financial Statements'. The three essential criteria are that the entity must:

- Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
- Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
- Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criterion, the notion of an investment time frame is critical and an Investment Entity should have an exit strategy for the realisation of its investments. The Board has approved a divestment strategy under which the Investment Manager will, within two years from acquisition of an investment and at least annually thereafter, undertake a review of the current condition and future prospects of the investment. If the Investment Manager concludes that:

- the future prospects for an investment are insufficiently strong to meet the Company's rate of return targets; or
- the value that could be realised by an immediate disposal would outweigh the value of retaining the investment; or
- it would be more advantageous to realise capital for investment elsewhere than to continue to hold the investment, then the Investment Manager will take appropriate steps to dispose of the investment.

Also as set out in IFRS 10, further consideration should be given to the typical characteristics of an Investment Entity, which are that:

- it should have more than one investment, to diversify the risk portfolio and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

The Directors are of the opinion that the Company meets the essential criteria and typical characteristics of an Investment Entity. Therefore, subsidiaries are measured at fair value through profit or loss, in accordance with IFRS 9 'Financial Instruments'. Fair value is measured in accordance with IFRS 13 'Fair Value Measurement'.

2. Significant accounting policies continued

Financial instruments

In accordance with IFRS 9, financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset, and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income, when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

The Company's financial assets principally comprise of investments held at fair value through profit or loss, derivative financial instruments, cash and cash equivalents, and trade receivables.

Financial assets are recognised at the date of the purchase or the date on which the Company became party to the contractual requirements of the asset. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Statement of Comprehensive Income as incurred.

A financial asset is derecognised (in whole or in part) either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Investments held at fair value through profit or loss

Investments are measured at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point.

The loans provided to subsidiaries are held at fair value through profit or loss as they form part of a managed portfolio of assets whose performance is evaluated on a fair value basis. These loans are recognised at the loan principal value plus outstanding interest. Any gain or loss on the loan investment is allocated to equity.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is calculated on an unlevered, discounted cash flow basis in accordance with IFRS 13 and IFRS 9.

When available, the Company measures fair value using the quoted price in an active market. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account when pricing a transaction.

Valuation process

The Investment Manager is responsible for proposing the valuation of the assets held by the Company, and the Directors are responsible for reviewing the Company's valuation policy and approving the valuations.

Derivatives held for trading

When considered appropriate the Company will enter into derivative contracts to manage its foreign-exchange risk and provide protection against the volatility of the market.

Quoted derivatives are valued at bid price on the reporting date. If the price is not available as at the accounting date, the last available price is used. Gains and losses arising from changes in fair value are presented in the Statement of Comprehensive Income in the period in which they arise.

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.

Trade receivables

Trade receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the simplified approach of the expected credit loss (ECL) model based on experience of previous losses and expectations of future losses. Trade and other receivables are recorded based on agreements entered into with entities with no notable history of default causing the expected ECL of these receivables to be immaterial and therefore no ECL has been recorded.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's financial liabilities measured at amortised cost include trade and other payables, and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Equity

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares and Subscription Shares are classified as equity.

Share issue costs directly attributable to the issue of ordinary shares are shown in equity as a deduction from share capital.

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

Revenue recognition

Dividend income is recognised when the Company's entitlement to receive payment is established. Interest income is accounted for in accordance with the loan documentation.

Expenses

Expenses include legal, accounting, auditing and other operating expenses. They are recognised on an accruals basis in the Statement of Comprehensive Income in the period in which they are incurred.

Taxation

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions in section 1158 Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust.

In respect of each accounting period for which the Company is, and continues to be, approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on

its chargeable gains and its capital profits from creditor loan relationships. The Company will, however, be subject to UK corporation tax on its income (currently at a rate of 19%).

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most of the dividends the Company may receive.

A company that is an approved investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its 'qualifying interest income' for an accounting period. It is expected that the Company will have material amounts of qualifying interest income and that it may, therefore, decide to designate some or all of the dividends paid in respect of a given accounting period as interest distributions.

To the extent that the Company receives income from, or realises amounts on the disposal of, investments in foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may, to the extent not relievably under a double tax treaty, be able to be treated as an expense for UK corporation tax purposes, or it may be treated as a credit against UK corporation tax up to certain limits and subject to certain conditions.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with directly in equity.

2. Significant accounting policies continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

Foreign currencies

The functional currency of the Company is sterling, reflecting the primary economic environment in which it operates. The Company has chosen pounds sterling as its presentation currency for financial reporting purposes.

Transactions during the period, including purchases and sales of investments, income and expenses are translated into pounds sterling at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than pounds sterling are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than pounds sterling are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a currency other than pounds sterling are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the change in fair value of investments.

Foreign currency transaction gains and losses on financial instruments are included in profit or loss in the Statement of Comprehensive Income as a finance income or expense.

Segmental reporting

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's NAV, as calculated under IFRS as issued by the IASB, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Annual Report.

For management purposes, the Company is organised into one main operating segment, which invests in Digital Infrastructure Assets.

100 % of the Company's income is generated within the Czech Republic.

86% of the Company's non-current assets are located in the Czech Republic and 14% within the US.

Due to the Company's nature, it has no customers.

New and amended standards and interpretations not applied

Accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 April 2022 or later periods.

The following are the new or amended accounting standards or interpretations applicable to the Company:

- amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, effective for annual periods beginning on or after 1 January 2023;
- amendments to IAS 1 and IFRS Practice Statement 2 on disclosure of accounting policies, effective for annual periods beginning on or after 1 January 2023;
- amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' effective for annual periods beginning on or after 1 January 2023; and
- amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023) – Deferred tax related to assets and liabilities arising from a single transaction.

The impact of these amendments is not expected to be material to the reported results and financial position of the Company.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as an Investment Entity

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 'Consolidated Financial Statements' in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an Investment Entity as defined in IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Consolidated and Separate Financial Statements'. Refer to note 2 for more information.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ended 31 March 2022 is included in note 15 and relates to the determination of fair value of investments with significant unobservable inputs.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the ESG report section of the Strategic Report.

In preparing the financial statements, the Directors have considered the medium- and longer-term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- the estimates of future cash flows used in assessments of the fair value of investments; and
- the estimates of future profitability used in the assessment of distributable income.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short- or medium-term cash flows including those considered in the going concern and viability assessments.

4. Other expenses

Other expenses in the Condensed Statement of Comprehensive Income comprise:

	Note	For the period ended 31 March 2022 £'000
Management fees	12	4,690
Discontinued deal fees		1,612
Other expenses		798
Directors' fees		218
Fees payable to the statutory auditor	10	130
		7,448

5. Investments at fair value through profit or loss

	As at 31 March 2022		
	Loans £'000	Equity £'000	Total £'000
Opening balance	—	—	—
Additions	32,249	329,232	361,481
Shareholder interest capitalised	2,797	—	2,797
Shareholder loan repayment	(8,620)	—	(8,620)
Unrealised movement in fair value of investments	—	40,346	40,346
Foreign exchange movement on valuation of investments	1,245	12,607	13,852
	27,671	382,185	409,856

During the period the Company made two investments, one in the Czech Republic and one in the US. These additions are described in more detail below.

The Company's investments in the Czech Republic comprise a loan investment and an equity investment in Communications Investments Holdings s.r.o., an entity incorporated in the Czech Republic and the parent company of České Radiokomunikace a.s. (CRA), the principal operating company. To fund the acquisition, a loan of €333 million was drawn down on 29 April and was fully repaid within 15 days out of the proceeds of a maturing deposit. The investment is held at fair value.

The loan is repayable on a monthly basis, and bears interest at a rate of 9.90% per annum. Interest receivable on the loan investment in the period was £2,932,000, of which £nil was outstanding at 31 March 2022. During the period £2,797,000 of interest receivable was capitalised as interest income. Under the terms of the loan, interest is payable monthly and capitalised if not received.

