

**Cordiant Digital Infrastructure Limited**  
Annual Report 2023





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## Strategic report

The Strategic report includes an overview of our strategy and business model, the principal risks we face and information about our performance. It also details our approach to ESG, stakeholder engagement and our voluntary first reporting under the Task Force on Climate-related Financial Disclosures (TCFD) framework.

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## Governance

The Governance report contains details about the activities of the Board and its committees during the year.

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## Financial statements

Our financial statements include: the independent auditor's report; financial statements which have been prepared in accordance with IFRS as issued by the IASB, the Statement of Recommended Practice issued by the Association of Investment Companies (the AIC SORP) and the Companies (Guernsey) Law 2008 (as amended); and related commentary and notes to the financial statements.

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## Additional information

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Supplementary ESG information (unaudited)  
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## About this report

For more online, visit [www.cordiantdigitaltrust.com](http://www.cordiantdigitaltrust.com)

To view our interactive online Annual Report, or to download all or portions of the full report, please scan the QR code below or visit our website: [www.cordiantdigitaltrust.com/investors](http://www.cordiantdigitaltrust.com/investors)



Wisła tower in Szczyrk, Poland

Cover: Engineers work on  
Wisła tower in Szczyrk, Poland



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## **Cordiant Digital Infrastructure Limited is a sector-focused, specialist owner and operator of Digital Infrastructure.**

**It is the first UK-listed investment company to have provided investors with dedicated exposure to the core infrastructure of the digital economy.**

**The Company invests in data centres, telecommunications towers and fibre-optic networks in Europe and North America and seeks to generate an attractive total return of at least 9% per annum over the longer term.**

**The Investment Manager's strategy is to increase net asset value for investors through buying high-quality Digital Infrastructure platforms, building additional asset capacity and growing the revenues and cash flows of those assets through active management.**

## Highlights

# £875.7m

Net asset value (NAV)  
(2022: £822.3m)



# 10.0%

Total return for the year  
on ex-dividend opening NAV  
(2022: 9.4%)



# 4.0p

Dividend in respect of  
financial year  
(2022: 3.0p)



# 113.4p

NAV per ordinary share  
(2022: 106.3p)



# 21.1%

NAV total return since inception,  
assuming dividends reinvested  
(2022: 10.0%)



# £353m

Emitel  
Equity cash cost of  
the acquisition



Engineers work on Kielce transmitters in Łysa Góra, Poland

# £628m

Market capitalisation  
at 31 March 2023  
(2022: £841m)



# 10.0%

Portfolio company normalised  
EBITDA growth  
Normalised growth year on  
year, earned from 7.8% portfolio  
company revenue growth year  
on year.

# 1.5x

Dividend covered by adjusted  
funds from operations (AFFO)<sup>1</sup>

<sup>1</sup>See calculation and discussion on page 28.



## Portfolio overview

### Portfolio companies



**Emitel**  
Acquired November 2022  
Multi-asset platform  
Poland



**emitel**

**České Radiokomunikace (CRA)**  
Acquired April 2021  
Multi-asset platform  
Czech Republic



**CRA**

**Hudson Interexchange (Hudson)**  
Acquired January 2022  
Interconnect data centre  
New York



**HUDSON  
INTERCHANGE**

### Diversified portfolio asset mix



**17MW**  
of data centre power capacity

**7**  
data centres



**1,200**  
telecommunications towers

**4,671**  
microwave connections

**9**  
multiplexers<sup>2</sup>

**60**  
broadcast towers



**4,368km**  
of fibre-optic network<sup>1</sup>

**ca.58,000**  
active IoT sensors

<sup>1</sup>Some owned and some leased.

<sup>2</sup>Nine multiplexers (also known as MUXes) operated, of which three are owned.

### Diversified portfolio client base



Dial Telecom

Vodafone

T Mobile

O2

Cyfrowy Polsat

Eurozet

TVP

Radio ESKA

Radio Maryja

Grupa RMF

TVN

Nova

Prima

Český Rozhlas

Orange

UniCredit Bank

Plus

Play

Exatel

GasNet

IOT Water

Lagardère

Discovery Communications

TV Puls

Digital Realty

Netia

Cetin

Česká Televisie

Polskie Radio

E.on

Wirtualna Polska

# Strategic report



Engineers work on the tower in  
Muszyna, Poland

“The Company has achieved  
a strong overall performance  
despite a challenging year for  
the listed investment trust sector  
and global markets generally.”

**Shonaid Jemmett-Page**  
Chairman

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## Who we are and what we do

**Digital Infrastructure enables modern communication networks, which have assumed a central place in the day-to-day activities of society, government and business.**

The Investment Manager is a sector specialist, with a team who have deep operating expertise. Its Core Plus strategy (see page 10) is to build net asset value for investors in the Company through buying high-quality Digital Infrastructure assets, building additional infrastructure and growing the revenues and cash flows of those assets through active management under a Buy, Build & Grow model.

Digital Infrastructure is commonly described as consisting of the communications towers, data centres, fibre-optic networks and sensors that constitute the physical layer of the internet. In many cases, these assets can be shared by customers, as described on page 8, potentially resulting in greater coverage and higher profits for operators. Digital Infrastructure contracts are typically long term in duration, benefit from inflation escalators and are often with blue-chip counterparties.

Digital Infrastructure has been estimated by McKinsey Global Institute as being one of the top three categories of infrastructure capital spending globally. It benefits from growth rates above those of the economy as a whole.

The Company focuses on growth platforms in the middle market. It has assembled a well diversified portfolio including 1,260 communications towers, 4,368km of fibre-optic network, IoT networks and seven data centres. This broadly diversified base of assets is held through three portfolio companies.

**We have constructed a portfolio of high-quality Digital Infrastructure platforms and are seeking to expand it further.**



**Emitel**

Poland

The leading independent broadcasting and telecommunications infrastructure operator in Poland and provides access to TV and radio signal for nearly the entire population.

→ Read more on pages 32 to 35.



**CRA**

Czech Republic

The leading independent Digital Infrastructure platform in the Czech Republic that holds the national broadcast licence.

→ Read more on pages 36 to 39.

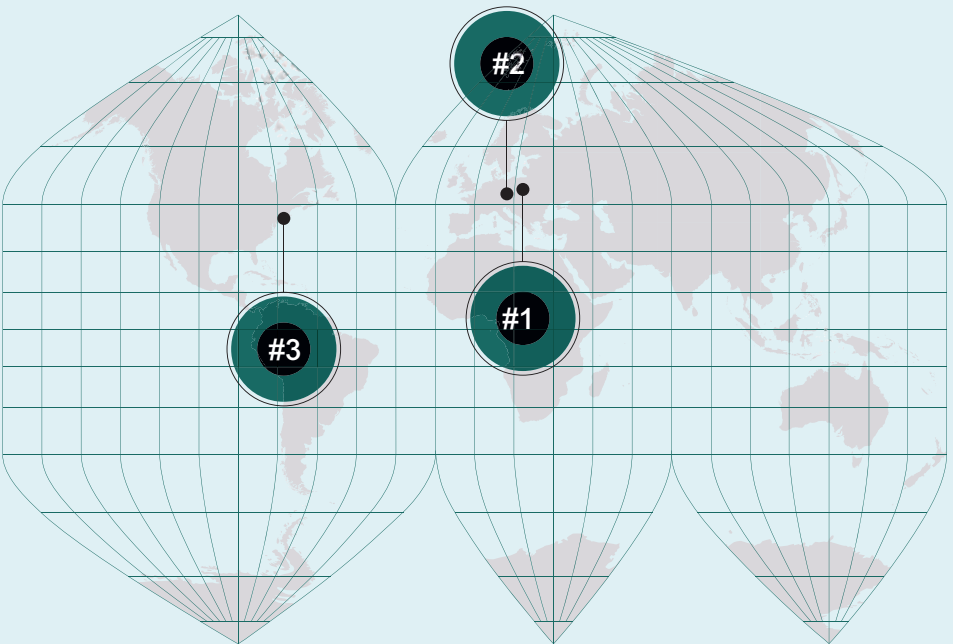


**Hudson**

Hudson Street, New York

An interconnect data centre operating in the most interconnected facility in one of the most interconnected cities on the planet.

→ Read more on pages 40 and 41.

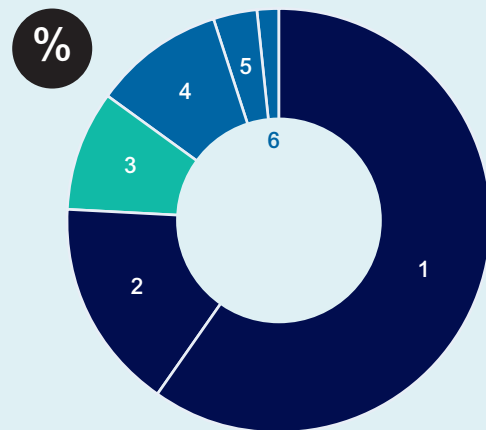




## Who we are and what we do

### Our investments

A diversified portfolio



Revenue by segment

	£m	%*
1. TV & radio broadcasting	118.0	59.9
2. Telecom infrastructure	31.7	16.1
3. Fibre-optic networks and transmission services	18.1	9.2
4. Data centres	19.6	10.0
5. Cloud computing	6.7	3.4
6. IoT/Smart city	3.0	1.5
<b>Total</b>	<b>197.1</b>	<b>100.0</b>

\*totals in the table do not add up to 100 due to rounding.



#### Communications towers

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 is distributed throughout a building or an area to improve network performance.

#### Internet of Things (IoT)

Networks of sensors that monitor and manage utility networks, such as water.



#### Fibre-optic networks

The medium and 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.



#### Cloud computing

Cloud computing is the on-demand delivery of computing services including servers, storage, databases, software and analytics over the Internet to offer faster innovation, flexible resources, and economies of scale.

#### Data centres

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 and artificial intelligence.

## Strategy

### Digital Infrastructure – the model

.....  
**Given the centrality of the internet to our lives, it is easy to forget that the idea of network-neutral Digital Infrastructure – where different customers share a common infrastructure managed by a third party – is a relatively new one.**

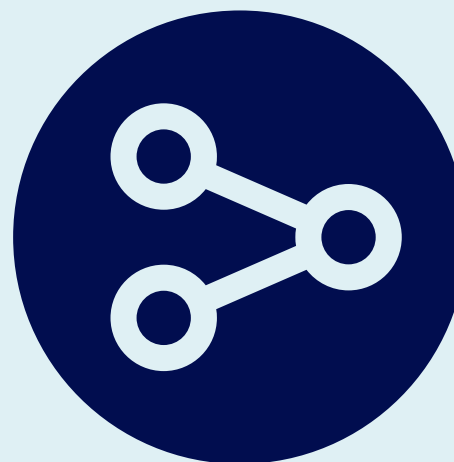
This model allows network operators and equivalent businesses to focus on what they do best: delivering products and services of the highest quality and in the most efficient manner. It has grown steadily over the past two decades, and it seems set to continue to grow for years to come.

Today, for example, it is not uncommon to see a mobile tower hosting the radio antennas of two, three or four mobile networks. Backbone fibre networks can serve multiple organisations; large colocation data centres might serve a dozen or more corporate and government clients; and cloud

data centres might be leased to one organisation, but provide services to anywhere from dozens to millions of end users.

Different components of Digital Infrastructure tend to share certain common characteristics, even as their customer bases and use cases can differ.

Common to the principal categories of Digital Infrastructure is the fact that these are long-lived assets typically benefiting from long-term contracts with blue-chip customers. However, there are differences between the different asset classes.



Communications tower (as well as rooftop and DAS) providers tend to lease space to the major mobile operators as well as to other counterparties such as public security agencies.

Data centres come in a variety of shapes and sizes. Interconnect data centres – critical digital crossroads at the nexus points of communications networks – rent small amounts of generally high-priced digital real estate to the very largest media, communications, financial and software companies. Hyperscale data centres, on the other hand, might rent a vast campus to one large customer – for example,

Amazon AWS or Microsoft Azure. Colocation data centres and wholesale data centres might have anywhere from a handful to dozens of clients.

Backbone or longer-haul fibre-optic networks tend to have a mix of telecoms operators, governments and corporations as customers. Fibre-to-the-premises networks diverge from the norm in Digital Infrastructure as their customer bases tend to consist of households and local businesses, often purchasing capacity under short-term contracts.



## Strategy

Enabling new ways of improving society

### Digital Infrastructure enables a greater connectivity which benefits the economy.

These benefits include:

**Smart cities** ranging from sensors under pavements to help control pedestrian traffic flows to smart metering of vehicle emissions (the latter being an area where portfolio company CRA had a significant contract win). Digital Infrastructure enables metropolitan centres to tackle a variety of environmental and quality-of-life challenges.

**New forms of mobility**, for example autonomous or assisted driving, require much more rapid communications networks (the latest wireless standard supported by a denser

web of fibre-optic) and critical information residing in 'edge' data centres much closer to the user.

**Remote working** Even as the frequency of working from home wanes as life begins to return to the pre-pandemic norm, the expectation is that every area from rural town to suburb to city centre, will be served by high-speed and high-capacity internet.

**Advanced emergency services** through geolocation and the linking of relevant databases.



Strategy  
Market growth

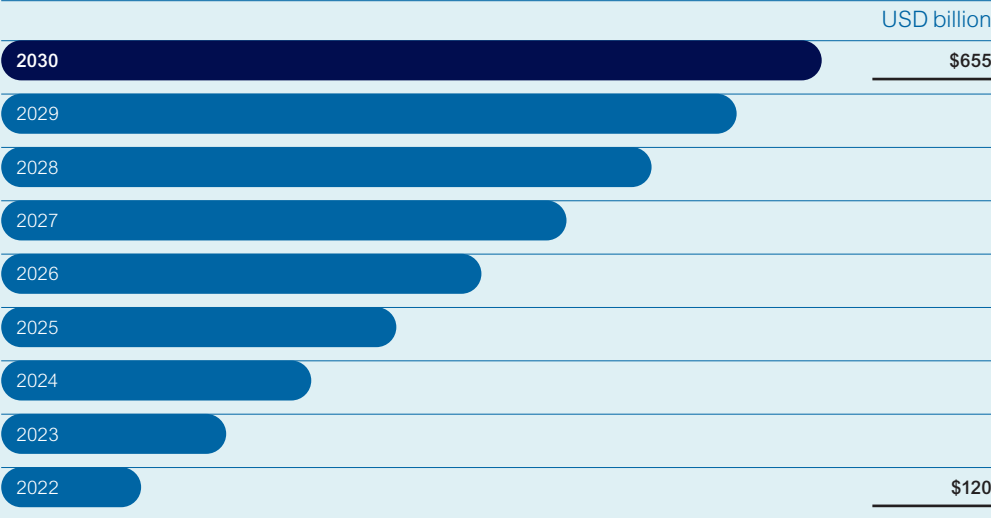
An active approach to building value by expanding the revenue frontier

The Digital Infrastructure market is forecast to grow strongly over the coming decade.

The infrastructure industry divides investment strategies into several different approaches.

Global Digital Infrastructure market size 2022-2030  
Source: [www.fnfresearch.com/news/global-digital-infrastructure-market](https://www.fnfresearch.com/news/global-digital-infrastructure-market)

CAGR 2022–30 ca.24%



‘Core’ strategies buy mature assets. Core Plus and Value Add strategies seek to buy assets where the revenue frontier can be expanded significantly through the sale or lease of more space on existing under-utilised assets and/or the sale or lease of space on newly built infrastructure. These strategies also look to increase cash flows by bringing best practice to bear, something particularly true in our area of focus of the middle market, and spreading fixed costs over a larger revenue base.

The Company operates a Core Plus approach through its Buy, Build & Grow model. Executing a

Core Plus strategy requires a high degree of operational knowledge and experience. The Investment Manager’s digital team has strength in depth in both numbers and capability. Of 10 Managing Director-level staff, six have held senior roles in industry and the remaining four came from the private capital industry and also benefit from long experience in the sector.

This enables us to bring best practice to portfolio companies, which are mid-sized platforms, and to support them in their growth trajectory.





Above: Joel Ntamirira,  
Associate

.....  
“The Investment Manager’s team  
has strength in depth in both  
numbers and capability.”

**Atul Roy** (right)  
Managing Director

.....  
“The digital team’s depth of experience in managing and operating world-class Digital Infrastructure businesses – combined with decades of experience advising and investing in the sector – makes for a unique combination of capabilities.”

**Hagai Shilo**  
Managing Director



## Strategy

Our commitment to growth and diversification

**The Company's IPO and subsequent equity raises in 2021 and early 2022 took place at a time of heightened valuations in the Digital Infrastructure industry. The Investment Manager sought to deploy capital in areas deemed to be overlooked or undervalued.**

This led to the purchase of two platforms: Emitel and CRA, offering, in varying mixes, mobile and broadcast towers, fibre-optic networks, utility sensors and data centres. These platforms are located in Central Europe. In addition, Hudson, an interconnect data centre located in New York City, was acquired as a strategic asset.

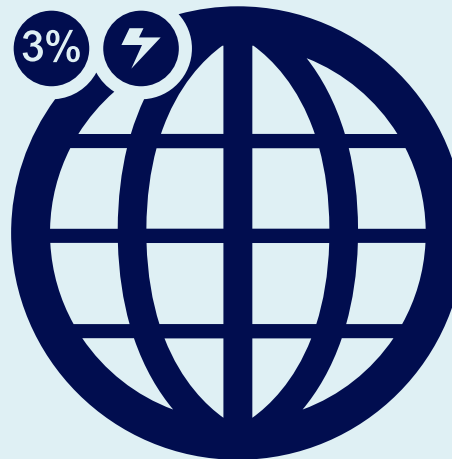
Valuations have now corrected in the Digital Infrastructure middle market, and the opportunity to diversify by asset segment and geography now exists. Any acquisition opportunity will be judged in relation to strategic portfolio

construction as well as the value of alternatives, including share buybacks. The Company has a dynamic pipeline of attractive, high-quality and accretive targets in Europe and North America, with more assets continually coming to market.

Our focus on sustainability

**Collectively, sorting, processing and moving data around the world accounts for more than 3% of global electricity consumption.**

Source: AFL Hyperscale ([www.aflhyperscale.com](http://www.aflhyperscale.com))

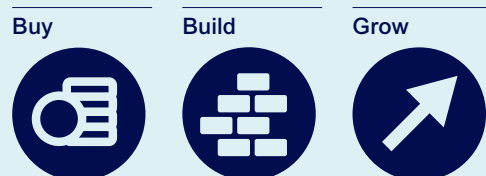


It is both sound business sense and prudent stewardship to seek to reduce the amount of electricity consumed. As owners and operators of Digital Infrastructure, we seek to build on three pillars:

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

## Our business model

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.

### Buy, Build & Grow

#### Mid-market focus

With an emphasis on applying growth capital to boost the internal rate of return (IRR) and multiple on invested capital

#### Disciplined buying

Emphasis on disciplined buying (below average blended entry multiples) and operational improvements

#### Balanced senior team

Seasoned industry executives alongside experienced private equity and corporate professionals, all with deep sector experience

#### Sourcing investment opportunities

Demonstrable ability to source proprietary investment opportunities

## 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 Europe and North America.



### Build value in the medium and longer term

#### Diversification

Secure greater portfolio diversification through geographical spread and balanced sub-sector allocation

#### Continue to support ESG and impact goals

By addressing ESG and impact factors with front-end risk assessment, the Company embeds risk scenario analysis, and incorporates it into valuation and pricing as appropriate

#### Specialist experience

Specialist experience across mobile towers, data centres and fibre: the core building blocks of the internet

#### Operational improvements

Continuously producing tangible and measurable operational improvements led by in-house sector specialists



Svatobor transmitter, Sušice,  
Czech Republic





## Chairman's statement

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Shonaid Jemmett-Page,  
Chairman



The Company began investing during a period of intense corporate activity which saw transaction prices reaching a peak in the Digital Infrastructure market, and consequently sought out high-quality, cash-generating assets that were, in the view of both the Board and the Investment Manager, attractive investment opportunities.

**I am pleased to present the Annual Report for Cordiant Digital Infrastructure Limited (the Company) for the year ended 31 March 2023.**

#### Introduction

The Company has achieved a strong overall performance despite a challenging year for the listed investment trust sector and global markets generally. The Company's NAV has increased from £822.3 million to £875.7 million and aggregate pro forma<sup>1</sup> normalised EBITDA of the portfolio companies for the year to 31 March 2023 has increased from £94 million to £104 million. Among the year's significant milestones were: the completion of the acquisition of Emitel, the Company's largest acquisition to date; substantial strategic progress at CRA; and the raising of a €200 million Eurobond facility.

#### Portfolio strategy

The Investment Manager has a Core Plus strategy that aims to generate an annual dividend while also continuing to invest in the asset base of the portfolio companies to drive higher revenues and increase net asset values. The Company is implementing this approach through its Buy, Build & Grow model.

We are also a long-term investor with a focus on sustainability. We work with our portfolio companies to improve their ESG performance.

The Company began investing during a period of intense corporate activity which saw transaction prices reaching a peak in the Digital Infrastructure market, and consequently sought out high-quality, cash-generating assets that were, in the view of both the Board and the Investment Manager, attractive investment opportunities in that market. As a result of this disciplined approach a portfolio delivering £104 million of EBITDA has been acquired at an EV/EBITDA multiple of approximately 10.6x, based on the most recent reported EBITDA – substantially below comparable acquisitions in the market.

The portfolio we have constructed is high quality, with predominantly blue-chip clients and generating strong cash flows through long-term contracts. Hudson is a growth opportunity where the management team is gaining traction, albeit with further work still to do.