During the period the Company purchased, through its subsidiary, CDIL Data Centre USA LLC, the full operational platform of Hudson Interxchange (previously operating under the name DataGryd Datacenters LLC) The investment is held at fair value.

The investment comprises a \$1 equity investment and various equity contributions made in the period. As at 31 March 2022 the equity investment is valued at £58,231,000. The fair value of the investment is considered to be equal to cost due to the proximity of its acquisition to the financial period end.

The table below details all gains on investments through profit or loss.

	As at 31 March 2022		
	Loans £'000	Equity £'000	Total £'000
Shareholder loan interest income	2,932	–	2,932
Unrealised movement in fair value of investments	–	40,346	40,346
Foreign exchange movement on valuation of investments	1,245	12,607	13,852
Total investment income recognised in the period	4,177	52,953	57,130

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

The Company's investments have been classified within Level 3 as the investments are not traded and contain unobservable inputs. The valuations have been carried out by the Investment Manager. In order to obtain assurance in respect of the valuations calculated by the Investment Manager, the Company has engaged a third-party valuations expert to carry out an independent assessment of the unobservable inputs and of the forecast cash flows of the Company's investments.

The fair value of the Company's investment in Hudson Interxchange has been assessed as being equal to invested capital. In reaching this conclusion, the Investment Manager and the Board have considered the short time since the acquisition, and the absence of factors which might suggest the acquisition price might no longer be an accurate assessment of fair value. In particular, there have been no significant changes in the results of Hudson Interxchange from the forecast at the time of acquisition and no significant changes in the market for data centre space. The independent valuation expert concurs with this assessment. This valuation has also been calibrated using a discounted cash flow (DCF) valuation model.

The Company's investment in CRA has been valued using a DCF methodology. This involves forecasting the entity's future cash flows, taking into account the terms of existing contracts, expected rates of contract renewal and targeted new contracts, and the economic and geopolitical environment. These cash flows are discounted at the entity's estimated weighted average cost of capital (WACC). This method also requires estimating a terminal value, being the value of the investment at the end of the period for which cash flows can be forecast with reasonable accuracy. The terminal value is calculated using an assumed terminal growth rate (TGR) into perpetuity based on anticipated industry trends and long-term inflation rates.

5. Investments at fair value through profit or loss continued

The DCF valuation methodology requires estimation of unobservable inputs. The following table summarises the effect on the valuation of the Company's portfolio of reasonably possible alternative investment assumptions with regards to those estimates; these are calculated using the DCF valuation models referred to above.

Unobservable input	Range	Valuation if rate increases by 1% (£m)	Movement in valuation (£m)	Valuation if rate decreases by 1% (£m)	Movement in valuation (£m)
WACC	7.875%-9.135%	329.7	(80.1)	517.8	107.9
TGR	1.0%-2.25%	482.4	72.6	355.9	(54.0)

Both the Investment Manager and the third-party valuation expert use a combination of other valuation techniques to verify the reasonableness of the DCF valuations, as recommended in the International Private Equity and Venture Capital (IPEV) Valuation Guidelines:

- earnings multiple: applying a multiple, derived largely from comparable listed entities in the market, to the forecast EBITDA of the entity to calculate an enterprise value, and then deducting the fair value of any debt in the entity;
- DCF with multiple: calculating a DCF valuation of the cash flows of the entity to the end of the period for which cash flows can be forecast with reasonable accuracy, and then applying a multiple to EBITDA at the end of that period to estimate a terminal value; and
- dividend yield: forecasting the entity's capacity to pay dividends in the future and applying an equity yield to that forecast dividend, based on comparable listed entities in the market.

The DCF valuations derived by the Investment Manager and those derived by the third-party valuation expert were not materially different from each other, and the other valuation techniques used provided assurance that the DCF valuations are reasonable.

6. Unconsolidated subsidiaries

The following table shows subsidiaries of the Company. As the Company qualifies as an Investment Entity as referred to in note 5, these subsidiaries have not been consolidated in the preparation of the financial statements:

Investment	Place of business	Ownership interest at 31 March 2022
Held directly		
Cordiant Digital Holdings UK Limited ¹	United Kingdom	100%
Cordiant Digital Holdings One Limited	United Kingdom	100%
Cordiant Digital Holdings Two Limited	United Kingdom	100%
Communications Investments Holdings s.r.o.	Czech Republic	100%
CDIL Data Centre USA LLC	USA	100%
Held indirectly		
České Radiokomunikace a.s. (Czechia)	Czech Republic	100%
Czech Digital Group, a.s	Czech Republic	100%

¹Entity previously named Cordiant Digital Holdings (Czechia) Limited.

The registered office of the subsidiaries located in the Czech Republic is Skokanska 2117/1, 169 00, Prague 6. The registered office of the subsidiaries located in the UK is 63, St James's Street, London SW1A 1LY. The registered office of the subsidiaries located in the US is 60 Hudson Street suite 116B, New York, NY 10013.

The amounts invested in the Company's unconsolidated subsidiaries during the period and their carrying value at 31 March 2022 are as outlined in note 5. This comprised £305,643,000 invested in Communications Investments Holdings s.r.o. on acquisition of the entity in April 2021, £2,797,000 of the shareholder loan interest receivable capitalised in the period and £55,837,000 invested in CDIL Data Centre USA LLC in January 2022.

During the period, the Company has invested £1 into each of Cordiant Digital Holdings UK Limited, Cordiant Digital Holdings One Limited and Cordiant Digital Holdings Two Limited, relating to the subscription for ordinary share capital on incorporation. Each of these entities has been dormant since incorporation. The Company intends to fund underlying investments through its unconsolidated subsidiaries.

There are certain restrictions on the ability of the Company's unconsolidated subsidiaries in the Czech Republic to transfer funds to the Company in the form of cash dividends or repayment of loans. In accordance with the documentation relating to loans made by various banks to CRA, such cash movements are subject to limitations on amounts and timing, and satisfaction of certain conditions relating to leverage and interest cover ratio. The Directors do not consider that these restrictions are likely to have a significant effect on the ability of the Company's subsidiaries to transfer funds to the Company.

Subsidiaries held in the Czech Republic are profitable and cash generative, and do not need the financial support of the Company. The subsidiary based in the US will receive the financial support of the Company for a period of at least 12 months from the publication of this report.

7. Trade and other receivables

	As at 31 March 2022 £'000
Cash collateral	50,599
Other debtors	1,020
Prepayments	56
Interest receivable	30
	51,705

Cash collateral relates to two security deposits held in money market accounts. £42,000,000 is held as collateral in respect of three foreign exchange forward contracts the Company has entered into, and will be released when the forward contracts are settled. The collateral generates interest at 1.05% per annum. The remaining amount relates to collateral for a letter of credit relating to the lease of the building occupied by Hudson Interxchange, totalling US\$11.3 million (£8.6 million) and generates interest at 0.59% per annum.

8. Derivatives

	As at 31 March 2022 £'000
Forward contracts	
Foreign exchange forwards	8,072
	8,072

The Company has entered into three foreign exchange forwards of £50 million each in Polish zloty, and one in Czech koruna of CZK260 million. The maturity dates of the three Polish zloty foreign exchange forwards are 9 June 2022, and the Czech koruna contract is 23 May 2022. The fair value of the forward contracts receivable is determined using forward rates at the reporting date. There have been no realised gains in the period and the total unrealised gains are £8.072 million.