Our three acquisitions to date give us a broad portfolio diversification by asset type with:

- 1,260 mobile and broadcast towers;
- Seven data centres;
- 4,368km of fibre-optic network;
- Two national broadcast networks; and
- Nationwide networks of active IoT sensors.

The Company continues to target investment in our existing portfolio companies and the acquisition of new businesses that reflect the new and more favourable pricing environment, while continuing to seek further diversification both geographically and by asset class across Europe and North America.

Funds not earmarked for dividends or future acquisitions are being used to maintain existing assets and to expand revenue potential by building additional capacity in the form of new communications towers, enhanced broadcast capacity and new data centre space.

Our strategy remains focused on buying, building and growing our portfolio.

#### Operational performance

The strength of the overall performance of our portfolio companies underpinned the Company's results for the year.

The acquisition of Emitel, which we announced in January 2022, closed on 15 November 2022. Emitel exceeded our expectations during the year, with contractual escalators offsetting an increase in energy prices. This better-than-expected performance lowered our effective purchase multiple to 8.8x LTM (last twelve months) EBITDA at close. Alongside this strong financial performance, Emitel completed its upgrade to its broadcast infrastructure for digital terrestrial TV and continues to roll out new products to leave it well positioned for future growth.

CRA also performed well during the year. It posted an increase in revenues and EBITDA during the period, partly reflecting continued strong demand for data centre capacity. CRA benefited from upgrading its broadcast network, resulting in a 30% increase in capacity. In addition, it increased by 7% the capacity of its tower and rooftop portfolio, which now consists of 658 towers. Commercial initiatives during the year resulted in

<sup>1</sup>Assuming the three portfolio companies were owned for the whole prior-year comparative period; comparison on a constant currency basis and including Emitel's audited 31 December 2022 results.

entering into contracts for four new broadcast channels during the year or shortly afterwards.

Hudson added some marquee customers to its business, including two major US telecommunications carriers. Hudson is a strategically located interconnect data centre which offers a significant opportunity for growth at minimal risk with further capital expenditure linked to customer acquisition. Our investment in the business during the year has bolstered the sales and marketing teams, which have, in turn, generated an increase in pipeline opportunities.

For further information about our platform companies see pages 32 to 40.

### Inflation

The year to 31 March 2023 saw rates of inflation increase across many economies to levels not seen for some years. Overall, the revenue of the Company's portfolio platforms benefited from a high level of inflation protection. This was through a combination of contractual revenue escalators, pass-through costs and active hedging policies, in particular in relation to energy prices. The Investment Manager works closely with the management teams of its portfolio companies to support them in managing their input costs.

Approximately three-quarters of portfolio company contracts are multi-year in nature and offer full or partial inflation protection, with the remainder being annual in nature, often renewed automatically, and therefore capable of being repriced to reflect the renewal year's inflation.

### Gearing

In June 2022, the Company raised a €200 million Eurobond facility from a group of blue-chip financial institutions, further bolstering its liquidity position and giving it additional flexibility to invest in the existing portfolio and make further acquisitions. The Eurobond was issued at subsidiary company level and at 31 March 2023, €50 million was drawn down. The balance of €150 million was drawn down during June 2023.

As at 31 March 2023, the Company and its subsidiaries had total debt on a look-through basis equivalent to £466 million, representing a conservative net gearing of 30% of gross assets,

substantially below the level of 50% permitted under the gearing policy disclosed in the Company's prospectus. A majority of the debt is held at the portfolio platform level on a non-recourse basis, with the remainder being the partial drawdown of the Eurobond facility during the year.

Of this gearing, 78% of the Company and its subsidiaries' total debt is on a fixed-interest basis, with the rest at floating rates, none of which is inflation linked. The Investment Manager is actively engaged in a planned refinancing of Emitel's existing debt facilities alongside that of the company's management team, which is expected to be finalised in Q3 2023.

### Returns and dividend

In November 2022, the Board declared an interim dividend of 2.0p per share and confirmed the Company's dividend target of 4.0p per share for the year ended 31 March 2023. In line with this guidance, the Company will pay a further interim dividend of 2.0p per share on 21 July 2023. The dividend is well covered by earnings and by adjusted funds from operations (net cash flows from the portfolio businesses) and represents a significant increase over the indicative level set out at the time of the IPO in 2021.

This bringing forward of the planned dividend increases reflects the strong cash flows generated by the portfolio.

The NAV per share as at 31 March 2023 was 113.4p (as at 31 March 2022: 106.3p), an increase of 6.6% over the year.

The increase in NAV reflects the strong overall performance of the underlying portfolio companies and favourable foreign exchange movements, offset by an increase in the discount rates used to value our investments to reflect higher market interest rates.

Combined, the NAV total return to investors during the year was 10.0%. The Company continues to target an annual NAV total return of at least 9%.

Along with many other companies in the investment trust sector, the Company's shares traded at a discount to NAV during much of the period, largely as a result of macroeconomic factors and dislocations in the market. Both the Board and Investment Manager remain confident in the Company's strategy and the

Engineer working on the tower at the Krzemionki Network Management Centre in Kraków, Poland



Among the year's significant milestones was the completion of the acquisition of Emitel, the Company's largest acquisition to date.

<sup>2</sup>Measured as net debt divided by gross asset value.



reported NAV. As a consequence, the primary focus has been, and remains, deploying available capital in support of the Company's Buy, Build & Grow model. However, in addition, in February 2023 the Board approved a discretionary programme of share buybacks of up to £20 million, of which £0.9 million had been executed by 31 March 2023. The buyback programme is not subject to a set cut-off date.

### Principal risks and uncertainties

During the year we updated the principal risks previously identified by the Company. These changes have largely been driven by widely publicised emerging macroeconomic factors and dislocations in the market such as energy price rises, the impacts of inflation, increases in interest rates and market volatility. For example, while Digital Infrastructure industry revenues tend to benefit from inflation, this is often offset by a delay as contracts are repriced reflecting the prior year's inflationary environment. A number of these factors have adversely impacted the Company's share price as well as those of many other investment trusts listed on the London Stock Exchange, which has in turn restricted the ability of such companies to raise additional equity capital. Further details on the Company's risks are set out on pages 64 to 68.

### Sustainability

Both the Board and the Investment Manager continue to focus on sustainability and reducing the impact of the Company and its portfolio companies on our environment. In this regard it is pleasing to highlight progress on a number of initiatives across the portfolio: Emitel's procurement of 85% of its electricity from renewable sources; CRA's progress towards its own target of 100% of its electricity being from renewable sources with an increase to 46%; and Hudson's use of technology to deliver its operations at a better power utilisation efficiency level than others operating in the same location. As part of this focus, this year the Company decided to commence reporting in line with the TCFD recommendations.

### Board and governance

The Company benefits from a skilled and committed Board combining telecommunications sector, private equity and investment trust experience. That experience allows the Board to provide insight and guidance to the Investment Manager's team in its delivery of value to the Company and its shareholders.

The Board views a strong working relationship with the Investment Manager as fundamental to the success of the Company. The Management Engagement Committee considers the performance of the Investment Manager annually, along with that of the Company's other key advisors, and reports to the Board on that performance. The Board has noted that the Investment Manager's strong hands-on operational capabilities are clearly being deployed in support of both pipeline generation and portfolio company operations and that it has further strengthened its experienced team as the portfolio has grown.

### Outlook

The Company is well placed to see continued progress in the next financial year. The performance of the underlying portfolio companies remains strong overall, and the Company is well placed to benefit further from returns on investments already made and to make new investments in the next financial year. The Investment Manager is actively engaged in applying its operational expertise in each of the portfolio platforms, which the Board sees as a key driver for their future performance. We are also seeing engagement between portfolio companies on best practice and innovation which the Board expects will also contribute to that future performance.

In addition to the strong pipeline of organic and acquisition-led investment opportunities, the Company benefits from a relatively strong liquidity position. This leaves it well placed to act on opportunities without the need to raise additional equity.

The importance of Digital Infrastructure to the functioning of our economy and our society continues to grow year on year. In turn, this translates to ongoing growth in demand for the sector in which the Company operates. While evolving financial conditions and a complex economic environment will inevitably create challenges, the underlying strength of the Company and the attractiveness of its core markets lead the Board to look forward to the year ahead with confidence.



**Shonaid Jemmett-Page**

Chairman  
21 June 2023

## Key performance indicators

### Financial

All of the measures below are APMs and are defined on page 149.

#### Net asset value per share

The NAV per share is a measure of our success in adding value to the portfolio. It is calculated by dividing the net asset value of the Company at 31 March 2023 by the number of shares in issue. The target NAV per share is based on 9.0% per annum total return accruing since inception, reduced by the 5.0p of dividends paid to shareholders to date.

#### 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 model and our ability to deliver returns to shareholders.

#### EBITDA of underlying investments

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.

The target consists of the budgets of the portfolio companies aggregated together.

Earnings are adjusted to exclude one-off items such as profit on non-core asset sales.

#### Full-year dividend

The dividend paid to shareholders measures the extent to which we are able to deliver an income stream to investors.

#### NAV total return

The total increase in NAV per share over the reporting period, with dividends reinvested at the prevailing ex-dividend NAV. This is a measure of our ability to consistently generate returns for shareholders over a sustained period of time.

#### Total shareholder return

The total shareholder return over the reporting period, calculated assuming that dividends are immediately reinvested at the prevailing share price, measures our ability to deliver attractive returns to investors, with a combination of share price growth and a progressive dividend.

#### Target

# 111.6p

based on target 9% NAV total return per annum

#### Target

# 10.2%

per annum

#### Target

# £104m

annual

#### Target

# 4.0p

for the year

#### Target

# 9.0%

per annum

#### Target

# 9.0%

per annum

#### Performance

# 113.4p

#### Performance

# 12.3%

for the year

#### Performance

# £104m

annual

#### Performance

# 4.0p

for the year

#### Performance

# 10.1%

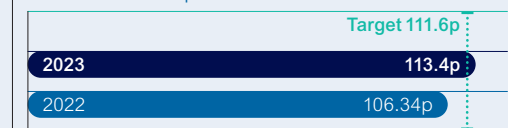
for the year  
(21.1% inception to date)

#### Performance

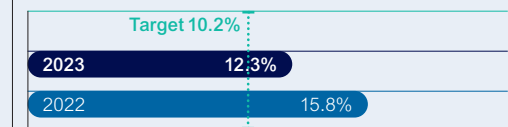
# -22.5%

for the year  
(-13.7% inception to date)

#### Net asset value per share



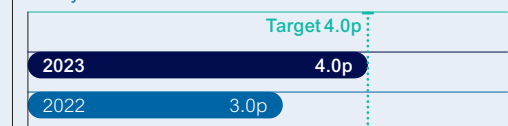
#### Total return from investments



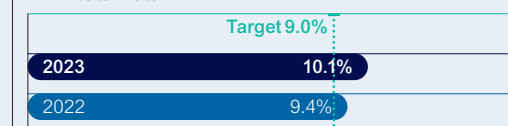
#### EBITDA



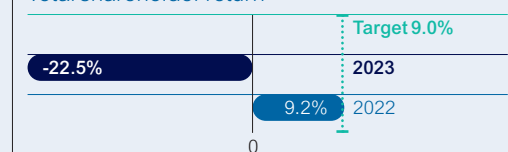
#### Full-year dividend



#### NAV total return



#### Total shareholder return



## Non-financial measures

<b>Balance of the Board</b> a. 50% women, 50% men b. 100% independent board	<b>Target</b> <b>40/60</b> women/men based on FCA target from April 2022	<b>Performance</b> <b>50/50</b>
<b>Increasing connectivity</b> a. Total area covered by mobile and broadcast tower portfolio of 1,260: 385,078km <sup>2</sup> b. Length of fibre-optic network (leased and owned): 4,368km	<b>Target</b> <b>N/A</b>	<b>Performance</b> Emitel coverage of area of Poland <b>ca.98%</b> CRA coverage of area of Czechia <b>ca.99%</b>
<b>Operational health and safety</b> a. 100% of the Company's assets have implemented operational health and safety (OHS) policies and procedures b. 100% of the Company's assets disclose OHS information to the Investment Manager	<b>Target number of incidents</b> <b>Zero</b>	<b>Performance</b> Emitel <b>1</b> CRA <b>2</b> Hudson <b>0</b>
<b>Sustainability management</b> a. All companies have taken steps to (i) increase the share of renewable energy; and (ii) implement energy efficiency improvements where possible. b. All companies have reported and disclosed both sector-specific and sector-neutral sustainability indicators to the Investment Manager this year	<b>Target % of electricity from renewable sources</b> <b>100%</b>	<b>Performance</b> Total % of electricity from renewable sources <b>64%</b> Total % of energy from renewable sources (including fleet consumption) <b>59%</b>
<b>Digital divide (coverage of remote and rural areas<sup>1</sup>)</b>	<b>Target coverage of rural areas</b> <b>N/A</b>	<b>Performance</b> Emitel & CRA <b>91%</b>

<sup>1</sup>Remote area is considered a location at a distance of more than 10km from the nearest town/village; rural is considered a location in the vicinity of a village with up to 10,000 inhabitants. Both Poland and the Czech Republic.



## Investment Manager's report

## Highlights of the year

The Company actively implemented its Buy, Build & Grow model during the year.

### +2

At Hudson, the investment in sales and marketing has increased the pipeline of opportunities and resulted in the signing of two well-known US telecommunications operators as customers.



### €200m

In June 2022, the Company successfully raised a €200 million Eurobond to provide extra capital to deploy in building out the Company's portfolio. The Eurobond was oversubscribed and was supported by a group of blue-chip lending institutions. The Company secured attractive pricing, with 82.5% of the interest at fixed rate, and a margin of 4.5% to 4.75%, the rate calibrated to the overall level of gearing.

### 10%

During the year, the portfolio companies generated aggregate EBITDA on a normalised basis of £103.8 million, an increase of 10.0% on the prior comparative period on a constant currency basis. This increase in earnings was generated by a 7.8% increase in portfolio company aggregate revenues over the same period.



### +4

As a result of commercial initiatives during the year, CRA has announced agreements with four customers for new broadcast channels that utilise CRA's infrastructure as a result of commercial initiatives during the year: AMC Networks International (AMC) a global provider of well-known content such as AMC, Film+ and Sport1, A11 TV, A11 Sport and Topmerch.



### £353m

In November 2022, the Company completed the acquisition of Emitel, the Polish Digital Infrastructure platform, its largest investment to date. Completion followed the granting of regulatory approval by the responsible Polish government bodies. The acquisition was agreed in January 2022. The equity cash cost was £353 million in Polish zloty. The purchase price represents an EV/EBITDA multiple of 8.8x based on FY22 EBITDA.



### 4.0p

In November 2022, the Board declared an interim dividend of 2.0p per share and confirmed the Company's dividend target of 4.0p per share for the year ended 31 March 2023. In line with this guidance, the Company will pay a second interim dividend of 2.0p per share on 21 July 2023. The dividend is well covered by earnings and by adjusted funds from operations (net operating cash flows from the portfolio businesses) and represents a significant increase over the indicative level set out in the 2021 IPO.

### 64%

The total percentage of electricity procured from renewable sources by our portfolio companies was 64%. The Company is aware of the potential environmental impact of Digital Infrastructure and our portfolio companies continue to target 100%.

“The Company delivered a strong performance in the year to 31 March 2023 despite continued headwinds throughout the year from rising energy costs and interest rates.”

**Steven Marshall**  
Investment Manager







“We are delighted with the strong partnerships we’ve formed with our operating platforms, which have resulted in expanded asset bases and growth.”

**Benn Mikula**  
Investment Manager

#### About the Investment Manager

Cordiant Capital (the Investment Manager appointed by the Company) is a sector-specialist investor focused on middle-market ‘Infrastructure 2.0’ platforms in Digital Infrastructure, energy transition infrastructure and the agriculture value chain. It manages approximately \$4 billion of funds through offices in London, Montreal, Luxembourg and Sao Paulo, and offers Core Plus, Value Add and Opportunistic strategies.

The Investment Manager’s Digital Infrastructure group, consisting of 17 front office professionals, brings considerable hands-on investing and operating expertise to its investment approach. This investing strategy can be summarised as acquiring and expanding cash-flowing Digital Infrastructure platforms in the UK, EEA and North America.



### Introduction

**The Company delivered a strong performance in the year to 31 March 2023 despite continued headwinds throughout the year from rising energy costs and interest rates.** NAV per share increased to 113.4p over the course of the year, reflecting positive performance from the Company's portfolio, and the dividend progressed to 4.0p per share for the year, three years ahead of the schedule outlined in the Company's prospectus. The Company's dividend is well covered, both by earnings and on a cash basis. Aggregate debt levels in the Company's financing subsidiary and at the portfolio level are prudent and below industry averages for the Digital Infrastructure sector.

### Portfolio construction and portfolio strategy

In constructing the portfolio, the Investment Manager has focused on providing investors with exposure to platforms offering scale, growth, cashflows and diversification, through different asset types and geographies, with the aim of protecting and enhancing income streams.

At year end, these assets included:

- 1,260 mobile and broadcast towers;
- Seven data centres, including one of the largest interconnect facilities in New York;
- 4,368km of fibre-optic network;
- Two national broadcast networks; and
- Two national networks of active IoT sensors.

The Company began investing during a period of very high relative multiples for Digital Infrastructure assets. At the time, the best relative value for a Core Plus strategy lay in seeking high-quality assets that had, in the view of the Investment Manager, been underpriced by the market. CRA and Emitel are both multi-asset platforms that were attracting lower pricing than single asset class enterprises might have attracted. They both operate in attractive markets with strong economic growth and comparatively strong public finances. The Czech Republic and Poland are countries in the core of the European Union, as well as being members of NATO and the OECD. They have many broadly comparable economic statistics to other EU members such as Spain or Portugal.

Hudson in New York represented a different opportunity: a strategic asset that was operating at low capacity utilisation, purchased below construction cost.

The Company's portfolio has been acquired at prices substantially below those prevailing in both public and private Digital Infrastructure markets. The acquisition multiple of EV/EBITDA for the whole portfolio was 10.6x based on the most recent reported EBITDA for each portfolio company.

The Company's Buy, Build & Grow model is designed to be implemented across North America and Europe. Over time, additional capital will be invested in expanding the existing cash flow generating base.

### Activity in the year

In June 2022, through its financing subsidiary, Cordiant Digital Holdings Two Limited, the Company successfully raised a €200 million Eurobond facility to provide extra capital to deploy in building the Company's portfolio. The Eurobond was oversubscribed and was supported by a group of blue-chip lending institutions. The Company secured attractive pricing, with 82.5% of the interest at fixed rate, and a margin of 4.5% to 4.75%, the rate calibrated to the overall level of gearing.

The Eurobond facility has no annual clean-down requirement and is repayable in a single payment in September 2026. In accordance with its terms, €50 million was drawn during the financial year and the remaining unutilised balance of €150 million of the Eurobond facility was drawn by the Company in early June 2023, just before the final date for drawdown.

In November 2022, the Company completed the acquisition of Emitel, the Polish Digital Infrastructure platform, its largest investment to date. Completion followed the granting of regulatory approvals by the responsible Polish government bodies. The acquisition was agreed in January 2022 and between the signing of the acquisition and its closing in November 2022, the Company undertook a forward purchasing programme to acquire Polish zloty (PLN), converting £353 million to PLN. This realised a foreign exchange gain of £18 million (reported in Net gain on investments at fair value through profit or loss in the Statement of Comprehensive Income) and bank interest of £9 million (reported as Finance income in the Statement of Comprehensive Income), largely mitigating the cash drag effect on returns of the unanticipated delay in receiving the final regulatory approval. At closing, the purchase price represented an EV/EBITDA multiple of 8.8x FY22 EBITDA.

With the acquisition of Emitel, the equity raised at IPO and in subsequent capital raises is now fully invested at an average EV/EBITDA multiple of 10.6x. This contrasts favourably with other transaction multiples in the sector, which frequently reached much higher levels during this period.

At Hudson, the investment in sales and marketing made by the Company during the year resulted in the signing of two well-known US telecommunications firms as customers, and an increased level of interest from potential customers.

In February 2023 the Company announced that, in light of the discount at which the Company's shares were then trading, and in consultation with the Company's brokers, the Board had approved a discretionary share buyback programme of up to £20 million. Shares acquired under the programme will either be held in treasury by the Company or cancelled. The buyback programme will not be subject to a set cut-off date.

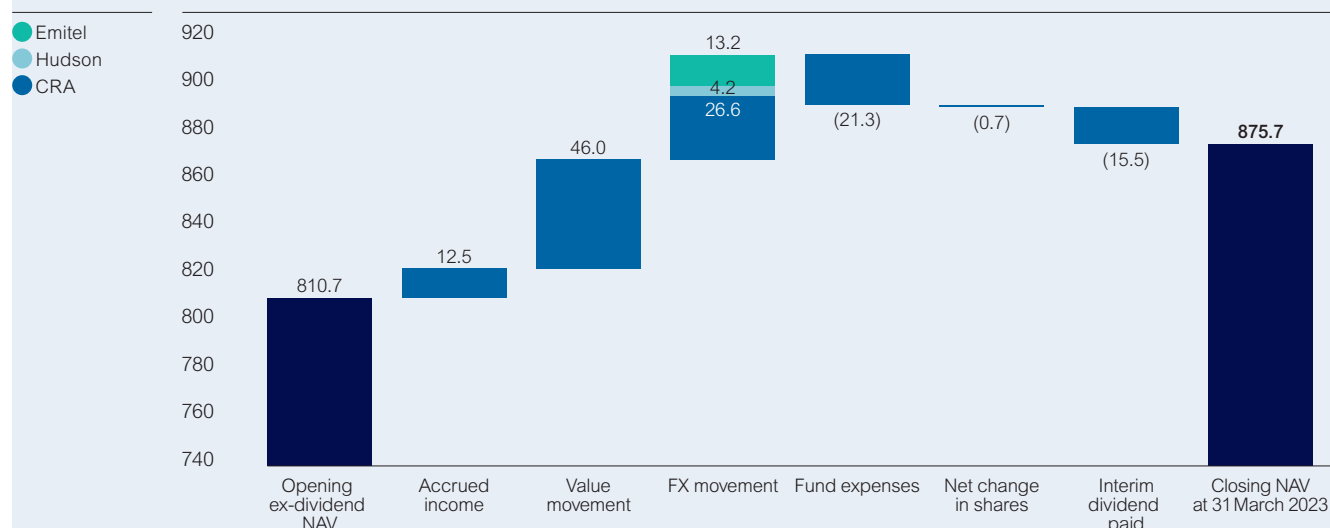
To the date of this report, 1.05 million shares had been acquired by the Company at an average price of 90p and held in treasury. The Board and Investment Manager are carefully monitoring market conditions in relation to the buyback programme.

During 2023, Board members, partners and employees of the Investment Manager and senior management of the Company's portfolio companies, increased their respective shareholdings in the Company, resulting in an aggregate holding of approximately six million shares. This included Steven Marshall, Chairman of Cordiant Digital, who acquired a further 900,000 shares, bringing his total personal holding to 4.3 million shares.

### Financial highlights

During the year to 31 March 2023, the Company achieved a NAV total return of 10.0% or 10.5p per share. The NAV per share increased from 106.3p over the year to 113.4p. This is a strong result in a year of high energy prices and market volatility. It reflects a positive operating performance across the portfolio and favourable foreign exchange movements, offset by a meaningful increase in discount rates to reflect increases in market interest rates and higher risk premia.

Chart 1: NAV progression for the year to 31 March 2023



The Company recorded a 58.3% increase in profit in the year to £81.2 million (period to 31 March 2022: £51.3 million). This increase reflects, following the IFRS classification: movement in the fair value of investments of £73.1 million (period to 31 March 2022: £40.3 million); unrealised foreign exchange gains of £6.1 million (period to 31 March 2022: £13.9 million); a realised loss on restructure of £3.9 million (period to 31 March 2022: nil); interest income of £2.7 million (period to 31 March 2022: £2.9 million); net finance income of £9.3 million (period to 31 March 2022: £0.2 million); and net foreign exchange gains of £11.7 million (period to 31 March 2022: £6.2 million) offset by: transaction costs of £6.6 million (period to 31 March 2022: £4.6 million); and other operating costs of £11.3 million (period to 31 March 2022: £7.4 million). The profit of £81.2 million represents earnings per share of 10.5p.

The portfolio, whether held directly or through Cordiant Digital Holdings UK Limited, and at 31 March 2023 consisting of Emitel, CRA and Hudson, together with the Eurobond facility, was valued at the reporting date at £872.3 million (31 March 2022: £409.9 million). The Company had cash balances of £10.5 million (31 March 2022: £353.7 million) and net other financial liabilities of £7.1 million (31 March 2022: other net assets of £58.8 million). Net assets were £875.7 million (31 March 2022: £822.3 million), representing a NAV per share of 113.4p (31 March 2022: 106.34p, 104.84p ex-dividend).

Table 1: Reconciliation of Statement of Comprehensive Income to Chart 1

	Accrued income	Total unrealised value movement	Net FX movement	Fund expenses	IFRS P&L
Movement in fair value of investments	—	46.0	30.1	(3.0)	73.1
Unrealised foreign exchange gains	—	—	6.1	—	6.1
Realised loss on restructure	—	—	(3.9)	—	(3.9)
Interest income*	2.8	—	—	—	2.8
Investment acquisition costs	—	—	—	(6.6)	(6.6)
Other expenses	—	—	—	(11.3)	(11.3)
Foreign exchange movements on working capital	—	—	11.1	—	11.1
Gain on foreign exchange forwards	—	—	0.6	—	0.6
Finance income	9.7	—	—	—	9.7
Finance expense	—	—	—	(0.4)	(0.4)
	12.5	46.0	44.0	(21.3)	81.2

\*subject to rounding

### Application of IFRS

As disclosed in the Company's Interim Report published on 29 November 2022, the Company holds Hudson directly whereas Emitel and CRA are both held through its wholly-owned subsidiary, Cordiant Digital Holdings UK Limited. The Eurobond was issued by Cordiant Digital Holdings Two Limited, which is a wholly-owned subsidiary of Cordiant Digital Holdings UK Limited.

Consequently, under the application of IFRS 10 and the classification of the Company as an investment entity, the Company's investment in Cordiant Digital Holdings UK Limited is recorded as a single investment that encompasses underlying exposure to Emitel, CRA and the Eurobond. In order to facilitate shareholders' understanding of the breakdown and performance of the Company's portfolio, the elements of the overall value movement attributable to foreign exchange movements and value movement and income from each portfolio company are

**Table 2: Underlying components of Statement of Financial Position**

	Emitel	CRA	Hudson	Cash	Intercompany balances	Other assets and liabilities	Eurobond	IFRS Total
Investments at fair value through profit and loss	429.0	389.1	57.0	20.7	20.7	(0.2)	(44.0)	<b>872.3</b>
Receivables	–	–	–	–	–	14.7	–	<b>14.7</b>
Cash and cash equivalents	–	–	–	10.5	–	–	–	<b>10.5</b>
Payables	–	–	–	–	(20.7)	(1.1)	–	<b>(21.8)</b>
	<b>429.0</b>	<b>389.1</b>	<b>57.0</b>	<b>31.2</b>	<b>–</b>	<b>13.4</b>	<b>(44.0)</b>	<b>875.7</b>

identified in Chart 1. The Company's profit and NAV under this approach are exactly the same as in the audited IFRS Statement of Comprehensive Income and the Statement of Financial Position.

Table 1 shows the reconciliation of Chart 1 to the IFRS Statement of Comprehensive Income.

Table 2 shows the reconciliation of the closing NAV in Chart 1 to the IFRS Statement of Financial Position.

### Financial performance in the year

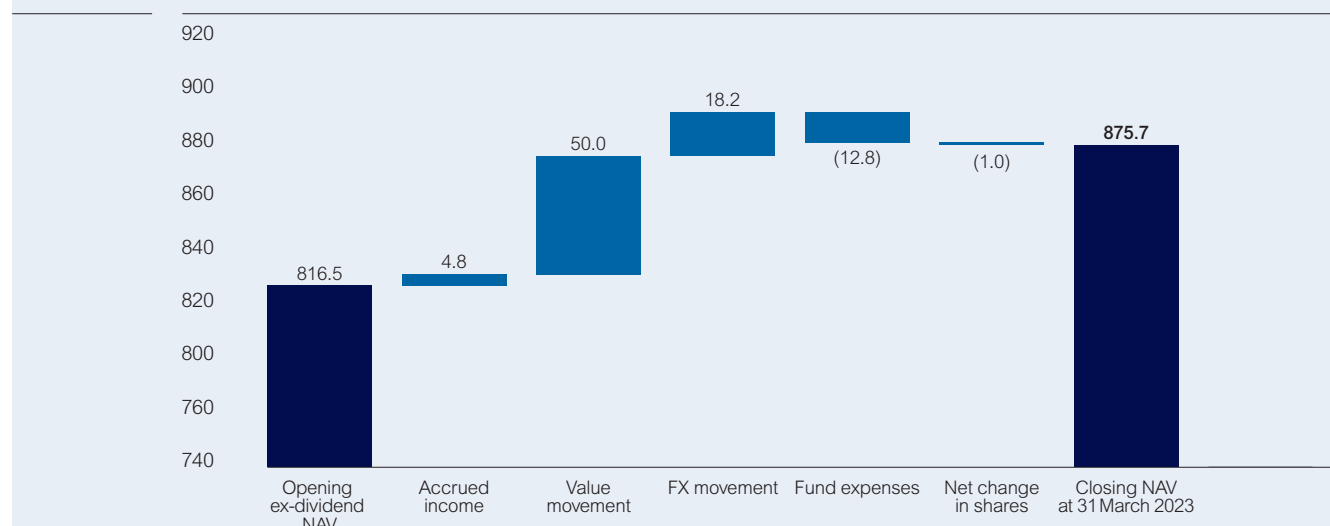
Chart 1 shows the Company's NAV progression for the year to 31 March 2023, with underlying value growth, foreign exchange movements and costs split out from the audited IFRS classification presented in the Statement of Comprehensive Income and Statement of Financial Position.

Underlying value growth was £46.0 million in the year (period to 31 March 2022: £40.3 million), comprised of £47.9 million gain in respect of Emitel, £8.2 million gain in respect of CRA (period to 31 March 2022: gain of £40.3 million) and a £10.1 million decrease in respect of Hudson (period to 31 March 2022: £nil gain or loss).

Underlying foreign exchange gain for the Company was £44.0 million for the year (period to 31 March 2022: £13.9 million), comprising a £13.2 million gain in respect of Emitel and Polish zloty, £26.6 million gain in respect of CRA and Czech koruna (period to 31 March 2022: gain of £11.5 million), £4.2 million gain in respect of Hudson and the US dollar (period to 31 March 2022: gain of £2.4 million).

The Investment Manager and Board have kept the Company's hedging strategy under regular review in light of the volatility in foreign exchange rates since the Company began operations, and given the substantial unrealised foreign exchange gain which the Company recognised at 31 March 2023. To date, the Company has not undertaken any hedging of balance sheet foreign exchange exposure.

Total Company costs of £21.3 million for the year reflected: management fees paid to the Investment Manager; costs attributable to the Eurobond facility raised by Cordiant Digital Holdings Two Limited in the year; operating costs and discontinued deal costs of the Company; and acquisition

**Chart 2: NAV bridge for the six months from 1 October 2022 to 31 March 2023**



costs relating to the acquisition of Emitel. The ongoing charges ratio for the year to 31 March 2023, calculated as annualised management fee and operating expenses (excluding acquisition costs and non-recurring items) divided by the average NAV during the year, was 1.1%. This has been calculated in line with the guidelines published by the AIC.

Chart 2 shows the Company's NAV progression from the reported ex-dividend NAV at 30 September 2022 to the audited NAV at 31 March 2023. The increase in NAV in the second half of the year has been driven by a reduction in net debt in the portfolio companies and strong operating performance, somewhat offset by increased discount rates, Eurobond finance costs and other expenses.

The gain on foreign exchange translation in the second half of the year relates to the investments in Emitel (£10.0 million), CRA (£15.2 million) and Hudson (loss of £7.0 million).

The underlying valuation gain of £50.0 million in the second half of the year is split between Emitel (£47.9 million) and CRA (£7.3 million), with an offsetting value decrease at Hudson (£(5.2) million).

### Valuations

At Emitel, the value increase during the year to 31 March 2023 was primarily driven by cash flow generation since the acquisition was agreed and the fact that the Company acquired Emitel at a comparatively low multiple to reported EBITDA, with the equity consideration fixed in January 2022.

At CRA, the value movement in the year is driven by cash flow generation reducing net debt. This is offset by an increase in the discount rate applied since March 2022 and September 2022.

Hudson is in a growth phase as it seeks to take on new customers and build out revenues. During the year, the Company invested a further £4.7 million to support cash flow. At 31 March 2023, the Investment Manager valued the business at £57.0 million, a reduction of £3.5 million from aggregate cost. This was driven by an increase in the discount rate, later than planned ramp-up in revenues and EBITDA, and delays in fitting out the data halls for new customers due to global supply chain issues.

**Table 3: Weighted average cost of capital**

	Range low point	Range high point	Weighted average mid point
Cost of equity	9.6%	12.9%	11.0%
Cost of debt	5.0%	7.0%	6.5%
WACC	8.2%	11.0%	9.6%

**Table 4: Calculation of adjusted funds from operations (AFFO)**

	Twelve months to 31 March 2023 <sup>1</sup> (unaudited) £m
Portfolio company revenues	200.4
<b>Portfolio company normalised EBITDA</b>	<b>105.0</b>
<b>Dividend coverage, EBITDA basis</b>	<b>3.4x</b>
Net Company-specific costs <sup>2</sup>	(11.6)
Net finance costs	(18.8)
Net taxation, other	(14.9)
Free cash flow before all capital expenditure <sup>3</sup>	59.7
Maintenance capital expenditure	(12.9)
<b>Adjusted funds from operations</b>	<b>46.8</b>
Dividend at 4.0p per share	(30.9)
<b>Dividend cover</b>	<b>1.5x</b>

<sup>1</sup>At average foreign exchange rates for the period. Includes Emitel's LTM revenue and EBITDA to 31 March 2023 and FY23 unaudited results for CRA and Hudson, both of which have a 31 March year end.

<sup>2</sup>Fund expenses of £21.3 million net of cash interest received of £9.7 million as shown in Table 1.

<sup>3</sup>Aggregate growth capital expenditure of £14.9 million was invested in the 12 months to 31 March 2023 across the portfolio.

The valuations of the portfolio companies were prepared by the Investment Manager according to the IPEV Valuation Guidelines and IFRS 13. The Company has also appointed an independent valuation expert, who performed a full independent valuation prior to the audit.

The Company responded to market volatility during the year by increasing the discount rates applicable to its valuations of its portfolio platforms. The increase in overall value reported by the Company therefore reflects generally strong operating performance and robust cash flow generation, partially offset by the mathematical effect of volatile markets, as captured through increases in discount rates. On this basis, the Investment Manager is highly confident that the portfolio value reported in this Annual Report is a fair reflection of value that has accrued to shareholders at 31 March 2023.

The primary valuation methodology of the Company's three portfolio platforms is a discounted cash flow approach. The Investment Manager has discounted the near-term forecast cash flows of each platform and a terminal value using a weighted average cost of capital (WACC) as the discount rate. This process yields an enterprise value from which the net debt of the platform is deducted to arrive at the equity value attributable to the Company. At 31 March 2023, the Company owned 100% of each platform either directly or indirectly through intermediate holding companies.

The WACC for each valuation comprises a weighted average of the cost of equity attributable to the platform and the cost of debt attributed.

The cost of equity comprises an appropriate risk-free rate plus a premium for specific risk relating to the platform, its size and its geographical location. Table 3 shows the range of cost of equity and cost of debt used at 31 March 2023 in the audited valuations of the three platforms. The weighted average mid-point cost of equity was 11.0% and the weighted average cost of debt mid-point was 6.5%.

The weighted average discount rate (WACC) used across the portfolio at 31 March 2023 was 9.6%. From 30 September 2022 to 31 March 2023, the weighted average discount rate for the portfolio (CRA and Hudson which were each held by the



Top: David Kippen,  
Managing Director  
Bottom: David Bonar,  
Treasurer

Company at 30 September 2022) increased by 36 basis points. The weighted average discount rate increase across the whole year for these two investments was 81 basis points. This increase was applied by the Company in response to global market volatility which saw increasing risk free rates and risk premia during the year and which has had the mathematical effect of exerting downward pressure on valuations during the year. Increases in discount rates during the year for CRA and Hudson caused a £78 million reduction in value.

#### Dividend coverage

The Company's prudent approach to portfolio construction has created a cash generative, conservatively geared and strongly diversified pool of assets with scale and the potential for future growth.

The Company will pay a further interim dividend of 2.0p per share, bringing the total for the year to 31 March 2023 to 4.0p. This represents a significant increase over the dividend for the year planned at the time of the IPO in February 2021. The 4.0p dividend is approximately 3.4x covered by EBITDA and 1.5x covered by AFFO defined as free cash flow after Company level costs, net finance costs, taxation and maintenance capital expenditure. Table 4 shows the calculation of AFFO for the year to 31 March 2023.

#### Investee company performance

For the year to 31 March 2023, the portfolio companies generated combined revenue of £197.1 million, representing a 7.8% increase over the prior year, on a like-for-like proforma, constant currency basis. Portfolio EBITDA increased 10.0% over the year, on a like-for-like proforma, constant currency basis, to £103.8 million<sup>1</sup>.

These increases in revenue and EBITDA reflect a number of factors such as new contracts being entered into, including in the broadcasting and telecoms business units, and the selling of additional space at data centres at CRA and Hudson. Higher revenues were earned from existing customers, by the application of inflation indexation and the cross-selling of complementary services. The Investment Manager worked with each of the platform companies to bring its experience in industry best practice to these mid-sized platforms in the areas of broadcast, telecoms infrastructure and data centres.

Finally, the platforms made investments in new capacity, technologies and services, such as the DVB-T2 broadcast upgrade and new multiplexers (MUXes), which led to increased revenues and EBITDA.

During the year to 31 March 2023, across the portfolio companies £12.9 million was invested in maintenance capital expenditure and £14.9 million in growth capital expenditure. Maintenance capital expenditure included investment in IT systems and security, the backbone network at CRA and infrastructure modernisation at Emitel.

Growth capital expenditure included upgrades to the latest generation of digital broadcast technology (DVB-T2) at Emitel, expansion of the number of tower sites, expansion of data centre capacity at CRA and Hudson and continued investment in utility sensor networks. This growth capex was funded by surplus adjusted funds from operations after the payment of the dividend.

Total gross debt at the Company, subsidiary and platform level was equivalent to £466 million, and aggregate cash balances at the Company, subsidiary and platform level were equivalent to £122 million. Aggregate net gearing was 30% on a look-through basis, well below the 50% maximum permitted under the Company's investment policy. 78% of all debt is on a fixed-interest basis, with the remainder floating, none of which is inflation linked.

At 31 March 2023, the Company had a total potential liquidity position of £254 million, consisting of aggregate cash at the Company and platform level of £122 million and undrawn balances of £132 million within the Eurobond facility, all of which has been drawn subsequent to the year end. As and when appropriate, the Company will continue to deploy cash in internal growth projects at platform companies and in new investments.

<sup>1</sup>Including Emitel's revenues and EBITDA from audited financial statements to 31 December 2022.

### Digital Infrastructure market outlook

Growth in data traffic continues to accelerate globally due to growing adoption and demand from multiple sectors. This trend is agnostic to any one sector's behaviour because it is fuelled by growing demand from many industry segments.

Interconnect data centres act as crossroads for digital data traffic movement and edge data centres bring the digital traffic closer to the end customer. Improved end-user experience and a growing need for data traffic optimisation are resulting in growth in both these markets.

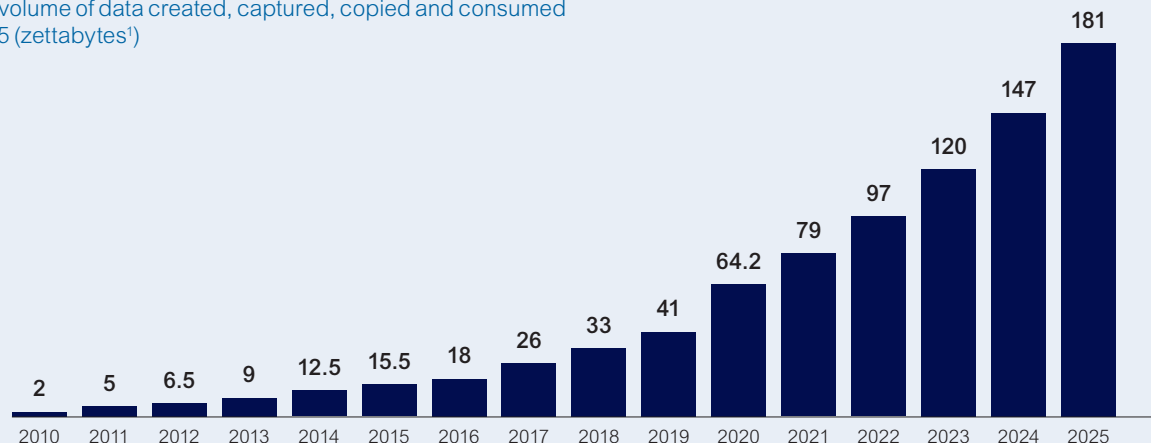
Generative AI has the potential to drive a surge in demand for higher capacity data centre space and traffic on fibre networks. In addition, for data centres, increasing use of AI is expected to translate to higher kilowatt requirements from customers and increases in revenues.

The Investment Manager also believes that AI is likely to be a positive influence for the broadcast market. Broadcasters can use AI analytics to gain granular insight into their audience faster and more effectively than was the case historically. Better understanding of viewer demographics will come from probabilistic data modelling which will be used for targeting advertising, leading to an improved return on investment for brand owners and higher revenues for the broadcasters. In turn this strengthens the market for TV channels on digital terrestrial TV, which benefits the Company's platforms.

It seems likely that AI serves ultimately to enhance the end viewer connections and stickiness for media content companies, either in broadcast or broadband media. The Company, as an owner of Digital Infrastructure, is well positioned to benefit from this evolution.

### Growth in data traffic

Global volume of data created, captured, copied and consumed 2010-25 (zettabytes<sup>1</sup>)

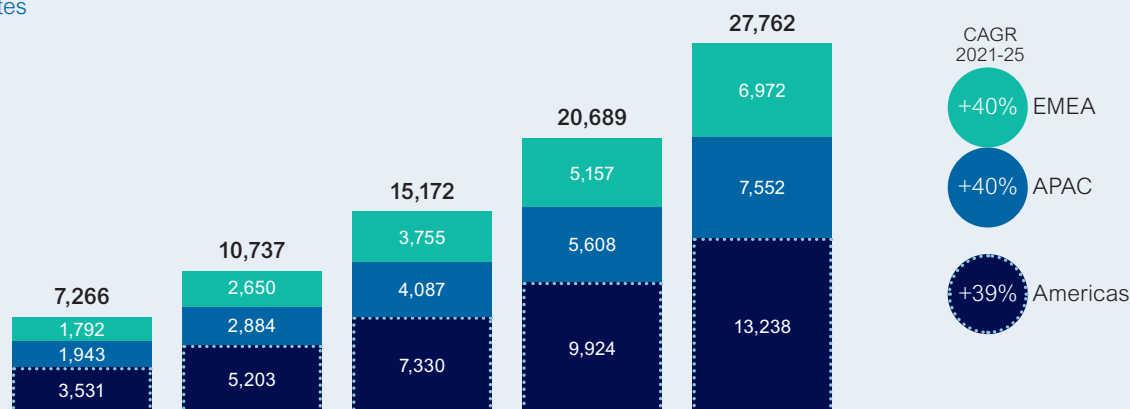


Source: Statista, 2021 – figures post 2021 are forecasted

<sup>1</sup>One zettabyte is equal to one trillion gigabytes.