9. Share capital

Ordinary shares

Date	Issued and fully paid	Number of shares issued	Share capital	Total
			£'000	£'000
Shares at inception		–	–	–
04-Jan-21	Incorporation – ordinary shares of no par value	–	–	–
	Less share issue costs	–	–	–
16-Feb-21	Capital raise – ordinary shares	370,000,000	370,000	370,000
	Less share issue costs	–	(7,007)	(7,007)
01-Apr-21	Subscription Shares exercised	930,447	930	930
	Less share issue costs	–	(13)	(13)
04-May-21	Subscription Shares exercised	771,713	772	772
	Less share issue costs	–	(13)	(13)
01-Jun-21	Subscription Shares exercised	4,480,528	4,481	4,481
	Less share issue costs	–	(13)	(13)
01-Jul-21	Subscription Shares exercised	6,221,004	6,221	6,221
	Less share issue costs	–	(16)	(16)
02-Aug-21	Subscription Shares exercised	6,017,044	6,017	6,017
	Less share issue costs	–	(121)	(121)
01-Sep-21	Subscription Shares exercised	21,274,718	21,275	21,275
	Less share issue costs	–	(422)	(422)
21-Dec-21	Issuance of ordinary shares	154,238	175	175
	Less share issue costs	–	(13)	(13)
20-Jan-22	Conversion of C Shares to ordinary shares	174,640,000	181,548	181,548
	Less share issue costs	–	(12)	(12)
25-Jan-22	Capital raise – ordinary shares	188,679,245	199,999	199,999
	Less share issue costs	–	(3,868)	(3,868)
01-Mar-22	Subscription Shares exercised	119,457	127	127
	Less share issue costs	–	(151)	(151)
		773,288,394	779,896	779,896

9. Share capital continued

C Shares

Date	Issued and fully paid	Number of shares issued	Share capital	Total
GBP			£'000	£'000
10-Jun-21	Capital raise – C Share	185,000,000	185,000	185,000
	Less share issue costs	–	(3,452)	(3,452)
20-Jan-22	Conversion to ordinary shares	(185,000,000)	(181,548)	(181,548)
		–	–	–
Totals at 31 March 2022		773,288,394	779,896	779,896

In January 2022, the Company announced the conversion of C Shares into new ordinary shares, in accordance with the terms of the C Shares. The total number of new shares arising on conversion was 174,640,000. The new ordinary shares rank equally with the existing ordinary shares for any dividends or distributions declared after the conversion date.

At 31 March 2022, the Company's issued share capital comprised 773,288,394 ordinary shares and 6,435,071 Subscription Shares. Holders of ordinary shares are entitled to all dividends paid by the Company on the ordinary shares and, on a winding up, provided the Company has satisfied all of its liabilities, ordinary shareholders are entitled to all of the surplus assets of the Company attributable to the ordinary shares.

Subscription shareholders carry no right to any dividends paid by the Company and have no voting rights.

No Subscription Shares have been exercised between 31 March 2022 and the date of this report.

10. Audit fees

Other operating expenses include fees payable to the Company's auditor, which can be analysed as follows:

	For the period ended 31 March 2022 £'000
Fees to the Company's auditor	
for audit of the statutory financial statements	114
for other audit related services	—
for non-audit services	16
	130

Non-audit services paid to the Company's auditor relate to a review of the Interim Report (£8,000) and services around the C Share conversion to ordinary shares (£7,500).

11. Tax

a) Analysis of the tax charge for the period ended 31 March 2022

	For the period from 4 January 2021 to 31 March 2022 £'000
Corporation tax	
Taxation for the period (see note 11b)	—

b) Factors affecting the tax charge for the period ended 31 March 2022

The tax assessed for the period ended 31 March 2022 is lower than the Company's applicable rate of corporation tax for that period of 19%. The factors affecting the tax charge for the period are as follows:

Profit for the period before tax	51,370
Net return before taxation multiplied by the Company's applicable rate of corporation tax for the period of 19%	9,760
Effects of:	
Capital return on investments	(11,475)
Expenses not deductible for corporation tax	1,173
Unrelieved current period expenses	542
Total tax for the period (see note 11a)	—

c) Deferred taxation

The Company has an unrecognised deferred tax asset of £712,000 based on a main rate of corporation tax of 25%.

A change to the UK tax rate from 19% to 25% was enacted on 24 May 2021 and the deferred tax asset not recognised has been calculated at the expected applicable future rate.

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to retain that status, the Company has not provided tax on any capital gains arising on capital gains or losses arising on the revaluation of investments.

12. Management and performance fees

Under the Investment Management Agreement, the Investment Manager is entitled to receive an annual management fee and a performance fee, plus any applicable VAT, in addition to the reimbursement of reasonable expenses incurred by it in the performance of its duties.

Management fee

The Investment Manager receives from the Company an annual management fee, based on the average market capitalisation of the Company, calculated and paid monthly in arrears using the average market capitalisation for each LSE trading day for the relevant month. The management fee has been payable since 30 April 2021, being the date on which more than 75% of the IPO proceeds were deployed in investment activities.

The annual management fee is calculated on the following basis:

- 1.00% of the average market capitalisation up to £500 million;
- 0.90% of the average market capitalisation between £500 million and £1 billion; and
- 0.80% of the average market capitalisation in excess of £1 billion.

Following the publication of each Interim Report and Annual Report, the Investment Manager is required to apply an amount, in aggregate, equal to 10% of the annual management fee for the preceding six-month period in the following manner:

- a) if the average trading price, calculated over the 20 trading days immediately preceding the announcement date, is equal to, or higher than, the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) the Investment Manager shall use the relevant amount to subscribe for new ordinary shares (rounded down to the nearest whole number of ordinary shares), issued at the average trading price; or
- b) if the average trading price is lower than the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) the Investment Manager shall, as soon as reasonably practicable, use the relevant amount to make market purchases of ordinary shares (rounded down to the nearest whole number of ordinary shares) within two months of the relevant NAV announcement date.

Even though the annual management fee is payable on a monthly basis, ordinary shares will only be acquired by the Investment Manager on a half-yearly basis.

During the period from 4 January 2021 to 30 September 2021 the Investment Manager has been allotted and issued 154,238 new ordinary shares for aggregate consideration of £175,000. During the period from 1 October 2021 to 31 March 2022 the Investment Manager is required to subscribe for new ordinary shares for aggregate consideration of £294,000.

During the period from 4 January 2021 to 31 March 2022 the Investment Manager has charged management fees of £4,690,000 to the Company, with £661,000 accrued at period end.

Any ordinary shares subscribed or purchased by the Investment Manager pursuant to the above arrangements will, subject to usual exceptions, be subject to a lock-up of 12 months from the date of subscription or purchase.

Performance fee

The Investment Manager may receive a performance fee on each performance fee calculation date, dependent on the performance of the Company's NAV and share price. The first performance fee calculation date is 31 March 2024 and subsequent calculation dates are on 31 March each year thereafter. The fee will be equal to 12.5% of the excess return over the target of 9% for the NAV return or share price return, whichever is the lower, multiplied by the time-weighted average number of ordinary shares in issue (excluding any ordinary shares held in treasury) during the relevant period.

Any performance fee is to be satisfied as follows:

- as to 50% in cash; and
- as to the remaining 50% of the performance fee, subject to certain exceptions and the relevant regulatory and tax requirements:
 - a) if the average trading price, calculated over the 20 trading days immediately preceding the performance fee calculation date, is equal to or higher than the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) the Company will issue to the Investment Manager such number of new ordinary shares (credited as fully paid) as is equal to the performance fee investment amount divided by the average trading price (rounded down to the nearest whole number of ordinary shares); or
 - b) if the average trading price is lower than the last reported NAV per ordinary share (as adjusted to reflect any dividends reflected in the average trading price) then the Company shall (on behalf of, and as agent for, the Investment Manager) apply the performance fee investment amount in making market purchases of ordinary shares, provided any such ordinary shares are purchased at prices below the last reported NAV per ordinary share.