### Growth in edge computing market and interconnect bandwidth

Growth in interconnection bandwidth  
Terabytes



Source: Equinix Global Interconnection Index 2023 report



### The Investment Manager's team

During the year, the digital team at the Investment Manager was further strengthened with the appointment of Mark Tiner as Chief Financial Officer. Mark brings extensive knowledge and experience, having previously held senior positions within two investment trust managers and as CFO of a €1 billion private equity firm.

The Investment Manager also appointed Meekal Hashmi as Chief Operating Officer. His focus on back and mid office and information technology will be of significant value to the digital team. The Investment Manager also expanded its environmental, social and governance team, joining the Partnership for Carbon Accounting Financials and developing TCFD capabilities. Additional appointments were made to provide further capability to the transactions, finance and legal teams as the portfolio has grown.

Building on the significant strength of the existing digital team reflects the Investment Manager's continued commitment to supporting platform companies in achieving their growth ambitions, along with being able to source and deliver investment opportunities that are in line with target returns.

Unlike its peers in this market, the digital team at the Investment Manager possesses deep, senior experience of managing and operating world-class Digital Infrastructure businesses. This is combined with private equity executives having decades of experience advising and investing in the sector, making for a unique marriage of capabilities.



### Outlook

The Investment Manager is pleased with the overall quality of assets and underlying cash flows in the portfolio. These have been assembled at what the Investment Manager believes to be a highly attractive price without sacrificing growth potential.

Internally generated cash flows and the proceeds of the Eurobond facility will allow the Company to cover the dividend, engage in appropriate maintenance capital expenditures, expand existing platforms and invest in new assets to further diversify the portfolio, both geographically and by asset type.

The Investment Manager remains closely focused on the Company's target of 9% return to shareholders, comprising

dividend and capital growth. The pricing environment for digital assets in the middle market has somewhat improved and the Investment Manager has recruited a large and capable team of digital specialists with the skills and experience required to manage the Company's assets and to succeed in maximising total return from Core Plus assets.

Based on the solid performance in 2022, which has continued into 2023, the Investment Manager believes the Company remains well placed to deliver as planned in the year ending 31 March 2024.

The Investment Manager looks forward to the year ahead with confidence.

Mark Tiner,  
Chief Financial Officer  
Left: Meekal Hashmi,  
Chief Operating Officer





“Emitel implements projects that not only enable us to increase revenues and build shareholder value, but also have a positive impact on the environment and local communities.”

**Andrzej J. Kozłowski**  
Chief Executive Officer  
Emitel S.A.

## Buy



In Emitel, Cordiant acquired a market-leading, mature, cash flow-generating network infrastructure owner and operator with contractually embedded inflation protection and a unique base of difficult-to-replicate Digital Infrastructure assets. With Emitel's strong financial performance in the last financial year, the EV purchase multiple was effectively 8.8x FY22 EBITDA.

## Build



Continued investment in expanding capacity, driving additional revenue from the asset base with new service capabilities, and expanding product range, for example:

- Further broadcast revenue generated from additional capacity following the DVB-T2 and spectrum refarming projects, resulting in a new MUX for exclusive use by Telewizja Polska S.A. (TVP).
- Completed the acquisition of American Tower's Polish business, comprising 65 telecoms towers with potential for additional lease customers.
- Emitel developed a dynamic advertisement insertion (DAI) pilot with the Warsaw Stock Exchange.

## Grow



Emitel's performance since acquisition has been strong, as reflected in the revenue and EBITDA growth rates for the last financial year of 13% and 8% respectively.

The tower tenancy ratio in the telecoms business improved to 1.4x and 40 new build-to-suit (BTS) sites were created.

Broadcast growth was driven by inflation-linked contracts and capacity freed up by investment in DVB-T2 and new MUXes.

The Company remains well-positioned to capitalise on strong and growing demand for Digital Infrastructure in Poland.

## Emitel (acquired November 2022)

	£m
Original cost <sup>1</sup>	353.0
Unrealised foreign exchange movement in the year <sup>2</sup>	13.2
Realised gain on foreign exchange forward	8.6
Income generated in the year <sup>3</sup>	9.3
Unrealised value movement in the year	47.9
Cash not used in transaction	(3.0)
Value at 31 March 2023	429.0

<sup>1</sup>On a cash basis. The Company converted £353 million into PLN between March and June 2022. By the time of the acquisition closing in November 2022, the value of the PLN acquired had increased to over £380 million, reflecting the bank interest earned, and the appreciation of PLN against pounds sterling over the period. £3.0 million of PLN was not utilised for the transaction and was converted back into pounds sterling.

<sup>2</sup>Includes foreign exchange movement recorded in the year on PLN cash.

<sup>3</sup>Bank interest earned on PLN balances held during 2022 between signing of the deal in January 2022 and closing of the deal in November 2022.

## Financial performance in the year

For Emitel's audited financial year ending 31 December 2022, revenue increased 13% to PLN 548 million (£99.8 million at average exchange rates for the year) and EBITDA increased by 7.7% to PLN 368 million (£67.0 million at average exchange rates for the year). This performance reflected strong growth in TV broadcast revenues, offset by an increase in energy costs and a contractual lag in inflation-adjusted revenues.

The increase in broadcast revenues was primarily driven by additional capacity available from investment in the latest DVB-T2 technology – notably, the annualised impact of a new MUX 4 contract signed in 2021, and higher testing revenues prior to commercial launch of MUX 6 (which took place in February 2023). In addition, DVB-T2 technology investment freed up bandwidth for sale, enabling Emitel to offer additional digital services to its broadcast customers and viewers, which further improved the Company's competitive position.





Krzemionki TV tower,  
Kraków, Poland



Revenue growth was driven by inflation-linked price increases (approximately 75% of Emitel's revenues have full or partial CPI-linked contracts) and incremental telecom infrastructure revenues. 2022 inflation will principally be reflected in indexed revenue contracts from January 2023 onwards. Inflation in Poland for 2022 was 16.6%. Increased telecom infrastructure revenues arose from an additional 40 BTS sites and an increase in the tower tenancy ratio to 1.4x, which demonstrated Emitel's success in driving additional revenue from existing infrastructure.

Cash balances increased to PLN 224 million (£42 million). The principal amount of third-party bank debt was PLN 1,470 million (£276 million) at year end. Of the interest payable on the third-party bank debt at 31 March 2023, 67% was fixed and 33% floating; none was inflation linked.

At acquisition in November 2022, the Company also recognised a foreign exchange gain of £18 million and accumulated cash interest of £9 million, having acquired the Polish zloty required to meet the purchase consideration through a series of forward contracts.

### Operations

Emitel's contracted orderbook saw further growth in the last financial year and now stands at more than PLN 3 billion (more than £566 million), with contracts extending out as far as 2035. The weighted average contract length in TV broadcasting is seven years, three years in radio broadcasting and 13 years<sup>2</sup> in telecom infrastructure services.

Emitel's incumbent customer base presents an opportunity to evolve its technical capabilities and service offering, including an 'over the top' implementation for a major mobile operator for ca.140 channels, more than 100 of which are HD. Further contract wins are expected during 2023.

During 2022, Emitel completed the last stage of digital terrestrial TV frequency switching (refarming), thus completely freeing up the 700MHz band, which is to be allocated to 5G. This was a four-year programme undertaken by the company which moved terrestrial multiplexers from 694-790MHz to 470-694MHz, and in doing so, increased available TV broadcasting capacity.



Emitel won the prestigious Top Employer in Poland award again in Q1 2023, reflecting the underlying strength of the business and the high standards to which it is managed and operated on a day-to-day basis. This is the fourth consecutive win for the company.

### Outlook

Emitel continues to invest in the development of new products such as IPTV, hybrid TV (HbbTV), and DAI platforms which allow among other things, the placement of specific advertisement spots in advertising blocks based on a predefined criterion. The Company recently partnered with the Warsaw Stock Exchange to conduct a pilot for DAI. The pilot will aim to test the functionality and effectiveness of DAI in all types of digital TV platforms in Poland. As part of the project, Emitel is responsible for the installation and configuration of the system, which will be connected to the infrastructure provided by the Warsaw Stock Exchange.

Starting in 2020, Emitel began to develop Poland's sixth digital television multiplexer (MUX 6) around the DVB-T2 technology standard to expand capacity and augment its service and distribution offerings for broadcasters. Following the completion and testing of MUX 6 in 2022, in Q1 2023 Emitel was able to secure a new contract win with Polish public broadcaster TVP, for an expansion of its channels' transmissions. TVP is a state media corporation in Poland and is the oldest and largest Polish television network. MUX 6 will be the second digital TV multiplex operated by Emitel exclusively for TVP, the other being MUX 3.

Working with the municipality of Piaseczno, Emitel was involved in: the installation of systems to monitor water levels in rivers and major drainage ditches; the measurement of parking spaces in designated areas; and real-time observation of the environment with measurements of temperature, noise levels, humidity and air cleanliness. The project was awarded the Smart City Poland Award 2022 at the Smart City Expo Poland in Łódź in the Urban Infrastructure category.

The extra broadcast capacity provided by MUX 6 enables TVP to increase the number of channels it offers and allows the media market to use Emitel's existing MUX 1 and MUX 8 capacity for additional new channels in Poland. Both of these developments increase Emitel's revenue potential. The agreement, which came into effect on 1 February 2023, will allow for 96% population coverage in Poland for the MUX 6 channels.

After the year end, Emitel acquired 65 telecommunication towers in Poland from American Tower. The towers are less than three years old and come with robust contracts with long tenures (14 years average) with inflation-linked escalators for tenants. These are high-quality lattice towers and have high-quality contracts with blue-chip customers, Orange and Play, who are already clients of Emitel. The acquisition was funded from Emitel's own cash resources.

Emitel is working to refinance its third-party bank debt in advance of the June 2024 maturity date. The Company expect this process to be finalised in Q3 2023.

Demand for data and Digital Infrastructure in Poland remains strong and was supported by continued growth in GDP during the year. Emitel remains well positioned to benefit from these trends in Poland.

<sup>2</sup>13 years for the anchor tenant.



Control room at the Krzemionki  
Network Management Centre in  
Kraków, Poland





“Demand for digital services in the Czech Republic is strong and enjoys a buoyant outlook underpinned by the strength of the economy.”

#### Miloš Mastník

Chief Executive Officer  
České Radiokomunikace

### Buy



CRA was acquired in 2021 for an EV/EBITDA multiple of 11.1x unaudited FY23 EBITDA.

### Build



CRA continued to monitor bolt-on acquisition opportunities during the year. The company is in the process of signing exclusivity for the acquisition of another data centre (DC) in the region.

The project to design and build a new 26MW DC in Zbraslav, Prague continues, with more than CZK 100 million allocated to the project in the coming years.

In addition, CRA started work to upgrade the generators at the DC in Žižkov to expand its capacity to cater for demand while the new facility at Zbraslav is being built.

CRA has made investments in its tower portfolio to increase the tenancy ratio and built IoT networks for a number of local customers.

### Grow



Commercial initiatives during the year saw several new broadcasting contracts being signed such as new agreements with AMC, A11 and a European teleshopping operator.

Mobile network operators have begun deploying 5G antennas on CRA tower sites, representing a fresh revenue opportunity.

In addition, the company has negotiated an increase in scope and contract duration for a key government contract relating to PPDR systems.

### CRA

	£m
Original cost May 2021	305.9
Value at 31 March 2022	351.6
Further investment in the year*	2.7
Unrealised value movement in the year	8.2
Unrealised foreign exchange movement in the year	26.6
Value at 31 March 2023	389.1
Income generated in the year	2.7

\*Interest on shareholder loan capitalised during the year

### Financial performance

Revenues for the 12 months to 31 March 2023 increased by 2.0% to CZK 2.264 billion (£80.3 million at average exchange rates for the year) and adjusted EBITDA increased 16.9% to CZK 1.2 billion (£41.2 million at average exchange rates for the year).

The revenue performance was driven by double-digit growth in the DC, cloud and IoT business lines coupled with single-digit growth in the telecoms business line. This was somewhat offset by a decline in radio broadcasting revenue due to the shutdown of AM broadcasting, as was scheduled for this year. Revenue growth from TV broadcasting was flat year on year. TV broadcasting recently won several new contracts including signing a five-year agreement in March 2023 with blue-chip pay TV broadcaster, AMC Networks International (AMC), a global provider of well-known content such as AMC, Film+ and Sport1. These new contracts, together with inflation linkage in revenues from the broadcast business, position CRA well for broadcast growth in the coming year.

EBITDA performance was driven by an increase in revenues, slight improvement in gross margin and a reduction in operating expenditure as a percentage of revenue compared with the year to 31 March 2022.

The renewal of existing contracts and the winning of new ones were supported by investments made in the expansion and upgrading of CRA's assets. During the year CRA invested CZK 51 million to build more public protection and disaster relief (PPDR) sites for





Žižkov Television Tower,  
Prague



the Czech government and develop IoT networks in partnership with a number of customers. It also made further investments into the existing tower portfolio to support growing the number of antennas on those towers. These investments directly led to CRA earning extra revenues and EBITDA as a result of the capital deployed. In addition, CRA is benefiting from previous investments made to complete the roll-out of the latest broadcast technology, DVB-T2, resulting in a 30% increase in broadcast capacity that it can offer to customers and potential customers. In the last quarter of the financial year, CRA made good progress in selling broadcast capacity to a number of new entrants into the Czech market, as mentioned above.

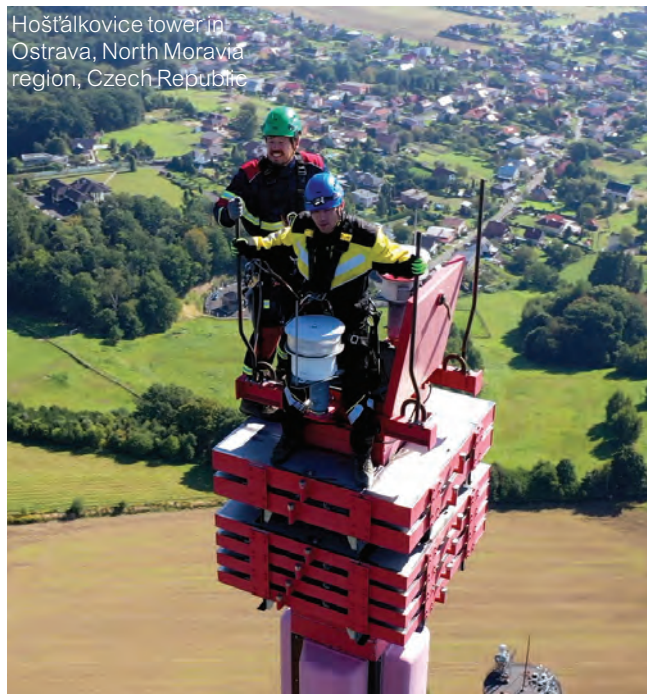
CRA also saw continued demand for DC capacity, as measured in racks occupied (+12.2%) and power (+21.4%). This reflects robust demand dynamics from new and existing customers.

Cash balances increased to CZK 1.3 billion (£48.1 million) at 31 March 2023. Third-party bank debt remained unchanged at CZK 3.9 billion (£146.0 million). Interest on the bank debt is 100% hedged until the second half of 2025 when the loan falls due.

### Operations

CRA benefited from stability in its energy cost during the year and incurred lower energy costs compared to many of its competitors due to its hedging policy. This in return benefited CRA's existing DC customers who are charged for energy based on a pass-through mechanism. In addition, it helped CRA win some new customers who were facing far higher energy charges by their previous DC service providers.

During the year, CRA also benefited from new senior management appointments. The refreshed management team, working with the Investment Manager's team, has sought to implement innovative commercial arrangements with customers to support and improve the balance of near- and longer-term revenue and earnings visibility. These arrangements include a new revenue-sharing model, to drive take-up of broadcast capacity, and balancing pass-through costs with longer-term contractual agreements.



Hošťálkovice tower in Ostrava, North Moravia region, Czech Republic

In line with power planning for the new DC, CRA has committed to 100% of its power requirement coming from renewable sources within the next five years; as at 31 March 2023 46% of the company's electricity use came from renewable sources.

### Outlook

After the year end, CRA signed a 15-year lease agreement with a leading European mobile network operator. This also resulted in extra space being freed up on CRA's towers despite an increase in revenue per tower.

The Czech economy benefited from strong investment activity during the year, and real GDP increased by 2.5% in 2022, according to official data. CRA's business lines benefit from either full inflation protection or fixed escalators which help protect the company's margins. Inflation linked contracts will



IT analysts at CRA headquarters in Prague, Czech Republic

typically incorporate 2022 inflation, which in the Czech Republic was 15.1%, from January 2023 onwards.

Continued demand for DC capacity is a key driver for CRA's plans to invest in a new 26MW DC on a former AM radio transmission site outside Prague. The new centre is expected to be a state-of-the-art facility, with market-leading power utilisation efficiency and on-site solar power. The execution for the fibre ring of this DC has now started. With current plans for the new DC to be completed in 2025, CRA is also looking at bolt-on acquisition opportunities to boost DC capacity in the interim.



CRA headquarters in Prague,  
Czech Republic







“Hudson is well positioned with the largest capacity in the most connected building in NYC with over 300 carriers, to take advantage of growing interconnection demand driven by high utilisation of likes of cloud, content and SaaS, and the need for efficient networking.”

**Tom Brown**  
CEO  
Hudson Interxchange

## Buy



Hudson was acquired in Q1 2022 at a significant discount to original construction cost.

## Build



Management has finalised plans for fit-out of a new data hall of 750KW; construction will begin in order to support increasing demand and specifically to provide a turnkey solution to prospective customers.

## Grow



Several new blue-chip customers signed, with cross-connect and colocation revenue opportunities identified.

## Financial performance

During the period, Hudson saw revenue increase by 9.2% to \$20.5 million (£17.0 million at average exchange rates for the year) and EBITDA loss increase by 43% to \$(5.3) million (loss of £4.4 million at average exchange rates for the year). The increase in EBITDA loss was a result of the recruitment of sales and marketing personnel and the impact of sales commission, which is paid up front when a new contract is starting to generate revenue.

Hudson saw solid operational progress through the year, although the pace of new sales has been slower than the Investment Manager had hoped, with Hudson's management also dealing with global supply chain issues affecting the availability and lead times of data hall construction materials. Capacity utilisation of the sixth floor has increased to 321KW resulting from a number of contract

## Hudson

	£m
Original cost	55.8
Value at 31 March 2022	58.2
Further investment in the year	4.7
Unrealised value movement in the year	(10.1)
Unrealised foreign exchange movement in the year	4.2
Value at 31 March 2023	57.0
Income generated in the year	–

wins. These included blue-chip customers such as a major US mobile operator and a leading provider of advance network communications. We expect the pace of pipeline conversion to sales to increase in the coming financial year.

The overall sales pipeline has continued to grow and now stands at 7.2MW; the value of sales opportunities which management judge a 50% probability or more increased by 250% between March 2022 and March 2023.

## Operations

During the year, Hudson benefited from the investment made in its sales and marketing teams, including the appointment of new heads of sales and marketing with extensive recent experience in selling and marketing data centre space and services. The team is now increasingly active in the market, with a campaign to target customers in the financial sector where low-latency interconnection and colocation are required.

These initiatives are also being actively supported by the Investment Manager's operational team, with individuals on the ground in New York assisting the management team in converting the substantial pipeline into sales.

## Outlook

Hudson continues to offer a significant opportunity for growth, with current utilisation below 30%, and no requirement for additional upfront investment, essentially de-risking capital expenditure by linking it directly to revenue contracts.





60 Hudson Street, New York



Emitel employees replacing  
the antenna on the Ryki mast,  
Ryki, Poland





# Pipeline

## Current opportunities (>€3bn)

At 31 March 2023, the Company and its subsidiaries had aggregate cash resources of £122 million and undrawn amounts on the Eurobond facility of £132 million, all of which was subsequently drawn down in early June 2023 in line with the terms of the facility. This gives the Company £254 million of liquid resources, the bulk of which the Company expects to deploy to build out its investment pipeline and diversify the portfolio.

The pipeline is weighted toward Western and Northern Europe in geographic terms. Interconnect and edge DCs, including those aimed at customers redeploying in edge DCs from the cloud (boomerang cloud) remain key target areas, with other multi-asset plays being assessed by the Investment Manager.

There are an increasing number of opportunities in the fibre-to-the-premises (FTTP) market as the sector matures and seeks to consolidate.

The Company retains its focus on the mid-market, where the Investment Manager judges that seller expectations on value are now becoming more realistic compared to the large cap private and public markets.