Any ordinary shares subscribed or purchased by the Investment Manager pursuant to the above arrangements will, subject to usual exceptions, be subject to a lock-up of 36 months from the date of subscription or purchase.

For the period from 4 January 2021 to 31 March 2022 no performance fee is due to the Investment Manager.

13. Earnings per share and net asset value per share

	For the period from 4 January 2021 to 31 March 2022	
Earnings per share	Basic	Diluted
Allocated profit attributable to this share class- £'000	51,370	51,370
Weighted average number of shares in issue	411,129,146	411,644,654
Earnings per share from continuing operations in the period (pence)	12.49	12.48

On IPO 46,249,982 Subscription Shares were issued. During the period 39,814,911 Subscription Shares were exercised, as detailed in note 9. At 31 March 2022, there were 6,435,071 dilutive Subscription Shares in issue. No earnings are attributable to the Subscription Shares.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	For the period from 4 January 2021 to 31 March 2022
Weighted average number of shares used in basic earnings per share	411,129,146
Effect of subscription shares carrying a right to subscribe for ordinary shares	515,508
Weighted average number of shares used in diluted earnings per share	411,644,654
Net asset value per share	
Net asset value – £'000	822,346
Number of ordinary shares issued	773,288,394
Net asset value per share (pence)	106.34

14. Dividends declared with respect to the period

Dividends paid during the period	Dividend per ordinary share pence	Dividend per C Share pence	Total dividend £'000
With respect to the period ended 30 September 2021	1.50	1.50	8,920
	1.50	1.50	8,920

Dividends declared after 31 March 2022 and not accrued in the period	Dividend per ordinary share pence	Total dividend £'000
With respect to the period ended 31 March 2022	1.50	11,599
	1.50	11,599

On 23 May 2022, the Board approved an interim dividend of 1.5 per share in respect of the period from 1 October 2021 to 31 March 2022, bringing the total dividend for the period to 31 March 2022 to 3 pence per share. The record date for this dividend is 24 June 2022 and the payment date is 21 July 2022.

15. Financial risk management

Financial risk management objectives

The Company's investing activities intentionally expose it to various types of risks that are associated with the underlying investments. The Company makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instruments

For those financial assets and liabilities carried at amortised cost, the Directors are of the opinion that their carrying value approximates to their fair value.

	As at 31 March 2022 £'000
Financial assets	
Financial assets at fair value through profit or loss:	
Investments	409,856
Forward contracts receivable	8,072
Other financial assets at amortised cost:	
Cash and cash equivalents	353,734
Trade and other receivables	51,649
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and other payables	(1,021)

Fair value hierarchy

The table below analyses financial instruments measure at fair value at the reporting date by the level in fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit or loss:				
Investments	—	—	409,856	—
Foreign exchange forwards	—	8,072	—	—

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to shareholders. The capital structure of the Company consists of issued share capital and retained earnings, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may issue new shares. There are no external capital requirements imposed on the Company.

During the period ended 31 March 2022, the Company entered into a €333 million loan on 29 April 2021, to fund the purchase of an investment. The loan was fully repaid within 15 days out of the proceeds of a maturing deposit. As at 31 March 2022 the Company had no borrowings.

The Company's investment policy is set out in the Strategic report on [page 8](#).

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

a) Price risk

The underlying investments held present a potential risk of loss of capital to the Company. As outlined in note 5, investments are in the form of shareholder loans and equity with protective provisions in place. Price risk arises from uncertainty about future prices of underlying financial investments held by the Company. As at 31 March 2022, the fair value of investments, excluding cash and cash equivalents, was £409.9 million and a 3% increase/(decrease) in the price of investments with all other variables held constant would result in a change to the fair value of investments of +/- £12.3 million.

Please refer to note 5 for quantitative information about the fair value measurements of the Company's Level 3 investments.

The Company is exposed to a variety of risks which may have an impact on the carrying value of its investments. The risk factors are set out in (a)(i) to (a)(iii) below.

i. Not actively traded

The Company's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The investments of the Company vary as to geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

ii. Concentration

The Company invests in the Digital Infrastructure sector. While the Company is subject to the investment and diversification restrictions in its investment policy, within those limits material concentrations of investments may arise.

Although the investments are in the same industry, each individual underlying data centre, mobile telecommunications tower or segment of a fibre-optic network held within the portfolio constitutes a separate Digital Infrastructure Asset. This risk is managed through careful selection of investments within the specified limits of the investment policy.

Each of these investment restrictions are calculated and applied as at the time of investment and non-compliance resulting from changes in the price or value of assets following investment is not considered a breach of the investment restrictions.

15. Financial risk management continued

b) Foreign currency risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars, Polish zloty and Czech koruna.

The Company's currency risk is managed by the Investment Manager in accordance with the policies and procedures in place.

The Company also has exposure to foreign currency risk due to the payment of some expenses in euros, Canadian dollars, Czech koruna, Polish zloty and US dollars. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than pounds sterling. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in pounds sterling, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

As at March 2022	USD	CZK	CAD	PLN	GBP	Total £'000
Non-current assets						
Investments at fair value through profit or loss	58,231	351,625	–	–	–	409,856
Total non-current assets	58,231	351,625	–	–	–	409,856
Current assets						
Trade and other receivables	8,599	–	–	–	43,106	51,705
Forward contracts receivable	–	–	–	8,072	–	8,072
Cash and cash equivalents	954	–	3	–	352,777	353,734
Total current assets	9,553	–	3	8,072	395,883	413,511
Current liabilities						
Trade and other payables	–	–	(2)	–	(1,019)	(1,021)
Total current liabilities	–	–	(2)	–	(1,019)	(1,021)
Total net assets	67,784	351,625	1	8,072	394,864	822,346

The table below sets out the effect on the net assets against a reasonably possible weakening of the pound against the US dollar, Czech koruna, Canadian dollar and Polish zloty by 3%, at 31 March 2022. The analysis assumes that all other variables remain constant.

Effect in increase of pounds sterling	As at 31 March 2022 £'000
USD	2,034
CZK	10,549
CAD	—
PLN	242

A strengthening of the pound against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

c) Interest rate risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates.

The Company has no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to variable market interest rate risk. As at 31 March 2022, the cash balance held by the Company was £353,734,000. A 1% increase/(decrease) in interest rates with all other variables held constant would result in a change to interest received of +/- £3,537,000 per annum.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liabilities are made up of estimated accruals and trade creditors which are due to be settled within three months of the year end.

The Company's liquidity risk arises principally from the fact that there is no liquid market for its investments and it may not be able to realise their full value on a timely basis. The Company will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board of Directors from time to time.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations.

15. Financial risk management continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Financial assets mainly consist of cash and cash equivalents and investments at fair value through profit or loss. The Company's risk on liquid funds is reduced because it can only deposit monies with institutions with a minimum credit rating of A-. The Company mitigates its credit risk exposure on its investments at fair value through profit or loss by the exercise of due diligence on the counterparties and the Investment Manager.

The table below shows the material cash balances and the credit rating for the counterparties used by the Company at the period-end date:

	Location	Rating	31 March 2022 £'000
Counterparty			
Royal Bank of Scotland RBS	Guernsey	A-	353,734

The Company's maximum exposure to loss of capital at the period end is shown below:

Carrying value and maximum exposure

	31 March 2022 £'000
31 March 2022	
Other financial assets (including cash and equivalents but excluding prepayments)	413,455

Gearing

As at the date of these financial statements the Company has no gearing.

16. Related party transactions

Directors

The Company has four non-executive Directors, each of whom is considered to be independent. Directors' fees for the period ended 31 March 2022 amounted to £218,000, of which £nil was outstanding at the period end. During the period, £194 was paid to Directors as reimbursement of travel and other incidental expenses, and no such amounts were outstanding at period end. As part of the IPO Shonaid Jemmett-Page and Sian Hill purchased 20,000 shares each, and Marten Pieters and Simon Pitcher purchased 25,000 shares each. Each of the directors was also granted Subscription Shares at time of the IPO at a rate of one Subscription Share for every eight ordinary shares purchased, and each of them has subsequently exercised their rights to convert their Subscription Shares into additional ordinary shares.

Investment Manager

The Investment Manager provides advice to the Company on the origination and completion of new investments, the management of the portfolio and on realisations, as well as on funding requirements, subject to Board approval. For the provision of services under the Investment Management Agreement, the Investment Manager earns a management and performance fee, as disclosed in note 12.

Under the terms of the Investment Management Agreement, on a semi-annual basis in respect of the six-month period ending 31 March and 30 September in each year, the Investment Manager is required to apply an amount in aggregate equal to 10% of the management fee for the relevant six-month period to the acquisition of ordinary shares in the Company. On 21 December 2021, 154,328 ordinary shares, with a consideration of £175,000, were allotted by the Company and issued to the Investment Manager relating to the period from 4 January 2021 to 30 September 2021.

Investments

As part of the initial acquisition of Communications Investments Holdings s.r.o. (CIH) in April 2021, the Company acquired a loan due from CIH which accrues interest at 9.9% per annum. Total interest in relation to the period was £2,932,000, of which £nil remained outstanding at the period end. The balance on the loan investment at 31 March 2022, including accrued interest, was £27,671,000. Interest is payable monthly and capitalised if not received.

In January 2022, the assets of Hudson Interxchange were acquired by the Company's subsidiary CDIL Data Centre USA LLC. The Company provided funding for this transaction in the form of equity contributions. The balance of the equity investment at 31 March 2022, was £58,231,000.

17. Ultimate controlling party

In the opinion of the Board, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

18. Subsequent events

With the exception of dividends declared and disclosed in note 14, there are no other material subsequent events.

19. Commitments

On 4 January 2022, the Company entered into a binding agreement with Emitel S.A to acquire the business for a consideration of 1.97 billion Polish zloty. As at 31 March 2022, the Company has committed £366 million to the acquisition.

Supplementary ESG information (unaudited)

Sustainable Accounting Standards Board (SASB) Standards

The transition to SASB, has assisted the Investment Manager as it tailors its ESG approach to its chosen investment sectors, including Digital Infrastructure, enabling a flexible, more nuanced approach, incorporating the standards into the ESG management and tracking process. SASB's Sustainable Industry Classification System has enabled the identification of industry specific standards that matter to the overall Company performance in addition to the chosen investment sectors. For the Company, this has led to the adoption and integration of certain industry standards and sustainability metrics, sharpening the focus on financially material metrics/issues in the Digital Infrastructure sector assets held in the portfolio.

The Investment Manager has long held the belief that the best way to create valuable change is to ensure ESG and impact practices are underscored by collaborative and sensible approaches; engagement with investee companies being paramount to the success of environmental, social and governance improvements. The move has proved very effective and left more space for constructive/productive engagement with portfolio companies on relevant sustainability issues to ensure realistic ESG goals and timelines are met, and where necessary more targeted and realistic ESG 'Action Plans'.

CRA ESG overview

The Company's priority ESG engagements and initiatives with CRA have been concerned with reducing the carbon footprint of CRA's operations. These efforts have included a programme to transition to 100% of renewable energy and a programme to improve the energy efficiency of the CRA's data centres.

CRA ESG credentials: An overview of CRA makes a clear case that CRA is becoming an increasingly sustainable business, with it basing its approach to corporate social responsibility efforts on three key principles:

1. Ethical principles are fully respected and enshrined in a Code of Ethics;
2. Promotion of environmental protection and a high standard of health and safety at work; and
3. Promotion of education and equal opportunities.

Checklist of official compliance:

1. CSN ISO 14001:2016 certified;
2. Certified Environmental Management System – audited and rectified on an annual basis;
3. Compliant with all relevant Czech Republic and EU legal obligations:
 - CRA and CRA's suppliers meet strict environmental protection criteria;
 - CRA is in full compliance with all national regulations relating to occupational health and safety.

CRA understands the importance environmental protection plays and prioritises technologies and services with minimal impact on the environment. This is highlighted by its chosen distribution system DTT. DTT requires one broadcast and one source of power consumption for households to receive the signal and in addition requires fewer sites for the same coverage compared to other distribution networks. In the operation of its facilities and technological units, CRA respects the importance of and need to prevent negative impacts on the environment. As such, CRA actively monitors and maps environmental risks posed by operations and activities to prevent environmental risks and emergencies. These operational environmental risks are continuously evaluated and monitored for all identified risks, ensuring that preventative measures, emergency preparedness and continuous training are rigidly adhered to. To support its environmental efforts, CRA focuses

on the technologically and efficient operation of gas boilers, back-up electricity sources and the vehicle fleet, while also monitoring all sources of air pollution and reporting this to the relevant authorities in accordance with legal regulations. Water supply for all facilities is provided by public water suppliers and from CRA's own resources (wells, boreholes). Wastewater is then discharged in accordance with applicable legislation by public sewers, treated at CRA's own wastewater treatment plants, or drained into sumps, which are then exported to municipal wastewater treatment plants. CRA is actively involved in the Green Company project, the aim of which is to protect the environment and eliminate the negative impact of human activities by effectively ensuring the take-back and effectively recycling waste of electrical and electronic devices. In addition, CRA's waste reduction programme has seen ongoing efforts on the part of the Company to reduce their production of waste. CRA has eliminated all forms of unnecessary printing and paper consumption and has instead moved to electronic/cloud-based methods of communication, documentation drafting and approval.

CRA understands the responsibility the company has as an employer and its role in society. CRA believes in and promotes a high standard of health and safety at work. Regular inspections are carried out by qualified occupational health and safety technicians, and inspections by trained employees aimed at assessing the safe condition of the operated facilities and their technical equipment. All employees receive mandatory health and safety training. Additionally, CRA aims to prevent risks and accidents, with the company's employees proactively reporting so-called 'near-miss incidents' to prevent more serious incidents in the future.

What has been achieved during the year:

2021 saw CRA launch a number of environmentally focused initiatives. The Investment Manager and CRA identified programmes that would target beneficial environmental impacts in line with the Company's impact investing aims. CRA has implemented a programme to begin the transition to 100% renewable energy. The programme will involve sourcing renewable energy, as well as installing renewable energy capacity at CRA's facilities. CRA has also implemented a programme focusing on greater data centre efficiency, looking to improve the PUEs of existing data facilities as well as to ensure that new facilities come with a high degree of energy efficiency. Finally, CRA's Smart City Business is developing some very appealing impact aspects, with CRA being selected during the year to manage the wireless sensor network for the Prague low emissions zone.

As the Company is a licensee of the Value Reporting Foundations SASB Standards, it asked CRA to disclose on relevant SASB's industry-specific, financially material sustainability metrics, alongside the Company's own internal indicators. The disclosure was completed by year end. The Company is currently working with CRA to understand how to best achieve environmental and social targets to improve the operations of the company, using the findings of the disclosure as a baseline of performance.

Hudson Interexchange ESG overview

Since the Company's acquisition of HIX in January 2022, our primary ESG efforts along with HIX's management has been the creation and implementation of policies to assist management in establishing robust and responsible procedures and systems for potential ESG concerns. The policies implemented include:

- Emergency Action Plan;
- Grievance Policy;
- Incident and Near-Miss Report; and
- Standards Policy.