## Opportunity funnel

Deals screened

106

Non-binding offers submitted

22

Binding offers submitted

11

Deals closed

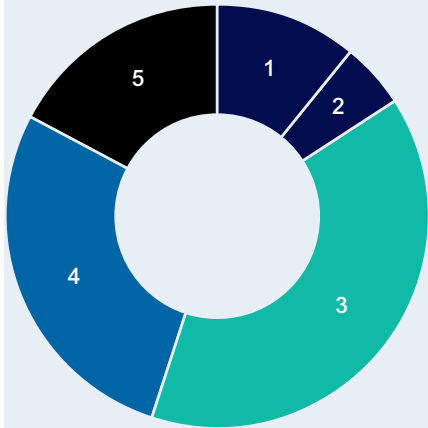
3

## Pipeline by geography(%)



1. UK	28%
2. Mainland Europe	61%
3. North America	11%

## Pipeline by sub-sector(%)



1. Mobile telecommunications	11%
2. Broadcast towers	5%
3. Fibre-optic networks	39%
4. Data centres (DCs)	28%
5. Multi-asset	17%

## Section 172 statement

The needs of our stakeholders and the long-term consequences of any decision are taken into consideration by the Board when making that decision. Its decision making is guided by the Company's purpose: to generate attractive risk-adjusted returns in a sustainable and responsible manner for stakeholders. In performing their duties during the year, the Directors have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006. The following disclosures set out how the Directors have had regard to these matters and form the directors' statement required under section 414CZA of the Act. While Section 172 applies directly to UK domiciled companies, the AIC Code requires that the matters set out in Section 172 are reported on by all companies that are subject to the Code, irrespective of domicile.

-  Shareholders
-  The environment
-  Investment Manager
-  Service providers
-  Communities
-  Governments and regulatory bodies

### Key decisions in the year to 31 March 2023

#### Decision

##### Sustainability integration at Board level

The Board approves all sustainability-related policies adopted by the Company. In the year to 31 March 2023 this included a new and improved responsible investment policy, tailored to the digital sector. In addition, although not all required, the Company has opted to make TCFD (see pages 69 to 76), SFDR and SASB (see pages 134 to 140) disclosures.

##### €200 million Eurobond facility to support acquisitions and investment growth

This facility provides fresh committed capital to finance acquisitions from the Company's investment pipeline and fund growth capital expenditure within the Company's existing portfolio of operating companies.

##### Dividend policy

In November 2022, the Board confirmed the Company's dividend target of 4.0p for the year ended 31 March 2023. This increase was in advance of the indicative level set out in the 2021 IPO.

##### Deployment of capital (through acquisition)

Following the announcement of the acquisition of Emitel in January 2022, the Board continued to monitor progress of the transaction to completion and approved various steps as part of the closing process as well as the issue of market communications in order to keep stakeholders appropriately informed.

##### Share buyback

During the year, the Board has kept the Company's share price under review. While the Board views the share price trading at below NAV is a consequence of macroeconomic factors, and that it is in the best interest of shareholders to deploy available capital in support of the Company's Buy, Build & Grow model, in addition the Board approved a discretionary programme of share buy backs of up to £20 million. The buyback programme is not subject to a set cut-off date.

#### Stakeholders considered as part of decision making:



## Stakeholder engagement

### Key stakeholders identified

The Company has identified its key stakeholders as those discussed below. As it is externally managed, the Company has no employees.

**Shareholders** – the Board regularly engages with its existing and potential shareholders. The Chairman offers to meet shareholders on matters such as the Company's financial results, strategy and governance and the other non-executive directors are also available to meet with shareholders as appropriate. The Board is regularly briefed on feedback received from investors and analysts, and all substantial concerns raised by shareholders are communicated to the Board. The Company's website is regularly updated and contains comprehensive information for shareholders and other stakeholders. Representatives from the Investment Manager, including senior executives and members of the ESG team engage directly with investors throughout the year to maintain and improve relationships. There are also opportunities for investors and analysts to engage with the management of investee companies.

**The environment** – the demand for connectivity and data is continuing to grow, increasing the need for the energy intensive assets of Digital Infrastructure. The Company is very aware of the environmental burden of the digital sector, particularly from data centre assets, and seeks to mitigate its environmental impact by promoting a more sustainable approach at the network, asset and operational level.

**Investment Manager** – the Board engages with the Investment Manager and other service providers in an open and constructive manner. While the Company does not have any employees, it has delegated certain functions to the Investment Manager in accordance with the Investment Management Agreement. There is regular formal and informal engagement between the Board as a whole and with individual directors as appropriate. The performance of the Investment Manager is considered at least annually by the Management Engagement Committee and reported to the Board.

**Service providers** – as with the Investment Manager the Company has delegated to or relies on external service providers in order to carry out its business activities. These include the Company Secretary and Administrator, its corporate brokers and other professional advisors and consultants. As with the Investment Manager there is the opportunity to engage with these parties during the period. The performance of certain key advisors is also considered by the Management Engagement Committee at least annually and reported to the Board.

**Communities** – the Company takes responsible investment seriously. Generating positive community and societal impact through investment has been a central pillar of the Company and Investment Managers' approach. Further information on the positive impact created through the Company's investment can be found in the ESG section of this report on pages 48 to 63.

**Regulatory bodies and government** – the Company undertakes its activities with the aim of being in full compliance with all relevant laws and regulations. The legal, compliance and investment professionals within the Investment Manager and our other advisors ensure as far as practicable that appropriate working relationships with regulators in the geographies that have jurisdiction over the Company and the portfolio companies are maintained. The Investment Manager is a member and/or signatory of a number of internationally recognised networks, as described within the ESG section of the report on pages 48 to 63.



We strive to create value for each of our stakeholders and their interests have influenced decision making at the Directors' level.

### What is important to them

### Ways we are engaging

### Example outcomes

#### Shareholders



- Meeting and, where possible, exceeding our announced objective of a total return of 9% over the longer term
- The Company's share price and its NAV
- Meeting shareholder ESG requirements for their investee companies
- Regular and transparent disclosure together with other engagement where appropriate

- The release of Annual and Interim Reports
- Investor presentations post reporting and the announcement of transactions
- RNS announcements
- Meetings between Board members and/or representatives of the Investment Manager and individual investors in order to discuss performance, strategy and ESG matters

- Following the release of the Company's Annual Report in June 2022, the Chairman offered to meet the Company's largest investors. During the year the Chairman and other Directors met a number of shareholders whether as a result of this initiative or otherwise
- A presentation for analysts was held on 7 November 2022 following receipt of the final regulatory approval for the acquisition of Emitel.
- In March 2023 the Company announced that it would host its first Capital Markets Day on 18 April 2023
- Where appropriate, the Company, has released RNS Reach announcements to provide additional disclosure of non-material matters to market participants

#### The environment



- Climate change and the associated meteorological effects
- An energy transition to a cleaner, more accessible and efficient model that is still reliable
- Protecting biodiversity
- Sustainable urban development

- Emitel and CRA have both committed to increase their use of renewable energy
- Emitel is working with species protection programmes and the University of Life Sciences in Poznan to study the effects of climate change on biodiversity
- Emitel and CRA are working on projects to develop smart cities




- The Investment Manager continued to evaluate its own climate impact and in 2022 it expanded the scope of assessment for its GHG emissions and offsetting to cover all its operations and will seek to offset on this basis going forward
- Emitel procured 85% of its energy from renewable sources and CRA procured 46%
- Emitel increased the area of protected natural habitats in partnership with species protection programmes such as the Association for Wild Animals 'Sokoy' for the protection of peregrine falcons, and the 'Roi Sie' project which aims to protect and promote Polish beehives
- CRA implemented various Smart City solutions in the Czech Republic, to work towards more efficient and sustainable urban practices. For example, it was involved in a project with the government Czech Technical University to develop a system for the detection of vehicles with excessive particulate emissions

#### Investment Manager



- Alignment with the Board on the Company's purpose and the strategy for its delivery
- Regular feedback from the Board on the Investment Manager's activities

- Each year the Management Engagement Committee receives a report on the performance of the Investment Manager, including input from the Company's corporate brokers, following which feedback is provided to the Investment Manager's senior team

<p>We strive to create value for each of our stakeholders and their interests have influenced decision making at the Directors' level.</p>	<p><b>Service providers</b></p> 	<p><b>Communities</b></p> 	<p><b>Regulatory bodies and government</b></p> 
<p><b>What is important to them</b></p>	<ul style="list-style-type: none"> <li>— Clear and timely instructions</li> <li>— Prompt and considered feedback on performance</li> <li>— Payment for services in accordance with the individual service provider's terms and conditions of engagement</li> </ul>	<ul style="list-style-type: none"> <li>— Create positive impacts within communities in the areas surrounding operations</li> <li>— Avoid, and where possible mitigate, all negative impacts associated with operations to surrounding communities</li> </ul>	<ul style="list-style-type: none"> <li>— Compliance with our legal and regulatory obligations</li> <li>— Where appropriate early engagement with a regulator in order to allow consultation and the regulator to formulate its review and respond</li> <li>— Participation in consultations in relation to proposed changes to applicable legislation</li> </ul>
<p><b>Ways we are engaging</b></p>	<ul style="list-style-type: none"> <li>— Each year the Management Engagement Committee receives feedback on the performance of the Company's key advisors following which feedback is provided to that advisor</li> </ul>	<ul style="list-style-type: none"> <li>— CRA and Emitel are both involved in philanthropic endeavours, and actively engage and support local communities and community activities</li> <li>— CRA, Emitel and Hudson follow local regulatory laws in regards to activities that may negatively impact surrounding local communities</li> </ul>	<ul style="list-style-type: none"> <li>— During the year, the Company appointed a new Administrator and Company Secretary which required the approval of the Guernsey Financial Services Commission</li> <li>— In undertaking its activities, where appropriate the Company seeks the advice of the relevant professional advisor, normally its external counsel, as to the application of the relevant law or regulation. This in turn may require the advisor to discuss the matter with the applicable regulator</li> </ul>
<p><b>Example outcomes</b></p>	<ul style="list-style-type: none"> <li>— During the year, the Company decided to appoint a new Administrator and Company Secretary</li> <li>— Following the appointment of the new Administrator and Company Secretary updated protocols for payments to the Company's service providers were implemented</li> </ul>	<ul style="list-style-type: none"> <li>— Due to the ongoing war in Ukraine, both Emitel and CRA have provided support to the people of Ukraine</li> <li>— Additionally, CRA and Emitel carried out charitable activities, sponsored cultural, sporting and educational projects, and community outreach programmes</li> </ul>	<ul style="list-style-type: none"> <li>— During the year, in order to facilitate the handover to its new Administrator and Company Secretary early engagement with the regulator was undertaken to understand their requirements</li> <li>— The acquisition of Emitel required the approval of or clearance by a number of Polish governmental bodies; the Office of Competition and Consumer Protection; the Minister of State Assets and the Minister of the Interior</li> <li>— The Company's advisors regularly liaise with the London Stock Exchange in relation to dividend payments and the issuance of new shares as necessary</li> </ul>

## Environmental, social and governance (ESG)

“When considering a prospective investment, our focus on sustainability serves as a central pillar in our approach: not only does it provide for a richer risk management assessment, but it also helps to address critical needs in a world struggling under the effects of climate change. We believe the marriage of deep operational and financial experience with an ESG integration serves the dual purposes of wealth creation and stewardship.”

**Lori Trotter**  
Head of ESG, Investment Manager



## ESG highlights of the year

### Company and portfolio

All portfolio companies worked towards increasing share of renewable energy and implementing energy efficiency improvements.

The two largest portfolio companies acquired ISO 14001 Environmental Management Certifications for their effective management systems.

For the fourth year running, Emitel won the Top Employer in Poland award from the Top Employers Institute.

The two largest portfolio companies implemented smart city solutions, promoting the deployment of sustainable urban development practices – in an effort to address various urbanisation challenges faced today.



The Company has made its first voluntary disclosure in line with the TCFD recommendations.

### Sustainability aims for 2023/24:

- Continued increase in renewable energy as a % of total energy consumption;
- Installation of on-site renewable energy (e.g. solar PV);
- Continued expansion in portfolio companies' sustainability indicator reporting; and
- Improvement in TCFD disclosure.



Dedicated ESG policy developed, specifically tailored to the Digital Infrastructure sector, which can be found on the Company's website.

All portfolio companies reported on sustainability indicators.

## ESG highlights of the year

### Investment Manager



Established a Sustainability Committee to guide and ensure the integration of the ESG and impact strategy across the firm.

Joined the Partnership for Carbon Accounting Financials, seeking to improve its assessment of financed emissions.

Verified and offset emissions with the Carbon Footprint carbon-neutral plus scheme.



Became a supporter of TCFD and its recommendations. By doing so, the Investment Manager hopes to demonstrate its commitment to accurately and transparently reporting on climate-related and material sustainability considerations.



Became certified by PrintReleaf – a programme that offsets paper usage by automatically planting trees in reforestation projects around the world.





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Dedicated ESG team: the Investment Manager's ESG team – split between Montreal and London – is dedicated to ensuring sustainability and responsibility are combined with attractive, risk-adjusted returns.

### Overview of ESG in the sector

The demand for connectivity and data, now critical components of society, continues to surge, increasing the need for Digital Infrastructure. As energy-intensive assets, the growth of Digital Infrastructure has increased current and expected future energy requirements. The Company is very aware of the environmental burden of the digital sector, particularly from data centre assets. Recognising the balance required, the Investment Manager seeks to mitigate the environmental impact by promoting a more sustainable approach at the network, asset and operational level, to help maximise the net positive benefit to society.

### Climate focus

The Company and its portfolio companies recognise and promote the need for environmentally sustainable Digital Infrastructure, which can realise societal benefits such as connectivity and access to the digital economy. Emitel and CRA both made commitments to increase their use of renewable energy. Emitel committed to purchasing at least 63% of certified renewable energy annually and in 2022, renewable energy consumed as a percentage of total energy was 79%, with percentage of renewable energy in electricity consumption at 85%.

In 2021, CRA committed to achieving 100% renewable energy within three years, from a

base of ca.12%. Since that commitment was made, there has been significant progress, with the percentage of renewable energy in the electricity consumed at 46%, and renewable energy consumption as a percentage of total energy at 41%. Complementing the purchase of renewable energy, CRA is investigating installing solar PV on its owned sites and began distributing more channels using existing transmissions, meaning no additional energy is consumed while increasing broadcast channels. Hudson has taken a number of steps this year to work towards greater energy efficiency and has plans to increase the share of renewable energy in 2023.

The Investment Manager has additionally focused on its climate impact, and decided

to evaluate and verify all emissions from operations in the 2022 calendar year.

The Investment Manager expanded the scope of assessment for its GHG emissions and offsetting to cover all its operations, with the assessment covering Scope 1, Scope 2 and select Scope 3 categories associated with operations of the Investment Manager, such as flights. The emissions have been verified by a third party, Carbon Footprint Ltd, and the Investment Manager has chosen to offset these emissions. At the time of publication, the Investment Manager is in the process of choosing the projects to donate towards to offset its verified emissions.

### The Investment Manager, on behalf of the Company, integrates ESG and impact considerations throughout its investment process, and seeks to promote and abide by the following three guiding principles – focusing on mitigating the Company's impact on climate change within the sector:

1. The need to reduce the carbon footprint of the digital economy, predominantly focusing on:
  - enabling efficient network design e.g. supporting the integration of 5G and broadcast;
  - integrating renewable energy, where possible; and
  - energy efficiency at the network component level e.g. more efficient data centres.
2. The need to reduce the carbon footprint of society, through enhanced communications and connectivity, such as the application of technologies to develop more sustainable cities.
3. The need to better connect underserved businesses and households to the digital economy, supporting enhanced opportunity and economic activity.

### Energy consumption

Asset <sup>1</sup>	Total energy consumption <sup>2</sup> (MWh)	% renewable
Emitel	84,213	79%
CRA	49,304	41%
Hudson	15,517	8%*

\*grid percentage

### GHG emissions

Asset <sup>1,3</sup>	Scope 1 (tonnes CO <sub>2</sub> e)	Scope 2 (tonnes CO <sub>2</sub> e)	Emissions intensity (Scope 1 and 2) (tonnes CO <sub>2</sub> e/£m revenue)
Emitel	1,838	8,777	106.2
CRA	1,156	9,917	138.4
Hudson	8	4,244	250.1

<sup>1</sup>Both Emitel and CRA figures for total energy consumption represent 2022 calendar year figures (1 Jan 2022 – 31 Dec 2022), instead of Company financial year (1 April 2022 – 31 March 2023). However, figure may be treated as representative as differential is expected to be low.

<sup>2</sup>Total energy includes fleet fuel consumption.

<sup>3</sup>The market-based method was used to calculate GHG emissions.



### Power utilisation effectiveness (PUE)

PUE has become the de facto standard for measuring data centre efficiency being the ratio of the total energy used to operate and cool a data centre, divided by the amount of energy drawn from IT equipment within the data centre. PUE assessment can highlight some sustainability issues, being an efficiency measure as the ratio of equipment's consumption vs the total facility consumption. For example, a data centre could reduce the energy consumption associated with air conditioning and would therefore see its PUE decrease and improve. Yet, a lower PUE does not necessarily always mean a more sustainable data centre – for example, a coal-based data centre with a PUE of 1.5 still creates significantly more GHG emissions than a same-size renewables-based data centre with a higher PUE of 2.0.








While not a perfect metric, PUE can help lower data centres' overhead energy use and determine areas for operational improvement. PUE therefore remains a portfolio metric tracked by the Company on an annual basis, in conjunction with other sustainability metrics. The Company will continue its focus on improving overall operational efficiency, while also increasing renewable energy purchase and use.

**The average PUE of the Company's data centre portfolio as a weighted average by size of DC (MW) was 1.44 (CRA's weighted average PUE was 1.49, and Hudson's PUE was 1.43 in 2022) – lower than the global 2022 PUE average of 1.55<sup>1</sup>.**

<sup>1</sup>Source: Uptime Institute Global Data Center Survey Results 2022

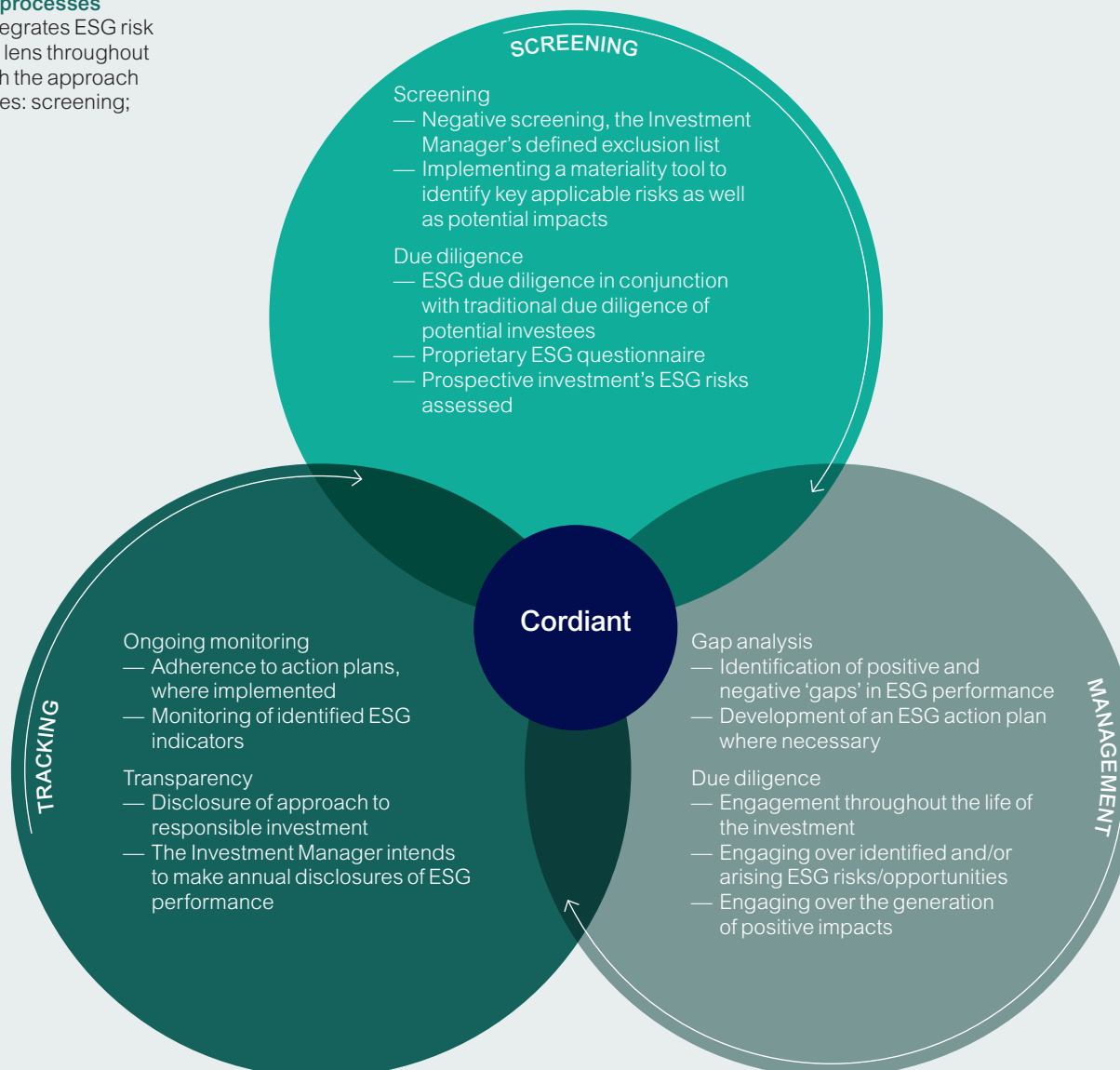
### Commitments by the Investment Manager

The Investment Manager's aim of providing investors with a clear means of assessing ESG matters began by leveraging existing standards, at the same time as developing and implementing a sector-focused internal approach. The Investment Manager made its first commitment in 2008 when it became a signatory of the UN Principles for Responsible Investment. Thereafter, the Investment Manager evolved with the rapidly-evolving landscape, and continued to support and commit to various internationally recognised frameworks and standards, in an effort to work towards contributing to a more sustainable financial system. These standards have been used to inform the Company's overall sustainability approach, and through these commitments, the Investment Manager aims to deepen its own, and its investors', understanding and awareness of key sustainability issues.

 <b>Principles for Responsible Investment (PRI)</b>	 <b>Operating Principles for Impact Management (OPIM)</b>	 <b>Global Impact Investing Board (GIIN)</b>	 <b>The Sustainability Accounting Standards Board (SASB)</b>	 <b>Partnership for Carbon Accounting Financials (PCAF)</b>	 <b>Task Force on Climate-related Financial Disclosures (TCFD)</b>	 <b>Canada Forum for Impact Investment and Development (CAFIID)</b>
<p>As a signatory, the Investment Manager aims to publicly commit to implementing a global standard for managing investments with sustainability in mind. For the Investment Manager's full UN PRI Statement, please see pages 132 and 133 of this report.</p>	<p>The Investment Manager was a founding signatory – and speaker at the launch – of the 'Impact Principles': an audited framework for assessing that a firm <b>delivers impact in a sustainable way</b>. The Investment Manager's first external audit was completed in 2021, <b>confirming the alignment of its impact management systems with the 'Impact Principles'</b>.</p>	<p>The Investment Managers membership of the GIIN <b>serves as an invaluable resource</b> by providing tools for impact measurement and management, publication of industry research and market data, facilitating information exchange and other important resources.</p>	<p>The Investment Manager adopted SASB for two predominant reasons: firstly, <b>to sharpen the focus on material industry indicators</b>; and secondly, <b>to enhance the measurement, monitoring and disclosure of financially material sustainability information</b>.</p>	<p>By joining PCAF in 2022, the Investment Manager <b>pledged its commitment to measure and disclose GHG emissions</b> associated with all investments within a three-year period.</p>	<p>The Investment Manager supports <b>the recommendations of the TCFD</b> and aims to improve its own reporting of climate-related risks and opportunities.</p>	<p>As a member of CAFIID, the Investment Manager joins a <b>community of investors that understand the symbiosis of environmental and social impact with financial return</b>.</p>

### The Investment Manager's processes

The Investment Manager integrates ESG risk management and its impact lens throughout the investment process, with the approach based on three key processes: screening; management; and tracking.



### Investment Manager – approach to sustainability

As an active manager, ESG risk analysis and mitigation – alongside targeted, measurable, and quantifiable impact – is key in our effort to create responsible and profitable returns. The Investment Manager continuously seeks to supplement rigorous investment analysis with consideration of ESG factors and an implementation of impact investing principles, an approach designed to ensure that profitable investment goes hand-in-hand with sustainability and a responsible approach to capital deployment. The Investment Manager aims to leverage its deep operational expertise and sector understanding to drive innovative, tailored financing solutions for businesses, in a sector which requires a long-term sustainable approach.

The Investment Manager continues to underscore its approach to responsible investment by recognising that ESG and impact are two parallel and equally important concepts.

### ESG

A central pillar of the Company's approach is the combination of sustainability and responsibility with attractive, risk-adjusted returns.

The Investment Manager has based its approach on a variety of internationally recognised ESG frameworks and standards, in combination with its own evaluation methodology and risk analysis processes, which have been specifically tailored for the Digital Infrastructure sector.

The team works to ensure this collaborative, active, and ever-evolving approach works to provide investee companies with guidance to improve ESG performance while achieving optimal development outcomes.

## Active and collaborative engagement

The Company views active engagement as a vital component of the investment process, as well as the medium through which it can seek to improve investee company practices based on specific objectives (whether financial, operating and/or ESG). The Company has regularly engaged with investee companies on both financial and non-financial matters that have a material impact on long-term performance. Active and collaborative engagement with investee companies helps to ensure ESG risks are managed within the framework of the Investment Manager's ESG principles and standards. Engagement is essential to help work towards contributing to pre-determined social and environmental targets, such as those defined by the SDGs. In 2022, engagement priorities with the Company's investee companies were based on the first year's analysis of potential gaps, in conjunction with an understanding of the key sustainability risks relating to the sector, as outlined by the Company's guiding principles.

### Impact

The Investment Manager understands the responsibility of investments serving the dual purpose of wealth creation and stewardship – and sees two sides of impact: seeking to generate positive impact, combining the commercial goals of an investee with a specific benefit; and aiming to mitigate or eliminate potential negative impacts.

Digital Infrastructure is an inherently impactful sector, offering immense opportunities for active engagement to intentionally generate social and environmental outcomes.

The Investment Manager operates with the ultimate goal of contributing towards selected UN SDGs.

### Theory of impact

The Company invests in an inherently impactful sector, with over three-quarters of the UN SDGs dependent, at least to some degree, on Digital Infrastructure. At the more micro level, the Investment Manager separates the channels through which it can create impact into two distinct approaches, positive external impacts and positive internal contributions, focusing on specific SDG targets. The Investment Manager focuses on a three-layered approach to enhancing the sustainability of this critical sector, separating climate-related impacts and social impact generation.

To better identify the pathways through which intended positive impacts can be achieved, the Investment Manager uses in conjunction the Theory of Change (ToC) and the Impact Management Principles (IMP) framework. A well-defined ToC serves to ensure that the proper resources are allocated to achieve the desired outcomes, while the IMP framework helps better contextualise the targeted impacts. The five dimensions of the IMP enable a better assessment of the risk that desired outcomes

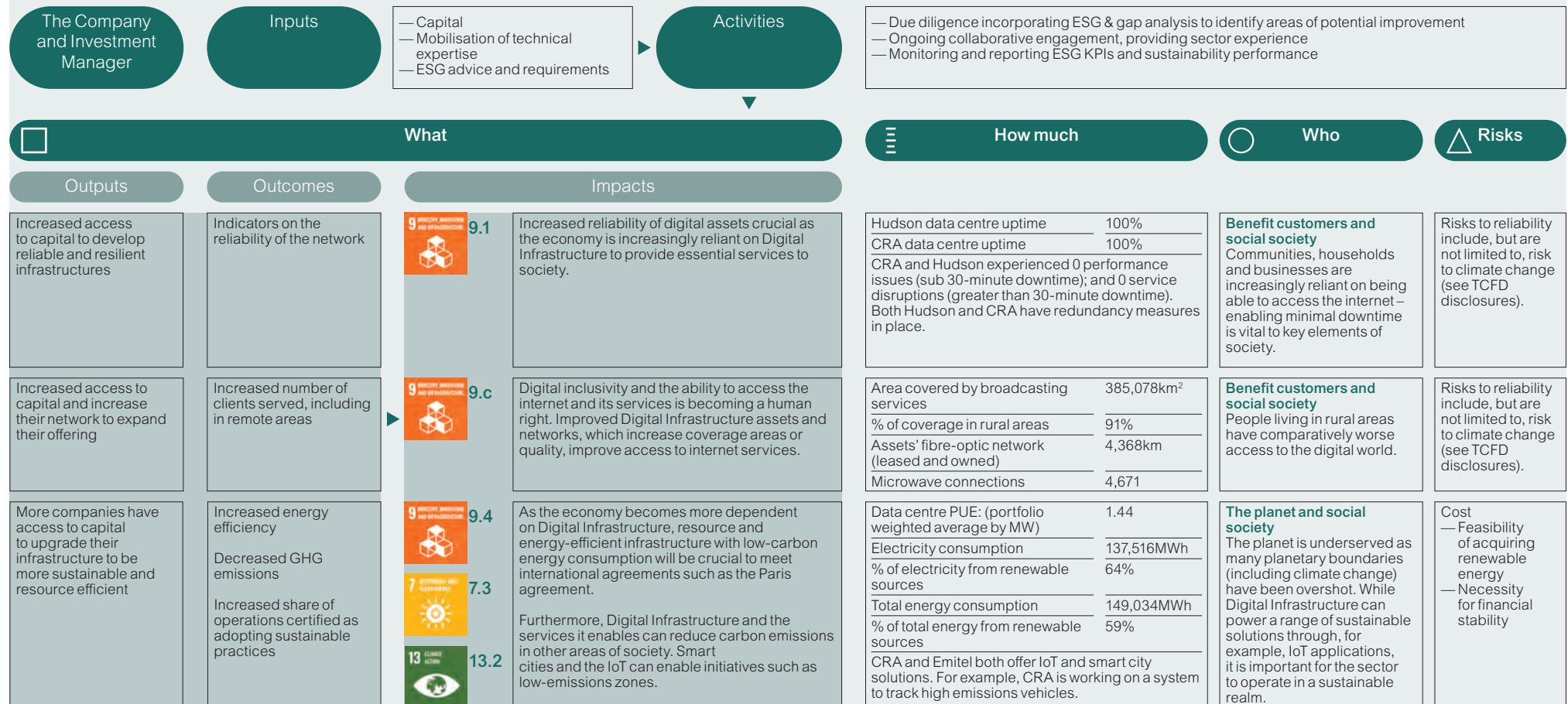
differ from expectations, the Company and the Investment Manager's relative contribution to the generation of impact, as well as a better assessment of how beneficiaries are experiencing the positive impacts.

**ToC:** the Company and the Investment Manager believe its activities can support the generation of positive impact and the mitigation of negative consequences through the ToC model. The Company and the Investment Manager, 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 Investment Manager has deployed the ToC to assist in the identification of impacts as well as to identify data that should be gathered and reported to assess impact.

**IMP:** the Investment Manager initiated the use of the IMP five dimensions of impact framework, in order to make its approach to the assessment of impact more systematic.



## The Company's theory of impact



### Contribution

The Company believes it can make a positive contribution by using its influence to encourage and drive portfolio companies to adopt more sustainable operations.

The Company and Investment Manager implement a Buy, Build & Grow model, aiming to provide both capital and operational expertise to enable the growth of portfolio companies and the services they provide. This model leverages both the financial and industry experience of the Investment Manager.

**Portfolio indicators**

## Sustainability overview

Sustainability characteristics	Emitel	CRA	Hudson
Sustainability policy	Yes	Yes	Yes
Sustainability targets	Yes	Yes	In progress
Measurement of sustainability indicators	Yes	Yes	Yes
Dedicated sustainability report	Yes	No	No
<b>Portfolio activities</b>			
No violations of the ILO Declaration on Fundamental Principles and Rights at Work	✓	✓	✓
No violations of the UN Global Compact and/or OECD Guidelines for Multinational Enterprises	✓	✓	✓
No involvement in any legal proceedings regarding breach of national laws in country(s) of operation	✓	✓	✓
Not active in the fossil fuel sector	✓	✓	✓
Not active in the manufacture or selling of controversial weapons	✓	✓	✓

**Assets' accredited management and control systems (% of number of portfolio companies at 31 March 2023)**

ISO 9001	– Quality management	0.33
ISO 14001	– Environmental management system	0.67
ISO 20000	– Information technology	0.33
ISO 22301	– Business continuity management	0.33
ISO 27001	– Information security management	0.67
ISO 50001	– Energy management	0.33

## ESG highlights of the year Emitel

“Social responsibility, environmental concerns, respect for, and adherence to the highest standards of corporate governance have been our priority for years. We focus on the development of our employees, paying particular attention to initiatives supporting equal opportunities in the framework of internal promotions, or equal pay for women and men. We are actively involved in charities and employee volunteering. We have also been focusing on cooperation with science for years, supporting selected cultural events and sports initiatives.”

**Andrzej J. Kozłowski,**  
Chief Executive Officer

Throughout 2022, Emitel continued its focus on the sustainable development of the company, with the overall goal of increasing financial results while ensuring environmental and social considerations were appropriately managed. Emitel's aim is to ensure operations have the least amount of impact on the environment, and the company consistently minimises the negative impact of operational activities wherever possible. Emitel has published its own ESG Report 2022, which can be found in both English and Polish on Emitel's website.

### **Emitel's overall environmental approach has led to the implementation of the following initiatives:**

- Development of a network of PV installations;
- Monitoring of 500 hectares of defined habitats and the creation of a list of sites to be restored to their natural state with the implementation of a plan for their restoration;
- Reducing the impact of EMF through continuous monitoring at all broadcasting stations;
- Maintaining the amount of wastewater discharged to land at a level not exceeding 1,000m<sup>3</sup>/year; and
- A minimum of two employee-focused environmental initiatives every year.

Implemented an environmental management system certified to ISO 14001:2015. This certification stands alongside its ISO 22301 (Business Continuity Management System) and ISO 27001:2013 (Management, Classification and Handling of Information Assets) certifications.

Awarded the Top Employer certificate by the Top Employers Institute, and Andrzej Kozłowski named on the list of 25 best managers in Poland (the second time he has been awarded this distinction).

Continued to increase the area of protected natural habitats in partnership with species protection programmes such as the Wildlife Association 'Falcon' for the protection of peregrine falcons, and the 'Roi Się' project which aims to protect and promote Polish beehives.



Started cooperation with the University of Life Sciences in Poznan and supported the study of cyclic and seasonal natural phenomena among plants and animals with the NATUREVIDEO network, the conclusions of which show their link to climate change.

Achieved seventh (scoring 86 points out of 100) in the Ranking of Responsible Companies by the Responsible Business Forum. 2022 marked the highest place the company has been ranked in its history.

Emitel scored a record 93 points out of 100 and received a 4-star distinction from the GRESB Global ESG Survey 2022.

Developed a Mini Guide to Saving Energy containing practical guidance on saving electricity and heat and reducing water consumption, which was given to all employees.



## Emitel's renewable energy and energy-efficiency initiatives in 2022

### Renewable energy

- Launched 30 new photovoltaic installations with a total capacity of 1,423.35kWp.
- In addition to generating its own renewable energy, share of renewable energy in electricity consumed in 2022 was 85%, while renewable energy as a share of total energy was 79%.

### Energy efficiency

- Awarded a certificate in energy efficiency by the Energy Regulatory Office, confirming the improvements and investment made into modernisation and replacing telecommunication equipment and installations.
- Energy-efficiency initiatives included: increased use of LED lighting; thermal modernisation of buildings; use of more energy-efficient transmission; and use of free cooling technology for cooling rooms.
- The Warsaw office is certified BREEAM (one of the most recognised systems for evaluating buildings in terms of their environmental impact).
- In 2023 a pilot programme to save electricity and demand for cooling power by applying a low-emission coating on technical containers will be launched. This has the potential to reduce electricity consumption for cooling by 10% and cooling demand by 25%.

## Supporting the people of Ukraine



### Emitel and CRA continue to provide support to Ukraine's government and humanitarian aid to the Ukrainians displaced by the Russian invasion.

Emitel has donated quantities of Digital Infrastructure equipment to assist in the reconstruction of a national broadcasting network that was severely damaged by Russian attacks. The delivery of this equipment

aided the much-needed resumption of television and radio signal transmission to Ukrainian controlled territory – helping provide essential information to citizens. Employees ran a charity drive to collect money that was used to directly donate food and hygiene products, while one of the offices was used to provide shelter for 25 people and the company donated to the Voices of Children organisation, whose activities focus mainly on supporting children from eastern Ukraine.

In early April 2023, Ukrainian President Zelensky and his wife met with Emitel President Andrzej Kozłowski to thank Emitel and its employees for their continued aid and support.



CRA has worked with CRo (Czech Radio), to broadcast Ukraine Radio and TV so that refugees can access news in their native language. Employees donated to the 'Člověk v tísni' humanitarian organisation, collecting clothing, sleeping bags, hygiene products and medical supplies for donation, and the company provided accommodation for refugees at its sites. The company also donated an AM transmitter (20KW) to Ukraine Radio. In cooperation with seznam.cz (a Czech internet search engine and one of CRA's clients), CRA created a cloud environment for the Kharkov hospital to send all their data for backup. It has also routinely lit the Zizkov Tower in central Prague with Ukrainian colours, to send a strong message of solidarity.



Above: A group of Emitel employees working with the War to Razem Association from Poznan to organise the stay of 25 refugees from Ukraine.

Left: Andrzej Kozłowski met the President of Ukraine Volodymyr Zelensky and his wife Olena Zelenska during their official visit to Poland in April 2023.

## Developing smart city solutions



Both Emitel and CRA continued to develop smart city projects in areas of operations, to help implement the urban solutions necessary for the future. Monitoring infrastructure, optimising processes and detecting failures early are some of the ways that savings can be generated, while also having environmental and social benefits.

In Wrocław, Emitel built an innovative system for remote reading of water meters from the Municipal Waterworks and Sewage Company, using the LoRaWAN network. Using the smartphone application, people can monitor their own water consumption. The solution is environmentally friendly and will result in savings in infrastructure management – additionally translating to lower bills for residents. Emitel was recognised for these solutions by the Jury of the Smart City Awards competition.

CRA has implemented various Smart City solutions in the Czech Republic, to work towards more efficient and sustainable urban practices. For example, it was involved in a project to develop a system for the detection of vehicles

with excessive particulate emissions. This project was the result of a unique partnership between CRA, the government and the Czech Technical University to research, develop and implement this system, one that is easily replicable around the country or even the EU. CRA has also been working on remote readings solutions and has implemented two smart city solutions for energy meter and waste measurement readings. Remote reading solutions for energy management ensure that accurate data from the metering devices can be compiled in an effort to improve energy, heat, and gas management. Accurate waste measurement can also lead to various positive sustainable outcomes: for example, the accurate measurement of rubbish containers prevents garbage trucks from going to empty

containers, leading to less fuel consumption and less travel for employees. Finally, CRA has developed a wireless thermometer and an app (Medicawatch) to evaluate temperature conditions in refrigerators with medicines and pharmaceutical products in accordance with national regulations for healthcare and pharmaceutical professionals.

Wrocław





## ESG highlights of the year CRA

“We strive to ensure that corporate social responsibility, responsibility towards the environment, and respect and accountability to our employees and partners are more than just words on paper. We have set up rules to minimise our carbon footprint and energy burden and build our new projects with maximum regard for the environment. We have cut back on travel where we are able to communicate using digital tools. We promote age diversity among our employees and have equal opportunities and rules for men and women. We support local communities, education, and social activities in the places where we operate.”

**Milos Mastnik,**  
CEO, Ceske Radiokomunikace s.r.o.

Throughout 2022, CRA demonstrated its continued commitment and understanding of sustainable business development. CRA works to ensure that employees, business operations and suppliers meet strict environmental criteria and avoid the overuse of natural resources. CRA's overall environmental aim is to build a carbon-free environment by working together with its employees, the Investment Manager, customers and tenants to take major steps to reduce emissions.

**Continued philanthropic efforts and remained actively engaged in supporting communities, children, and disadvantaged groups in society.**

**Included ESG considerations in its procurement policy – reducing supply chain risk(s) to operations.**

Started initiatives to improve water and waste management, including: installing a water saver to reduce the consumption of drinking water and increase the use of rainwater, helping to conserve water in the environment; trialling waste management and waste sorting systems that prioritise recycling and using recyclable materials; and working with REMA and the REMA battery collection system, which manages the collection of electrical appliances and batteries for secondary use.



**Added channels using its broadcasting network for their distribution using existing transmissions – this means additional channels with no additional energy consumed.**

**CRA has continued to meet best practice standards and has the following certifications:**

- ISO 9001: Quality Management System
- ISO 14001: Environmental Management System
- ISO 27001: Information Security Management
- ISO 50001: Energy Management
- ISO 20000-1: Information Technology Service Management System

**Incorporating sustainability into new data centre (DC) design:**

- will be equipped with modern equipment to maximise efficiency at every level, not just energy or water use
- is targeting a maximum PUE of 1.25
- will install on-site photovoltaic panels
- is targeting LEED certification.

## CRA's renewable energy and energy-efficiency initiatives 2022

### Renewable energy

- Continued investments into energy-efficient technologies and efficiency improvement equipment, such as terrestrial networks, transmitters, servers etc.
- Reduced the carbon footprint of operations through the purchase of renewable energy; CRA is aiming to achieve 100% renewable electricity use. Share of renewable energy in electricity consumed in 2022 was 46%, while renewable energy consumption as a share of total energy was at 41%.
- Piloted the installation of photovoltaic panels on selected TV repeaters at four sites, with an expectation of future development, and plans for additionally PV panel installation on the new data centre development in Prague.

### Continued focus on energy efficiency:

- Continues to prioritise the purchase of technologies with a minimal impact on the environment (e.g. class A appliances and LED lighting – including aviation warning signs).
- Manages the heating of administrative buildings with equithermal regulation.
- Waste heat from installed transmitters and residual energy is used to heat other building(s) areas.
- New channels signed up to CRA's broadcasting network for distribution – meaning CRA is distributing more channels without increasing power usage. These channels will be broadcast using the existing transmissions, so no additional energy will be consumed.
- Has a certified energy management system (ISO 50001:2018), which applies to 71 buildings.



## ESG highlights of the year Hudson

“Hudson is committed to supporting ESG initiatives, and believes it essential to creating a sustainable and equitable future for all. We are committed to reducing our environmental impact by deploying energy-efficient equipment, exploring ways to increase our usage of renewable energy and minimising our water usage. We are committed to creating a more just and equitable society by promoting diversity and inclusion in our workplace and upholding human rights and labour standards. Finally, our commitment to good governance ensures ethical and transparent decision making, protection of shareholder interests and promotion of accountability and responsibility. We believe that ESG is not only good for business, but it is also the proper thing to do.”

**Arthur Valhuerdi,**  
Chief Operating Officer, Hudson Interxchange

Hudson is committed to measuring, monitoring and reporting ESG performance, and therefore began reporting various key performance indicators in 2022. Using metrics identified using SASB's Sustainable Industry Classification System, in conjunction with core sector-neutral ESG indicators, Hudson takes into consideration the following sustainability topics: Energy Management; Water Management; Management of Tenant Sustainability Impacts; Climate Change adaptation; data privacy and security; and technological disruptions.