The Investment Manager has been actively engaging with HIX post acquisition to create an initial ESG action plan (ESGAP) for 2022. The ESGAP covers a number of deliverables for the company including: creating, developing and implementing a company environmental and social management system; company ESG risk assessment and objectives policy; and tier one supplier mapping. These key preliminary deliverables were selected to implement processes to establish the ESG risk awareness and management of HIX, while also enabling it to identify potential beneficial ESG and impact opportunities to help drive sustainability projects. Through the achievement of the deliverables the Company aims to assist HIX in creating a robust ESG management framework, embedding ESG consideration into its decision making processes.

The Company is also seeking to contribute to its target of reducing the carbon footprint of the digital economy, and in conjunction with HIX is assessing measures to increase the proportion of renewable electricity in the energy supply mix.

Due to the date of the acquisition, the Company has not had a full year to measure the ESG KPIs that it intends to track. Some KPIs require processes to be established by HIX in order to measure and report. As such, the Company

intends to establish 2022 as the first year of full monitoring for HIX's ESG KPIs, using the results to assess performance going forward.

Emitel ESG overview

Emitel's commitment to sustainability and responsibility across all business aspects is demonstrated by the 5-star rating it received in 2020 from GRESB (Global Real Estate Sustainability Benchmarks), in its global survey of social engagement and sustainable development. Emitel's score improved upon its result in 2019, putting Emitel second in its peer group. In 2020, it was also awarded the international Top Employer by the Top Employer Institute, which focuses on work environment and HR policy assessments.

The acquisition of Emitel is pending completion, but finalisation would further support the Company's societal impact targets. Emitel's nationwide broadcast network providing coverage to Poland's highly dispersed population helps to reduce the digital divide and improve communications while bringing connectivity to under-served regions, typically rural regions. In addition, Emitel has made significant progress in reducing its GHG emissions since 2017. While implementing energy efficiency measures such as installing LED lighting and free air cooling in air conditioning systems, and it has implemented a pilot project with photovoltaic installations at two radiocommunication facilities to test the feasibility of switching to PV power. These efforts are aligned with the Company's target to reduce the carbon footprint of the data economy.

Pending completion of the acquisition, the Company intends to assist and proactively engage with Emitel in continuing its ESG efforts.

Supplementary ESG information
(unaudited) continued

Cordiant Digital Infrastructure Limited (the Company) SASB disclosure

The Investment Manager refers to Cordiant Capital Inc. (registered as a Portfolio Manager and an Exempt Market Dealer with the Autorite des Marches Financiers, the Ontario Securities Commission and other Canadian regulators as well as a Registered Investment Advisor with the US SEC and as an Investment Fund Manager in Quebec and Ontario).

The Company is committed to understanding the challenges and identifying solutions that may foster the quality of any investment, while enhancing the value of the company. The Company uses a collaborative, active, and ever-evolving approach that can provide investee companies with the incentive to improve ESG standards and practices and achieve optimal development outcomes.

In pursuit of these commitments, and as an advocate for greater transparency, the Company is committed to providing meaningful sustainability information.

As the ESG arena evolves and improves over time, the Company is committed to enhancing our own sustainability reporting. It has therefore chosen to align itself with the Value Reporting Foundation's SASB Standards. As the Company only became a signatory of SASB in October 2021, this is the first disclosure statement, and covers the first year of reporting.

Transparent Information & Fair Advice for Customers

1. FC-AC-270a.1

— (1) number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.

As it is externally managed, the Company has no employees. The Investment Manager found that it had no covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings disclosed in the past 12 months. The Investment Manager understands the importance of compliance with all applicable laws, rules and regulations.

2. FN-AC-270a.2

— Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.

In Financial Year 1 – the Company sustained £0.00 losses as a result of legal proceedings associated with its marketing and communications to customers.

3. FN-AC-270a.3

— Description of approach to informing customers about products and services

We make use of the website (including presentations posted therein) and the prospectus to describe the Company's strategy. The Company also actively works with research analysts to ensure that there is third-party analysis of the company.

Employee Diversity & Inclusion

1. FN-AC-330a.1

— Percentage of gender and racial/ethnic group representation for (1) executive management; (2) non-executive management; (3) professionals, and (4) all other employees.

As it is externally managed, the Company has no employees. However, the Investment Manager holds firmly the belief that all employees, regardless of age, disability, gender, race, religion or belief, sexual orientation, or any other distinction, are to be treated equally and with respect. The Company has a zero-tolerance policy regarding any form of discrimination. All employees receive equal pay for the same, or broadly similar work, or work rated as equivalent and work of equal value. The evident value of cognitive diversity when making investment decisions is widely understood, and as such the company is committed to building an inclusive and diverse workplace.

Incorporation of ESG Factors in Investment Management & Advisory

1. FN-AC-410a.1

— Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening.

All investments under management employ an ESG and impact screening process from the outset of the investment process. ESG risks and opportunities are outlined during the due diligence process and continue to be monitored throughout the lifetime of an investment. Sustainability themes are identified during the first stages of the investment process, wherein the Company identifies areas to maximise potential positive impacts, and minimise potential negative impacts.

2. FN-AC-410a.2

— Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies

The Company, in line with its Responsible Investment Policy, merges ESG and impact risk and opportunity analysis with traditional investment analysis to create responsible and attractive risk-adjusted-returns within the investment objective. The Company integrates ESG and impact policies and procedures through the entirety of the investment process, based on three key principles: (1) screening; (2) management; and (3) tracking. These principles are integrated through the following procedures:

Screening

- **Origination:** the Investment Manager's team has a combined experience of 103 years in the digital sector. With this wealth of experience, investment opportunities which best match the Company's ESG principles and impact objectives are best identified.
- **Exclusion list:** prospective investments are subjected to an initial negative screening process. The screen covers activities or operations that present significant ESG risks. The Company will not make investments in companies that violate any of the environmental and social standards outlined.
- **ESG criteria matrix:** an ESG evaluation screen to assess prospective investments alignment to key ESG goals. The matrix includes, but is not limited to, adherence to the UN Global Compact Principles, alignment with Paris Climate Accord objectives, and international best practice in relation to corporate governance.
- **Due diligence:** An ESG assessment of prospective investments based on identified ESG indicators, to establish a baseline understanding of ESG risks and/or opportunities pertaining to an investment. The Company will incorporate the consideration of

identified ESG risks/opportunities in the investment decision.

Management

- **Gap analysis:** gap analysis will be used to evaluate an investee company's ESG performance, identifying both negative and/or positive 'gaps', in keeping with the Company's dual approach to ESG. If required, measures necessary for closing the identified gaps or relevant remediation policies will be outlined.
- **Engagement:** the Investment Manager will engage with investee companies throughout the life of the investment. The Company will detail the metrics and indicators required for ESG and impact monitoring with the investee company. The Company will also seek engagement regarding previously identified or arising ESG risks and/or opportunities as well as measures to improve ESG characteristics or avoid and mitigate adverse ESG outcomes. If concerns seem highly material, an ESG action plan will be developed to meet ESG requirements and expectations. If required, the Investment Manager will consider hiring third party experts to evaluate and monitor ESG risks.

Tracking

- **Ongoing monitoring and evaluation:** ongoing monitoring and evaluation by the ESG and impact team, in coordination with the investment team, is a vital component throughout the investment lifecycle. This ensures ESG and impact performance of the investee is monitored, ensures that actions are consistent with agreed-upon ESG plans, and assists in the identification of arising ESG risks. The Company bases its monitoring and evaluation on relevant SASB Standards, aiding the understanding and awareness of relevant key material sustainability issues. This understanding is then underscored through the adoption and integration of sustainability metrics that are relevant

to financial performance. Senior management and the Investment Committee will be alerted to any new risks that may arise throughout the lifetime of an investment. The Company will conduct, at minimum, a yearly review of the investee's performance. The Company will be reporting on ESG metrics with 2022 as a baseline year.