Worked with the electricity utility to lower the working voltage across larger sites in New York, which will help save 1,560MWh by 2024.

Began using new cooling towers with the latest technology to minimise the use of water.



Sought to increase energy efficiency wherever possible, through initiatives including: using VFD technology to minimise energy draw of fans and pumps; installing LED lighting throughout the data centre with occupancy sensors to limit energy usage; and using the latest technology UPS, which are 96% efficient, to minimise power waste.

Reviewed opportunities to incorporate new technologies and approaches to sustainability into operations. For example, as the data centre loads continue to grow, Hudson will have more opportunity to increase its sourcing of renewable-backed energy from the grid.

## Energy efficiency

**Hudson operates in arguably the most interconnected building in the most interconnected city.** Not only is the building ideally located, but it also offers unique features that would be almost impossible to replicate elsewhere – including things such as interconnection, deployment, power, redundancy, pumps, heat exchanges, control systems and much more. However, the building was constructed in ca. 1930 and, while the ecosystem of Hudson is impossible to replicate, the age of the building leads to one challenge: how to make it as energy efficient as a building constructed more recently.

Hudson has worked to enable various efficiency initiatives that have made a substantial difference to overall operational efficiency. It has done so by investing in the deployment of modernised equipment that enables efficiency wherever possible, which has led to improvements in energy efficiency and water use efficiency. This can be illustrated by the fact that Hudson is currently operating with a PUE of 1.43. This is substantially lower than others in the building, who comparatively operate with a PUE of 2.0 or above. This means Hudson's PUE is both lower than that of other building users and additionally lower than the global average PUE of 1.55<sup>1</sup>.

<sup>1</sup>Uptime Institute Global Data Center Survey Results 2022.

## Portfolio ESG indicators (all unaudited)

Sustainability indicators	Units	2022 <sup>1</sup>	Emitel	CRA	Hudson
Scope 1 GHG emissions	tCO <sub>2</sub> e	3,002	1,838	1,156	8
Scope 2 GHG emissions <sup>2</sup>	tCO <sub>2</sub> e	22,938	8,777	9,917	4,244
Total GHG emissions (Scope 1 and Scope 2 emissions)	tCO <sub>2</sub> e	25,940	10,615	11,073	4,252
GHG intensity (Scope 1 and 2 GHG emissions)	tCO <sub>2</sub> e/£m revenue	131.7	106.2	138.4	250.1
Fleet fuel consumption	MWh	6,573	4,063	2,510	0
Electricity consumption	MWh	137,516	77,523	44,477	15,517
% of electricity from renewable sources	%	64%	85%	46%	8%
Total energy consumption <sup>3</sup>	MWh	149,034	84,213	49,304	15,517
% of energy consumption from renewable sources	%	59%	79%	41%	8% <sup>4</sup>
Renewable energy produced	MWh	336	336	0	0
Power usage effectiveness (PUE) <sup>5</sup>	Ratio	1.44	0	1.49	1.43
Water withdrawn	Thousand cubic meters (m <sup>3</sup> )	983	960	22	2
Emissions to water	Tonnes (t)	115	114	1	0
Total non-hazardous waste	Tonnes (t)	127	47	79	0
Total hazardous waste	Tonnes (t)	3	2	0	0
Data security incidents	Number	0	0	0	0
% of employees who identify as female	%	18%	18%	18%	10%
Number of health and safety incidents <sup>6</sup>	Number	3	1	2	0
Violations of the ILO Declaration on Fundamental Principles and Rights of Work		No	No	No	No
Violations of the UN Global Compact and/or OECD Guidelines for Multinational Enterprises		No	No	No	No

<sup>1</sup>Both Emitel and CRA information represents 2022 calendar year figures (01 Jan 2022 – 31 Dec 2022), instead of Company financial year (1 April 2022 – 31 March 2023).

However, figure may be treated as representative as differential is expected to be low.

<sup>2</sup>Market-based approach to Scope 2 GHG emissions.

<sup>3</sup>Total energy includes fleet fuel.

<sup>4</sup>Based on renewables energy percentage in the grid.

<sup>5</sup>Figures for PUE are weighted averages by MW of the data centres.

<sup>6</sup>All incidents were non fatal.

## Risk management

### Risk management process



#### Risk identification, monitoring and review

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 Company maintains a comprehensive risk matrix, on which are recorded the significant risks that have been identified and that could affect the Company's operations and those of its subsidiaries and investments. This includes risks that were identified in a comprehensive risk identification and assessment process which was undertaken before the launch of the Company, together with other risks that have been identified since IPO.

The risk matrix is maintained by the Investment Manager and is reviewed quarterly by the Audit Committee. It is updated whenever a new risk is identified or when the assessment of a previously identified risk changes.

#### 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

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.

Whenever a new risk is identified, it is assessed and scored, and the Audit Committee considers how best to manage the risk. For risks whose scoring changes as a result of a review, the Audit Committee considers whether any previously identified mitigating factors remain appropriate and sufficient, or whether additional controls are necessary.

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.

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.



### 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:

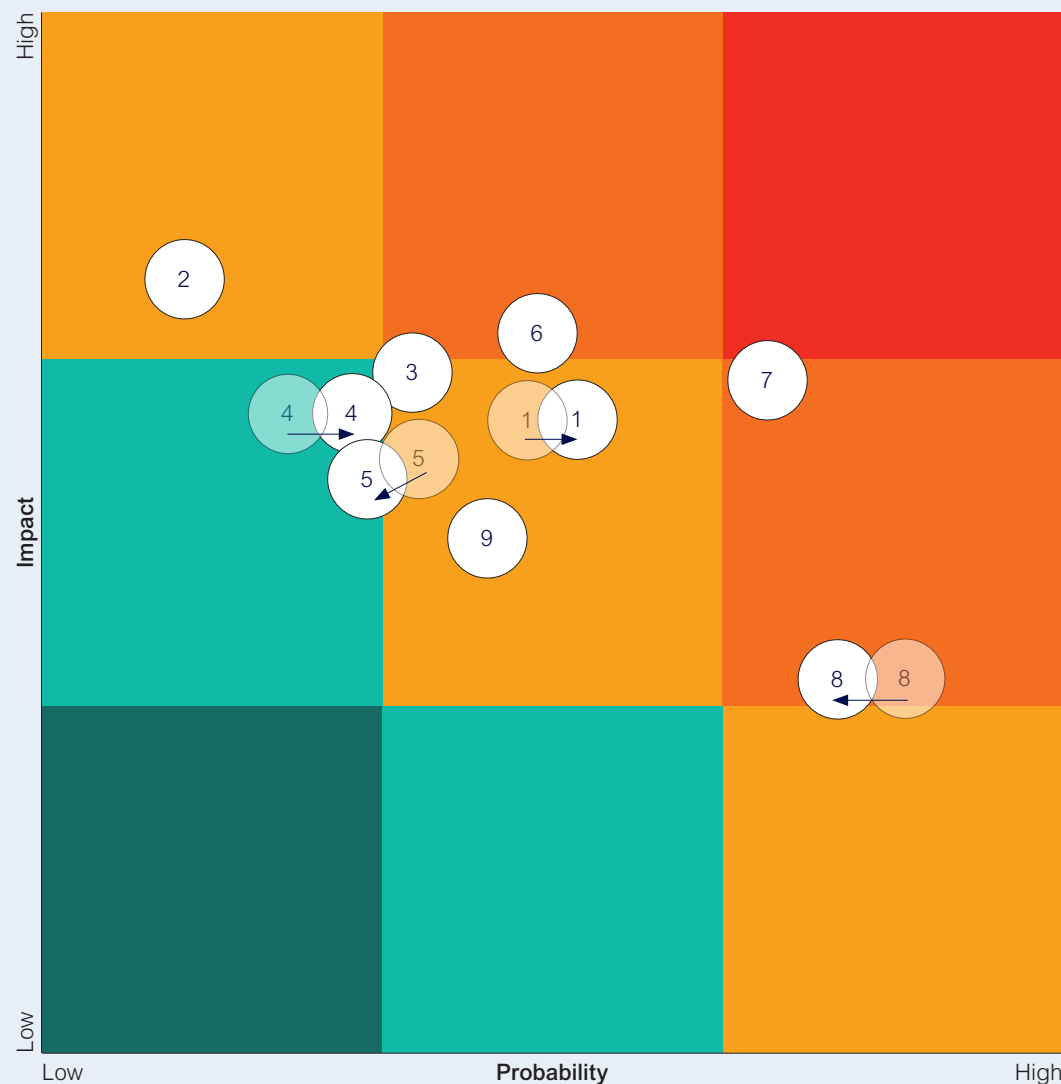
- At the initial stage of considering whether a particular target is an attractive investment prospect, and therefore whether to apply resources to pursuing it;
- At the offer stage, in considering at what level to pitch a bid, setting that level high enough to be attractive to the seller but not so 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 66 to 68.





### Risk heat map



- 1 Loss of investment opportunities or decreased returns due to competition
- 2 Failure to meet investment objectives
- 3 Actual returns being below target
- 4 Construction risk
- 5 Geopolitical events
- 6 Actual results being below projections
- 7 Unavailability of capital **NEW**
- 8 Inflation
- 9 Increasing interest rates

Arrow indicates movement in risk since 31 March 2022





## Principal risks and uncertainties

-  Risk increasing
-  Risk decreasing
-  Risk static
-  New risk

The risk	How we mitigate risk	How the risk is changing	Movement in the year
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 able to identify and pursue bilateral opportunities rather than auction processes, where competition for those assets has been a less significant factor. However, there can be no guarantee that suitable further bilateral opportunities will arise. In addition, current market volatility and the consequent limitations on the Company's ability to access capital markets may mean that it is not able to pursue certain investment opportunities.	
2. There can be no guarantee or assurance the Company will achieve its investment objectives, which are indicative targets 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 with internal specialists and expert professional advisers in fields relevant to the proposed investment, prior to that investment being executed.	The operational performance of our investments to date is in line with our expectations, demonstrating that the due diligence process undertaken at the time of acquisition was appropriately rigorous to mitigate this risk. The same level of rigour must be maintained for future investments.	
3. The actual rate of return may be materially lower than the targeted rate of return.	The Investment Manager performs a rigorous due diligence process before any investment is made. Post-acquisition, investment valuations are performed by the Investment Manager in line with IPEV guidelines and the Company's valuation policy. 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 Investment Manager also carries out a regular review of the investment environment and benchmarks target and actual returns against the industry and competitors.	The NAV total return since inception of 21.1% has grown period on period, supported by investment performance in line with expectations and a dividend programme ahead of IPO target. Volatility in key market indicators over the period has had a negative impact on valuations for investments across the market, and the Company is no exception.	

The risk	How we mitigate risk	How the risk is changing	Movement in the year
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 arising from Digital Infrastructure assets and will also engage 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 to date but may increase as capital investment increases under our Buy, Build & Grow model.	
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 impacts of material geopolitical events such as the war in Ukraine, the continuing 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 over the medium term, so that the exposure to conditions in any one market and to individual suppliers, customers and tenants, is limited.	The war in Ukraine has had a material impact on the availability and cost of energy and has contributed to a significant increase in inflation in markets around the world. The war itself is not expected to affect the Company's investments directly, but it is having an impact on supply chains in the short to medium term, in respect of both pricing and delivery times. COVID-19 has had limited impact on the Company and indications are that risks from the pandemic are fading.	
6. Actual results of portfolio investments 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 budget and forecast returns.	The results of our investments to date are materially in line with our projections at the time of their acquisition and their aggregate fair value has increased, contributing to NAV total return of 21.1% since IPO. This demonstrates the quality of the Investment Manager's projections and its ability to manage the investments for growth.	
7. The capital markets may remain effectively closed to the Company for a significant period. As a consequence, the Company may be unable to raise new capital and it may therefore be unable to progress investment opportunities.	The Company has acquired a portfolio of cash-generating assets with significant organic growth prospects, which together are capable of providing returns meeting the investment objective without further acquisitions. The Investment Manager also continues to consider and, as appropriate, investigate potential alternative sources of capital, including further debt issuance and coinvestment. We have an ongoing investor relations programme with shareholders, new investors and research analysts, combined with an active PR process to increase the Company's profile.	Significant discounts to NAV are evident in the current share prices of many investment trust companies listed on the London Stock Exchange, including the Company, and have been for a substantial part of the financial year ending 31 March 2023. Investment trusts do not usually seek to raise equity capital at a discount to their NAV and may not do so without shareholder approval. It is not possible to predict when market conditions might improve.	



The risk	How we mitigate risk	How the risk is changing	Movement in the year
8. Inflation may cause costs to rise faster than revenues, causing a reduction in margins and profits.	The earnings of the Company's portfolio companies have a substantial level of resilience to the effects of inflation. Revenue contracts include full or partial protection from inflation, or cost pass-throughs, and generally comprise long-term contracts with strong counterparties. Energy cost hedging strategies have greatly mitigated the effects on earnings of energy costs that are not pass-through. 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, levels of inflation have risen substantially, largely as a result of the war in Ukraine. While the effect of inflation is net positive in the case of the Company's portfolio, there can be no guarantee that future investments will be able to obtain or maintain similar contractual protections.	
9. Increasing interest rates cause the cost of existing debt service to rise and increases the cost of new debt. A higher interest rate environment may also reduce the aggregate level of demand in the global economy, and so reduce economic growth.	The Company and its investee companies seek to fix or hedge the majority of interest costs of existing debt to mitigate the effect of increases in interest rates. The Investment Manager operates competitive processes with trusted parties to seek best value from lenders to the Company and its investee companies. The Company maintains what it considers to be a prudent level of overall gearing.	In response to increasing inflation and volatility in global exchange rates, monetary authorities around the world are increasing the cost of borrowing. This will make new debt more expensive to the Company and its competitors and increase risk around refinancing of existing debt.	

These principal risks and uncertainties remain the most likely to affect the Company in 2023/24.

# Task Force on Climate-related Financial Disclosures (TCFD)

The Company has chosen to voluntarily report on TCFD with the disclosures, where information is available, being set out using the relevant TCFD headings. As not all of the information required under TCFD is available, this section should not be regarded as fully compliant with the guidelines; this section is not subject to the 'comply or explain' requirements of the Listing Rules.

Governance	
Disclose the Company's governance around climate-related risks and opportunities.	
Disclosure	Further information
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p> <p>The Board has ultimate responsibility for the Company's approach to and integration of responsible investing, sustainability considerations and the policies that govern these approaches. The Board has adopted and approved the Investment Manager's responsible investment policy, which is specific to the Company. The Audit Committee has overall oversight for risk management, reviewing the Company's risk matrix at each quarterly meeting. Climate risks are assessed in line with the Company's risk tolerance. The Audit Committee, supported by the Investment Manager and relevant external advisors, will review, assess and monitor risks and opportunities. The Board reviews and approves all sustainability-related documents and reports.</p> <p>The Investment Manager reports to the Board quarterly including on physical, transitional, regulatory and reputational climate risks if applicable to the Company and/or portfolio companies.</p>	<p>Further details on governance and risk management can be found on pages 52, 54 and 55 and 64 and 65.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>The Board has delegated the discretionary investment management authority to the Investment Manager. As such, the Investment Manager is responsible for investment activities including origination, due diligence, acquisition and disposal, as well as portfolio management. As part of its duties the Investment Manager identifies and assesses the impact of climate risks when assessing a new investment, as well as any mitigation activities currently being undertaken. Throughout the holding period of an investment, the Investment Manager will engage with the portfolio company on climate resilience, with a focus on mitigating transition risks specific to the sector.</p> <p>The Investment Manager has implemented a Sustainability Committee that supports and oversees the delivery of the Investment Manager's responsible investment, ESG and climate strategy.</p>	

## Strategy

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

## Disclosure

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Company, the Board and the Investment Manager all recognise the potential impact of climate change-related risks, whether they be physical, such as the increase in extreme weather events, or transitional, such as market regulation or reputation, to the operations of the Company. These climate-related risks exist for both the Company and its portfolio. As an externally managed, closed-ended investment company, transitional risks have greater applicability to the operations of the Company, while both physical and transitional risks are applicable to the businesses of portfolio companies.

The Board and Investment Manager recognise the importance of these risks and are increasingly considering the potential climate-related impacts, opportunities and mitigation measures on the Company portfolio companies' investment strategy and portfolio management. Climate-related risks are identified and managed within the broader risk management strategy of the Company.

The Company invests over the medium to long term, taking an active role in portfolio management, assisted by the Digital Infrastructure operational experience of the Investment Manager. While the Company and the Investment Manager do not implement a sustainability-driven investment strategy, the Company does aim to identify investments that are aligned with long-term trends, including climate change. The Investment Manager focuses on improving the climate-related credentials of the Digital Infrastructure assets within the Company's portfolio. The Company abides by the Investment Manager's general and Digital Infrastructure-tailored responsible investment policy, aiming to identify and make investments where there are limited or well-mitigated sustainability risks, and where active engagement can yield beneficial outcomes for the portfolio company and/or the environment or society.

The Company's established guiding principle 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, ensure that an area of focus is either investing in companies who already meet some sustainability best practices or engaging with companies so that they can meet these standards in a timely horizon. By doing so, the Company can positively contribute to the transition to a low-carbon economy, which we believe will make the fund more resilient to transitional risks while attracting more investors with sustainability objectives.

The Investment Manager, in line with its capabilities, aims to continuously develop and evolve its responsible investment approach, to ensure the assessment of sustainability risks and opportunities continues to improve.

During the year, the Investment Manager has worked with the Company's portfolio assets to implement the reporting of sustainability indicators, including climate-related indicators such as GHG emissions. Where appropriate, ESG action plans have been implemented to target ESG gaps.

The Company defines short, medium and long term as:

Short term: 0 to 2 years

Medium term: 2 to 5 years

Long term: 5+ years

## Further information

Further details on the Company's risk management can be found on pages 64 and 65.



## Strategy continued

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

## Disclosure

## Physical risks

**Acute:** the Company's assets are subject to risks resulting from the physical impacts of climate change, such as extreme weather conditions, heat waves, floods, or natural disasters.

## Towers

Increasing likelihood and rate of occurrence of extreme weather events, such as storms, can damage the tower infrastructure causing disruption to broadcasting and wireless services. Particularly impactful in geographically extreme locations, where sites can be located to enable coverage. This can increase capital expenditure in order to improve the resiliency of assets as well as increase costs associated with redundancy measures and repairs to minimise impact to customers on the asset. Downtime of the asset may also expose the Company to fines from customers and the failure of service level agreements (SLAs).

The risk profile of extreme weather events differs depending on the type of tower. However, the significant majority of towers in the asset's portfolios are large metal structures, designed to have strong (wind) loading capabilities to ensure resilience, stability and resistance to extreme weather.

## Data centres

Increasing fluctuations in temperature can lead to sudden increases in demand for energy to maintain data centres' temperature at operational level, increasing operating costs. This would result in capital expenditure to implement more sustainable designs that are more resilient to fluctuating temperatures or implement cooling systems that are more effective to ensure the operation of the IT equipment.

Investing in assets where free air cooling is a viable cooling option reduces the need for more power-intensive cooling systems to be implemented. Ensuring power costs are passed through to customers may reduce financial pressures in the short term (although this may have long-term competitive impacts). Investment in on-site renewable energy generation can reduce reliance on purchased electricity.

## Fibre

Flooding poses operational risks to fibre-optic networks, extended exposure and submersion of fibre can damage the cables and corrode connection points, reducing services, disrupting systems and requiring repairs and/or potential replacement of the fibre. This presents monetary costs from both system repairs and potential breaches of contracts. This can have knock-on impacts to data centre and tower operations connected to an impaired fibre network, with both asset types reliant on fibre networks to enable use of the assets by customers.

Fibre cable is designed to be water resistant and short exposure should prevent significant damage.

## Asset maintenance

More extreme weather events, such as storms and flooding, will limit the ability of maintenance crews to access and/or repair assets, in particular towers and fibre. During these weather events, impacts to the services offered by Digital Infrastructure are more likely to be disrupted.

Improved technology to inspect assets, such as drones, can prevent the likelihood of disruptions, with potential issues being identified and resolved prior to an event. Furthermore, agreements between the platforms and customers can be designed/ negotiated to mitigate the monetary impact to the platform from service interruptions from force majeure.

## Further information

Further details on the Company's risk management can be found on pages 64 and 65.

Strategy continued

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

Disclosure

Physical risks continued

Chronic: risks arising from long-term changes to climate and temperatures.

Data centres

Rising average temperatures increase the cooling demands by data centres, increasing their energy consumption. This can increase operating costs and require additional capital expenditure to reduce the impact and energy demands of data centres.

Fibre

Rising sea levels pose similar risks to acute flooding, as submersion of fibre damages the cables and corrodes connection points. To mitigate the impact of this risk will require capital expenditure to install fibre routes further inland or along routes that will be less impacted by rising sea levels (long term).

Assets located where more efficient cooling methods are viable can reduce the energy demanded to ensure optimal temperatures within the data centre. In addition, investment in on-site renewable energy generation can reduce reliance on purchased electricity.

Further information

Further details on the Company’s risk management can be found on pages 64 and 65.

## Strategy continued

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

## Disclosure

## Transition risks

## Electricity market and grid systems:

The Company's portfolio companies are exposed to changes in power prices resulting from changing market forces in the fossil fuels sector. Increasing demand for renewable energy may overtake the supply for renewable energy, with grid connection and capacity being a particular issue. Data centre demands for energy, and the growing focus on sustainable data centres, could raise the costs of purchasing renewable energy. These factors may also limit data centre expansion and build-out in regions where power purchase agreements cannot be signed, or where data centres are already responsible for a significant proportion of grid offtake (short and medium term).