- **Transparency:** the Company discloses its approach to responsible investment and the integration of ESG risks and/or opportunities and impact objectives throughout the investment process.

3. FN-AC-410a.3

— Description of proxy voting and investee engagement policies and procedures

The Company views engagement as a vital component of its integration of ESG and impact into the investment process. As such the Company seeks to proactively engage with investee companies regarding ESG and impact risks and opportunities throughout the lifecycle of the investment. The Company's Responsible Investment Policy details the Investment Manager's full approach to engagement with investees, the key aspects of which include: (1) discuss and implement ESG metrics and indicators for monitoring and reporting requirements; (2) implementation of remediation measures to improve or mitigate (and if not possible, reduce) any adverse ESG or impact outcomes; (3) development of ESG action plans if necessary to address highly material concerns; (4) engagement with investees' management to promote the adoption of policies, standards and best practice concerning governance and labour, this will include the principles included in the Criteria Matrix; and (5) periodically review management objectives, in the context of the impact the Company would like to achieve through the investment. If deemed necessary or material, the Company will consider contracting an ESG and

Supplementary ESG information
(unaudited) continued

impact-focused consultancy team. Consultants may be contracted for a number of reasons, such as but not limited to: provide on-site visits to ensure accurate information is delivered to the Company; evaluate the technology, materials, and equipment of the investee company to identify environmental impacts such as air emissions, efficiency, noise, water consumption, waste, CO₂ emissions; to conduct 'Red Light Reports' to ensure the Company is aware of risks identified during on-site visits; review and verify the existence and validity of EHS permits, licenses, and concessions according to the applicable national regulations and standards; review relevant documentation to ensure best practice standards, specifically in regards to environmental, health and safety, social, and governance, are met by investee companies.

Business ethics:

1. FN-AC-510a.1

— Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, and anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

The Company did not sustain any monetary losses in Financial Year 2021 as a result of legal proceedings associated with fraud, insider trading, anti-trust, and anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

2. FN-AC-510.a2

— Description of whistle-blower policies and procedures

As it is an externally managed, the Company does not have any employees. However, the Investment Manager has a whistle-blowing policy, and all employees are expected and encouraged to report any of the following to the appropriate authority: a criminal offence; danger to a person or group's health and safety; a

miscarriage of justice; and cover-ups of wrongdoing.

Risk management

1. FN-AC-550a.1

— Percentage of open-end fund assets under management by category of liquidity

We are a closed-end fund.

2. FN-AC-550a.2

— Description of approach to incorporation of liquidity risk management programmes into portfolio strategy and redemption risk management

As a closed-end fund, we do not have redemption risk issues. The Company invests in long-term, private assets.

3. FN-AC-550a.3

— Total exposure to securities financing transactions

Zero.

4. FN-AC-550a.4

— Net exposure to written credit derivatives

Zero.

SFDR

SFDR Periodic Disclosure for Article 8 Financial Products

The Investment Manager refers to Cordiant Capital Inc. (registered as a Portfolio Manager and an Exempt Market Dealer with the Autorite des Marches Financiers, the Ontario Securities Commission and other Canadian regulators as well as a Registered Investment Advisor with the US SEC and as an Investment Fund Manager in Quebec and Ontario); Financial Product Name: Cordiant Digital Infrastructure Limited Legal Entity Identifier: CORD This is the periodic disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

This financial product promoted environmental and social characteristics, though it does not have as its objective a sustainable investment.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Company's strategy is wholly committed to sustainable and responsible investing. The Company has a dedicated Responsible Investment Policy, tailored to the Digital Infrastructure sector – full details of which can be found on the its website. The procedures in this policy have been applied to all investments, to ensure ESG and impact risks and opportunities are considered throughout the lifecycle of investments.

The Company has promoted the following environmental characteristics in investee companies, working towards:

- Reducing the digital divide;
- Bringing connectivity to under-served regions;
- Reducing the environmental footprint of the Digital Infrastructure operations; and
- Increasing renewable energy in the energy supply mix of Digital Infrastructure Assets.

How did the sustainability indicators perform, compared to previous periods?

As this was the first year of operation, this year was used as a baseline to begin establishing data, and begin measuring, monitoring, and reporting material sustainability metrics. From that baseline, the Company will work with investees to improve sustainability of operations.

How did this financial product consider principal adverse impacts on sustainability factors?

Sustainability factors are defined by Article 2(22) of Regulation (EU) 2019/2088 as 'environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.' The Investment Manager therefore defines principal adverse impacts (PAIs) of investment decisions on sustainability factors as the most significant negative impacts to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters arising from activities, events, or conditions from investment decisions. The Investment Manager's analysis shows that on average during the financial year the company had fewer than 500 employees and therefore under Article 4(3) eligible to comply with Article 4(1) (b), and not consider principal adverse impacts, giving clear reasons for why they are not considered.

For its first year of operations, the Company did not take principal adverse impacts into consideration due to the delay in the adoption and release of the Regulatory Technical Standards (RTS) in 2021. The final Draft RTS, specifying the content, methodologies, and presentation of PAI disclosures pursuant to Article 4 (6), developed by the European Supervisory Authorities, at the time of the release of this statement, has yet to be approved by the European Commission. The Company will continue to review its stance on the consideration of PAIs regularly.

Impact consideration along with ESG analysis is an integral component of the Investment Manager's investment decision process. The Investment Manager has a long-standing integration of impact investing processes in the traditional investment processes to ensure profitable investment goes hand-in-hand with a sustainable, responsible approach. Demonstrable of this commitment, the Investment Manager was a founding signatory – and speaker at the launch – of the Operating Principles for Impact Management and is committed to implementing a global standard for managing investments for impact. The Investment Manager will continue to evaluate best practice regarding Impact Investing to ensure the company continues to implement a responsible approach to investment decisions.

What was the proportion of sustainability-related investments? #1B Other E/S Characteristics: 100%**In which economic sectors were the investments made?**

The Company is a sector-focused investor, and as such all investments were made in Digital Infrastructure Assets.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

This reference period was the Company's first year of operations.

What actions have been taken to meet the environmental and/or social characteristics during this reference period?

To monitor and measure our contribution to the environmental and social characteristics mentioned above, the Company asked investee companies during this reference period (our first year of operations) to begin measuring and monitoring a number of sector-specific sustainability metrics, including but not limited to: PUE of data centres;

percentage of renewable energy in the energy supply mix; compliance with local and international environmental laws; and adherence to labour laws and practices. Furthermore, the Company has used comprehensive industry neutral ESG metrics, in combination with Digital Infrastructure industry-specific metrics, to begin measuring the overall ESG performance of investee companies. The Company's Investment Manager is a licensee of the Value Reporting Foundation's Sustainability Accounting Standards Board (SASB) Standards. The Standards have been used to improve the scope and the integration of relevant material sustainability metrics into the assessment of investments.

The Company has engaged with investee companies to work towards: properly monitoring labour rights and promoting safe and secure working environments for all workers; promoting diversity; building resilient infrastructure, promoting inclusive and sustainable industrialisation that fosters innovation; improving sustainability with infrastructure upgrades, and helping investees begin the adoption of clean energy; significantly increase access to information and communications technologies, and strive to widen affordable digital broadband access wherever possible; and finally to support positive economic, social, and environmental links by strengthening rural and remote areas' connectivity.

How did this financial product perform compared to the reference benchmark?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

Supplementary ESG information
(unaudited) continued

Taxonomy

The EU Taxonomy for Sustainable Activities (EU Taxonomy) is a classification system defining economic activities that are environmentally sustainable. The EU Taxonomy identifies six environmental objectives that an economic activity can contribute to, in addition to enabling and transitional activities for the environmental objectives. The EU Taxonomy Regulation and its disclosure requirements apply to financial market participants that offer financial products, financial and non-financial undertakings within the scope of Directive 2014/95/EU (the Non-Financial Reporting Directive – FRD’).

Cordiant Digital Infrastructure Limited is a financial product registered in the United Kingdom, admitted to trading on the Specialist Fund Segment of the London Stock Exchange’s Main Market. As such the Company intends to make a voluntary disclosure of the Taxonomy-eligibility of the portfolio in line with the EU Taxonomy, where possible.

The Company principally invests in unlisted, mid-market Digital Infrastructure Assets, with a predominant focus on data centres, mobile telecommunications/ broadcast towers and fibre-optic networks, primarily located in the UK, the EEA, the US and Canada.

The Delegated Act to the EU Taxonomy requires financial products to disclose the proportion of total assets that are exposed to Taxonomy-eligible economy activities from 1 January 2022 to 31 December 2023. Taxonomy-eligible economic activities are economic activities that are described in the Delegated Acts to the EU Taxonomy. Under the Articles of the Delegated Act to the EU Taxonomy, exposures to undertakings that are not obliged to publish non-financial information under NFRD shall be excluded from the numerator of key performance indicators of financial undertakings.

The Company’s portfolio at the end of the financial period ended 31 March 2022 contained two assets, České Radiokomunikace (CRA) and Hudson Interexchange (formally DataGryd).

Neither asset is required to report under the scope of the NFRD and are yet to voluntarily assess the Taxonomy-eligibility of their turnover, Opex and Capex. As a result, the Company is unable to disclose the proportion of its total assets that are Taxonomy-eligible during the year ending 31 March 2022.

The Investment Manager in coordination with the portfolio companies has begun the process to voluntarily assess the Taxonomy-eligibility of the assets in addition to initiating the assessment of Taxonomy-alignment.

Independent Directors and general information

Directors

Shonaid Jemmett-Page
Chairman
(appointed 26 January 2021)

Sian Hill
Audit Committee Chairman
(appointed 26 January 2021)

Marten Pieters
(appointed 26 January 2021)

Simon Pitcher
(appointed 26 January 2021)

All independent and of the registered office opposite.

Registered Office

2nd Floor
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Investment Manager

Cordiant Capital Inc.
28th Floor
Bank of Nova Scotia Tower
1002 Sherbrooke Street West
Montreal
QC H3A 3L6

Company Secretary and Administrator

Ocorian Administration (Guernsey) Limited
2nd Floor
Trafalgar Court
Les Banques
Guernsey
GY1 4LY

Auditor

BDO Limited
PO Box 180
Place du Pre
Rue du Pre
St Peter Port
Guernsey
GY1 3LL

Legal Advisors to the Company

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Carey Olsen (Guernsey) LLP

Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Website www.cordiantdigitaltrust.com
ISIN (ordinary shares) GG00BMC7TM77
Ticker (ordinary shares) CORD
SEDOL (ordinary shares) BMC7TM7
Registered Company Number 68630

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 4BZ

Brokers

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Jefferies

100 Bishopsgate
London
EC2N 4JL

Receiving Agent

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6AH

Principal Banker and Custodian

The Royal Bank of Scotland International Limited
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

Glossary of capitalised defined terms

Administrator means Ocorian Administration (Guernsey) Limited.

Admission means admission of the ordinary shares on 16 February 2021 to trading on the Specialist Fund Segment of the London Stock Exchange Main Market.

AGM means Annual General Meeting.

AIC means the Association of Investment Companies.

AIC Code means the AIC Code of Corporate Governance.

AIFMD means the Alternative Investment Fund Managers Directive

Annual Report means the Company's report and financial statements for the period ended 31 March 2022.

Auditor means BDO Limited.

Board means the Directors of the Company as a group.

C Shares means C shares of no par value each in the capital of the Company issued pursuant to the Company's placing programme as an alternative to the issue of ordinary shares.

Company means Cordiant Digital Infrastructure Limited.

Digital Infrastructure or Digital Infrastructure Assets means the physical infrastructure resources that are necessary to enable the storage and transmission of data by telecommunications operators, corporations, governments and individuals. These predominantly consist of mobile telecommunications/broadcast towers, data centres, fibre-optic networks, in-building systems and, as appropriate, the land under such infrastructure. Digital Infrastructure Assets do not include switching and routing equipment, servers and other storage devices or radio transmission equipment or software.

Directors means the Directors of the Company.

DTR means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority.

EEA means the European Economic Area.

ESG means environmental, social and governance.

FCA means the UK Financial Conduct Authority (or its successor bodies).

IAS means international accounting standards as issued by the Board of the International Accounting Standards Committee.

IASB means International Accounting Standards Board.

IFRS means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board.

Interim Report means the Company's half-yearly report and unaudited condensed interim financial statements for the period from incorporation on 4 January 2021 to 30 September 2021.

Investment Management Agreement means the agreement entered into between the Company and the Investment Manager for the provision of investment management and related services.

Investment Manager means Cordiant Capital Inc.

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines.

IPO means the initial public offering of shares by the Company to the public, completed on 16 February 2021.

Listing Rules means the listing rules made by the UK Financial Conduct Authority under Section 73A of the Financial Services and Markets Act 2000.

Main Market means the main market of the London Stock Exchange.

NAV or net asset value means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in pound sterling.

SASB means Sustainability Accounting Standards Board, an independent non-profit, whose mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors.

Specialist Fund Segment means the Specialist Fund Segment of the London Stock Exchange's Main Market.

Subscription Shares means redeemable Subscription Shares of no par value each in the Company, issued on the basis of one Subscription Share for every eight ordinary shares subscribed for in the IPO.

UK or United Kingdom means the United Kingdom of Great Britain and Northern Ireland.

UK (or FRC) Code means the UK Corporate Governance Code issued by the Financial Reporting Council.

US or United States means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

Alternative performance measures (APMs)

APM	Formula	Calculation
Net asset value per share	$\frac{\text{Net assets at the calculation date}}{\text{Number of shares outstanding at the calculation date}}$	$\frac{822,246,000}{773,288,394} \times 100\text{p} = 106.34\text{p}$
NAV total return	The index of NAV per share, with dividends reinvested at prevailing NAV	$\frac{106.34}{98.11} \times \left(1 + \frac{1.5}{101.6 - 1.5}\right) - 1 = 10.0\%$
Total return from investments	$\frac{\text{Increase in fair value of investments} + \text{income from investments}}{\text{Original cost of investments}}$	$\frac{57,130,000}{361,481,000} = 15.8\% \text{ for the period}$
Total return from investments (annualised)	Total return from investments as above, multiplied by 365 and divided by the number of days in the period since the first acquisition	$15.8\% \times 365/335 = 17.2\%$
EBITDA of underlying investments since acquisition	The sum of the earnings before interest, tax, depreciation and amortisation of each investee, calculated on an IFRS basis, from the date of acquisition to the Company's reporting date	£35m
Full-year dividend	The sum of the dividends per share paid in respect of the year, normally paid in December within the year and in July following the year end	1.5p (December 2021) + 1.5p (July 2022) = 3p
Total shareholder return	The overall increase/(decrease) in the value of a shareholding over the period, assuming that all dividends paid during the period were immediately reinvested in the Company's shares	10.27%, obtained from FactSet, a third-party information provider
Total shareholder return (annualised)	The total shareholder return obtained above, multiplied by 365 and divided by the number of days in the period from IPO to the end of the reporting period	$10.27\% \times 365/409 = 9.17\%$

Cautionary statement

The Chairman's statement and Investment Manager's review have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's statement and the Investment Manager's review may include statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, among other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

TVP Blansko, Czech Republic

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Cordiant Digital Infrastructure Limited

2nd Floor
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

www.cordiantdigitaltrust.com