## Data centre regulation:

Data centres are energy-intensive assets and consume a notable proportion of electricity globally. Increasing regulation, principally construction or expansion restrictions and/or energy-efficiency measures, may limit the expansion and growth of a data centre platform or require capital expenditure in order to ensure compliance with the regulation.

## Sustainability reporting regulation:

Increasing regulation at the Company level and the portfolio company level is being brought into effect, as part of efforts to improve clarity regarding sustainability, and reduce and prevent greenwashing. Companies need to ensure they are compliant with the regulation to avoid fines and reputational damage.

If the Company's size increases, it may become subject to enhanced emissions-reporting obligations (short and medium term).

## Carbon regulation:

Increased regulation of GHG emissions could increase the cost of electricity by increasing the costs of energy from high-emitting sources. To date, the Company has had limited exposure to such risk, but given the rapidity at which climate-related policies and programmes are evolving, monitoring these risks will be of increased importance.

These risks can be mitigated by ensuring operational efficiency in electricity consumption, although it should be noted that these efficiencies should not come at the cost of decreasing other resource usage efficiency. The generation of on-site renewable energy can limit some operational/facility reliance on grid systems. Access to energy to enable the expansion of the data centre will also be assessed.

The Company pursues a sustainability strategy that aims to improve operational efficiency at the asset level, monitoring indicators such as PUE. New data centres being built by portfolio companies are being designed to ensure a high level of operational efficiency. The data centre in New York has been maximising the efficiency of its operations, with a PUE of 1.4.

The Investment Manager, in conjunction with the portfolio companies, is actively monitoring sustainability regulation to ensure that the Company and portfolio companies remain compliant.

The Company's strategy includes a focus on improving the amount of renewable energy used by the platforms within its portfolio. Emitel currently sources 79% of its energy from renewable sources, CRA has committed to achieving 100% renewable energy and has made significant progress towards this target, currently sourcing 41%. Hudson is committed to sourcing more renewable energy.

## Further information

Further details on the Company's risk management can be found on pages 64 and 65.



Strategy continued

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

Disclosure

Transition risks continued

Markets

As customers target their own sustainability initiatives, more efficient and sustainable data centres will be more attractive to customers and will command better pricing over alternatives. If data centres are unable to meet these requirements, they may fail to win contracts and lose revenue. In addition, a data centre that is more energy efficient and has a lower PUE than other data centres in the area is more competitive.

The Company seeks to invest in desirable physical assets, which includes sustainability credentials such as renewable energy supply and energy efficiency, that can attract new customers and that have a demonstrable selling history, as well as where improvements can be achieved in the short term to address these concerns.

Opportunities

Carbon regulation:

The Company's sustainability approach is built around the decarbonisation of the digital economy through energy efficiency and the adoption of cleaner sources of energy. We believe that by building this strategy together with our portfolio companies we can create positive outcomes within the digital sector while building competitive advantage and better respond to market demands for responsible low-carbon investment products (short and medium term).

Further information

Further details on the Company's risk management can be found on pages 64 and 65.

**Risk management**

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

**Disclosure**

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

Sustainability risk, which includes climate-related risks, is identified and managed within the broader risk management strategy. The Investment Manager conducts rigorous investment analysis, which includes a thorough assessment of ESG factors and mitigants through the implementation of a dedicated proprietary ESG risk and impact assessment tool and ESG due diligence questionnaire. The Investment Manager monitors portfolio companies, throughout the life of an investment, to identify arising ESG risks, including climate risks, and monitor previously identified risks and the impact of mitigation efforts.

**Pre-investment: screening**

Within our screening and due-diligence process, the ESG and Impact Team work with the Investment Manager to assess material climate-related risks and opportunities associated with every prospective deal. These risks and opportunities are then discussed during investment committee meetings to assess whether and how they can be properly managed to mitigate impacts or to drive positive outcomes. Any actions to be taken will form part of an ESG action plan.

**Post-investment: monitoring**

Throughout the investment periods, the Investment Manager works with portfolio companies on a regular basis to ensure climate risks and opportunities are being assessed by portfolio companies and aids the portfolio companies in these efforts. The regulatory environment surrounding sustainability and ESG is rapidly evolving. The Investment Manager monitors currently existing and developing regulation, related to ESG and climate.

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

**Post-investment: monitoring and tracking**

Throughout the investment periods, the Investment Manager works with investee companies on a regular basis to ensure climate risks and opportunities are being properly managed and that companies are meeting agreed-upon action items and targets. The Investment Manager engages with portfolio companies to promote sustainability initiatives that align with its guiding principles. Additionally, the Investment Manager works with portfolio companies to implement sustainability indicators, which include climate metrics to assist the identification, monitoring and management of climate-related risks.

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

As noted above, the identification of climate-related risks and opportunities form parts of the overall risk identification process and will inform any investment decision. Additionally, members of the investment team and the ESG & Impact team meet on a monthly basis to discuss overall sector risks including climate-related risks. Additionally, climate-related risks will be identified and reported to the Board.

**Further information**

Further details on the Company's risk management can be found on pages 64 and 65.

**Metrics and targets**

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

**Disclosure**

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

Cordiant collects a number of climate and ESG KPIs to inform and manage our climate and ESG strategy. These indicators are collected through our annual monitoring questionnaire. The list of indicators has been informed by SASB, the Sustainable Finance Disclosure Regulations (SFDR) Principal Adverse Indicators (PAIs) and the Investment Manager's identified impacts indicators, including but not limited to:

- Scope 1 emissions
- Scope 2 emissions
- Scope 3 emissions (optional for now)
- GHG emission intensity (Scope 1 and 2 emissions)
- % of energy consumption from renewable sources

The Investment Manager aims to work with portfolio companies to improve the performance of these indicators.

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

Metrics	Units	2022	Emitel	CRA	Hudson
Scope 1 emissions	tCO <sub>2</sub> e	3,002	1,838	1,156	8
Scope 2 emissions	tCO <sub>2</sub> e	22,938	8,777	9,917	4,244
Total GHG emissions (Scope 1 and Scope 2 emissions)	tCO <sub>2</sub> e	25,940	10,615	11,073	4,252
GHG emission intensity (Scope 1 and 2)	tCO <sub>2</sub> e/£m revenue	131.7	106.2	138.4	250.1
% of energy consumption from renewable sources	%	59%	79%	41%	8%
PUE	Ratio	1.44	–	1.49	1.43

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

The Company has the following objectives:

- year-on-year increase in the share of renewable energy consumption at the asset level
- year-on-year decrease in energy consumption intensity at the asset level
- year-on-year GHG emissions reduction of Scopes 1 and 2 intensity at the asset level

**Further information**

Further details on the Company's risk management can be found on pages 64 and 65.



## 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 2028. 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 66 to 68, 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 and the availability of capital;
- 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 market, 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, no equity capital raises or asset, realisations were assumed to occur during the five-year period. In addition, the Board reviews credit market availability and it is assumed that the only debt raised is the refinancing of the Eurobond in the Company's financing subsidiary before its maturity in September 2026.

Based on the above procedures and the existing internal controls of the Company, the Investment Manager and the Administrator, 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.

The strategic report was approved by the Board and signed on behalf of the Board by:

**Shonaid Jemmett-Page**   
Chairman  
21 June 2023  
Cordiant Digital Infrastructure Limited  
Registered in Guernsey No.68630

A scenic landscape photograph of rolling hills under a blue sky with a dotted line above the title.

# Governance



Praděd Tower in Jeseníky,  
North Moravia region,  
Czech Republic

.....

The Board is collectively responsible for the long-term success of the Company and its foremost principle is to act in the interests of shareholders.

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## 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 2012 she has focused on non-executive appointments and is currently the Senior Independent Director and chairman of the audit and remuneration committees of ClearBank Limited. She is also a non-executive director of Aviva Plc and a non-executive director of QinetiQ Group plc, as well as chairman of the audit committee. Until April 2023 Mrs Jemmett-Page was the non-executive chairman of Greencoat UK Wind Plc. Within the past five years she has also held roles as a non-executive director

of Caledonia Investments plc, chairman of MSAmIn plc; and chairman, and then subsequently as a non-executive director of MSAmIn Insurance SE (a Belgian subsidiary of MSAmIn plc). Mrs Jemmett-Page 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 held a number of roles as a non-executive director. She is chairman of the audit committee of Yealand Fund Services Limited (previously Carvetian Capital Management Limited), is a member of the board, risk and compliance, audit and remuneration committees of Suffolk Building Society and is chairman of the audit committee and a member of the risk and remuneration committees of Apollo Syndicate Management Limited. 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. Until August 2022, Mrs Hill had also held the position of non-executive director of Yealand Administration Limited.

**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.

Mr Pieters has held other board memberships including Vodacom Group S.A., Vodafone India Ltd and Indus Towers Ltd. 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, Investment Fund for Health in Africa BV and Stichting Social Investor Foundation for Africa.

**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



**Shonaid Jemmett-Page FCA**  
Chairman

This Corporate Governance report forms part of the Directors' report as set out on pages 96 to 98. 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 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. The AIC Code is endorsed by the FRC and GFSC and, by reporting in accordance with the AIC Code, the Company is meeting its applicable obligations under the UK Code and the GFSC Finance Sector Code of Corporate Governance 2021.

The AIC Code and the AIC Guide are available on the AIC's website, [www.theaic.co.uk](http://www.theaic.co.uk). The UK Code is available on the Financial Reporting Council's website, [www.frc.org.uk](http://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 substantially all of its 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 either by the Board or by the appropriate committee.

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 its foremost principle is to act 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 Investment Manager. All current Directors were appointed on 26 January 2021 and served throughout the period to date. 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 will 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, 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. Shonaid 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 5 to 77.

The Board may request to be supplied in a timely manner with information by the Investment Manager, the Administrator and any 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 with the relevant provisions by the Board and, to the extent appropriate, the relevant personnel of the Investment Manager and other third-party service providers where required as if they were subject to the share dealing 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

### Gender identity and ethnic background reporting as at 31 March 2023:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
<b>Gender identity</b>			
Women	2	50%	2
Men	2	50%	0
<b>Ethnic background</b>			
White British or other White (including minority-white groups)	4	100%	2
Asian/Asian British	0	0%	0
Other ethnic group	0	0%	0

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 other stakeholders.

### 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 amongst its members. 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.

The Nomination Committee and the Board are mindful of the recommendations of the Hampton Alexander Review on gender diversity (the Board's composition has been at least 50% female since its launch in 2021), the Parker Review on ethnic diversity and the requirements of the FCA's policy statement on diversity and inclusion on company boards and executive management. As at the Company's year end of 31 March 2023, the composition of the Board is aligned with each of these frameworks in that:

- at least 40% of the individuals on the Board are women; and
- at least one of the following senior positions on the Board is held by a woman:
  - the Chair; or
  - the Senior Independent Director.

The Company has no employees and therefore does not have a chief executive or chief financial officer. There have been no changes to the Board that have occurred between 31 March 2023 and the signing of this Annual Report that have affected the Company's ability to meet one or more of the above targets.

The data shown in the tables above reflects the gender and ethnic background of the Board, which was collected on the basis of self-reporting by the individuals concerned. The questions asked were 'Which of the Parker Review ethnicity categories do you consider yourself to fall within?' and 'What is the gender with which you identify?'. Due to the Company's status as an investment trust, there are only non-executive Directors and therefore there is no information reportable regarding an executive management team.

In addition to the above, the Investment Manager has a diverse employee base and continues to dedicate recruitment resources to developing diversity across all positions and levels.

**Remuneration policy**

The table below shows all remuneration earned by each individual Director during the period:

	Total paid in the year £	Total paid in the period £
Shonaid Jemmett-Page (Chairman)	60,000	70,879
Sian Hill (Audit Committee Chair)	45,000	53,014
Marten Pieters (Non-Executive Director)	40,000	47,123
Simon Pitcher (Non-Executive Director)	40,000	47,123
<b>Total</b>	<b>185,000</b>	<b>218,139</b>

**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 length of 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 in any such case 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.

**Directors' remuneration**

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

**Remuneration policy**

Due to the size of the Company and the Board, there is no separate remuneration committee. Discussions regarding Directors' remuneration are undertaken by the Nomination Committee, with any recommendations being considered and, if thought appropriate, approved 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 further 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

**Directors' interests**

	Ordinary shares each held at 31 March 2023
Shonaid Jemmett-Page	28,039
Sian Hill	37,500
Marten Pieters	48,125
Simon Pitcher	38,125

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 annual re-election by shareholders.

Company performance

Source: Bloomberg



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 2023 are given in the table above. There were no changes to the interests of each Director as at the date of this report.

Relative importance of spend on pay

The remuneration of the Directors with respect to the year totalled £185,000 (inception to 31 March 2022: £218,139) in comparison to distributions paid or declared to shareholders with respect to the year of £30.9 million (inception to 31 March 2022: £20.5 million).

Percentage change in director pay

Following recommendation by the Nomination Committee, the Board has agreed that due to the current challenging economic and market conditions, an increase in remuneration was not appropriate at this time. As such, there is no comparable year-on-year change to disclose, and full comparative information will be presented In the Annual Report for 2024.

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.

Company performance

The graph above illustrates the total shareholder return of the Company from admission to 31 March 2023. 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, in particular 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 the Investment Manager whenever necessary and have access to the services of the Administrator.

### Administration of the Company

Following assessment of its service providers, the Company announced on 8 November 2022 that it had transferred its administration services to Aztec Financial Services (Guernsey) Limited. Prior to the appointment Ocorian Administration (Guernsey) Limited had been the designated administrator for the Company.

Independent and owner-managed since its inception in 2001, Aztec has grown organically and now employs over 1,800 people and administers more than 450 funds and €440 billion across the leading jurisdictions.

**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 Board meetings attended in the year to 31 March 2023 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 2023
	A	B	A	B	A	B	A	B	
Shonaid Jemmett-Page	4	4	— <sup>1</sup>	— <sup>1</sup>	2	2	2	2	2 years and 2 months
Sian Hill	4	4	5	5	2	2	2	2	2 years and 2 months
Marten Pieters	4	4	5	5	2	2	2	2	2 years and 2 months
Simon Pitcher	4	4	5	5	— <sup>2</sup>	— <sup>2</sup>	— <sup>2</sup>	— <sup>2</sup>	2 years and 2 months

<sup>1</sup>As Chairman of the Board, Shonaid is not a member of the Audit Committee

<sup>2</sup>Simon is not a member of the Nomination Committee or the Management Engagement Committee.

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.

From time to time the Board constitutes ad hoc committees in order to perform certain of its functions. The quorum for these ad hoc committees is likely to vary depending on a number of factors including the nature of the delegation to the committee.

The number of additional ad hoc Board meetings and Committee meetings of the Board for the period to 31 March 2023 and attendance by each Director is set out below:

Director	Ad hoc Board meetings		Ad hoc Board Committee meetings	
	A	B	A	B
Shonaid Jemmett-Page	2	2	6	1
Sian Hill	2	2	6	1
Marten Pieters	2	2	6	2
Simon Pitcher	2	2	6	4

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 provide the Chairman with 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.

### Audit Committee

The Audit Committee's role and activities are contained in the Audit Committee report on pages 92 to 94.

### Nomination Committee

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

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 Nomination 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.

If required, the Nomination Committee may be 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.

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

### Management Engagement Committee

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

The 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. During the year, the Committee formally reviewed the performance of the Investment Manager and its service providers.

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 Board considers these matters upon recommendation received from the Nomination Committee.

### Board performance and evaluation

In accordance with Principle 7 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, 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.

During June 2023 the Nomination Committee conducted an internal evaluation of the Board and the Audit Committee. The process was 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 and was facilitated by the Administrator. The process confirmed that the Board runs effectively with an appropriate level of balance and challenge.

New Directors receive an induction on joining the Board and the Board and individual Directors regularly meet with senior representatives of the Investment Manager both formally and informally to ensure that they remain up to date on relevant issues. All members of the Board are members of professional bodies and/or serve on other boards, which contribute to keeping abreast of the latest technical and wider developments in their areas of expertise.

The Board receives presentations from the Investment Manager, the Company's brokers and other advisors on matters relevant to the Company's business. The Board will continue to 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 is reviewed quarterly. All material changes to the risk ratings during the quarter are considered, along with any action or proposed action, 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 advisors and advisor's 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 regularly 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 II certification. The certification dates to October 2022, with the period up to 31 March 2023 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. Ocorian Administration (Guernsey) Limited, as the previous administrator of the Company for the period 1 January to 8 November 2022, also holds the ISAE 3402 Type II certification. 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, managing 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 Montreal and London.

Pursuant to the Investment Management Agreement, the Investment Manager has been delegated 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 13 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 is 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 set out in the Investment Management Agreement is in the interests of the shareholders as a whole. As noted on page 88, the Management Engagement Committee reviewed the performance of the Investment Manager and reported on this to the Board. The Board concluded the performance of the Investment Manager was positive, based on its successful deployment of all of the equity capital raised by the Company, the returns achieved in the period on the assets acquired and the hands on operational involvement of the Investment Manager's team.

#### Relations with shareholders

The Company formally communicates with shareholders in a number of ways. Regulatory news releases are issued through the London Stock Exchange's Regulatory News Service, as is required under the Company's regulatory obligations, in response to routine reporting obligations or to advise shareholders of updates. An Interim Report is published each year reporting on performance to 30 September and the Annual Report is published following the end of the financial year, 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](http://www.cordiantdigitaltrust.com).

The Chairman met with key shareholders following the release of the results for the period to 31 March 2022 and at other times during the year. The matters raised at those meetings were relayed to the Board and to the Investment Manager and other advisers where appropriate.

The Directors and Investment Manager receive both formal and 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 information requests and feedback via queries submitted through a Company dedicated mailbox 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 shareholders, the environment, the Investment Manager, service providers, communities, regulatory bodies and government and the Board recognises and values these stakeholders. Further information about the Company's stakeholders and engagement with them are set out on pages 44 to 47.

#### Going concern

The Company's cash balance at 31 March 2023 was £10.5 million, which together with undrawn Eurobond facility of £132 million at a subsidiary company level, is sufficient to cover its existing liabilities of £21.8 million, dividend of £15.5 million with respect to the six-month period ended 31 March 2023, and any foreseeable expenses for at least, but not limited to, 12 months from the issuance of the financial statements.

The most significant cash requirements arise when the Company makes investments and is required to meet the purchase considerations for these, the amount and timing of these are impossible to predict.

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.

While the conflict in Ukraine and market volatility during the year have affected the way in which the Company's investee companies' businesses are conducted as a result of supply chain delays and disruptions, this did not have a material direct effect on the results of the business. The Directors are satisfied that the resulting macroeconomic environment is not likely to significantly restrict business activity.

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

- increased volatility in the fair value of investments
- disruptions to business activities of the underlying investments
- recoverability of income and principal and allowance for expected credit losses
- the Company's ability to raise capital during the current market conditions

In considering the above key potential impacts of the conflict in Ukraine and market volatility on the Company and its underlying investments, the Investment Manager has assessed these with reference to the mitigation measures in place. Based on this assessment, the Directors do not consider that the effects of the conflict in Ukraine and market volatility have created a material uncertainty over the assessment of the Company as a going concern.

As further detailed in note 6 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.

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 to 30 June 2024, being the period of assessment covered by the Directors and there are no material uncertainties that would affect this conclusion. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Radhošť Tower, in South  
Moravia region, Beskydy  
National Park, Czech Republic





## Audit Committee report



**Sian Hill**  
Audit Committee Chairman

The Audit Committee, chaired by 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 Marten Pieters and 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 twice a year, and at such other times as the Audit Committee Chairman 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, reviewing 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 (including review and consideration of the

Company's risk matrix);

- 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 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 year ended 31 March 2023, the Audit Committee met five 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; and
- review of the Company's key risks and internal controls.

The Audit Committee met on 16 June 2023 to review the results of the audit and to consider the Annual Report for the period ended 31 March 2023, which the Board approved on 21 June 2023.

### 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 6 to the financial statements, the total carrying value of the investments at fair value through profit or loss at 31 March 2023 was £872.3 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 16 June 2023. 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.

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. No non-audit services were provided by the Company's auditor during the year and as such, the Audit Committee considers BDO Limited to be independent of the Company and that there is no 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.

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.

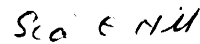
**Fees paid to the Company's auditor during the year are as follows:**

	For the year ended 31 March 2023 £'000
Fees to the Company's auditor for audit of the statutory financial statements	195
	195

The statutory audit fee for the year ended 31 March 2023 is £170,000 which excludes an amount of £25,000 relating to the prior year.

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 2024.

On behalf of the Audit Committee



**Sian Hill**  
Audit Committee Chairman  
21 June 2023



Lysa Hora Tower in the  
Beskydy mountains,  
Czech Republic



## Directors' report

The Directors present their Annual Report and audited financial statements for the Company for the period ended 31 March 2023. The Corporate Governance report on pages 82 to 90 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 80 and 81.

### Capital structure

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 Company Law 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 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 through the exercise of Subscription Shares.

As at 31 March 2023, the Company's issued share capital comprised 772,509,707 ordinary shares and 6,434,884 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 also 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 Shares carry no right to any dividends paid by the Company and Subscription shareholders have no voting rights.

### Authority to buy back shares

The current authority of the Company to make market purchases of up to 115,915,930 ordinary shares (being 14.99% of the issued ordinary share capital as at the date of the 2022 AGM held on 23 June 2022, the date the resolution was passed) is due to expire at the conclusion of the 2023 AGM. At the 2023 AGM, the Board will seek to renew such authority.

Along with most other companies in the investment trust sector, the Company's shares traded at a discount to NAV during much of the period, largely as a result of macroeconomic factors. In February 2023 the Board approved a discretionary programme of share buybacks of up to £20 million, of which £0.9 million had been used by 31 March 2023. The buyback programme is not subject to a set cut-off date.

All buy backs of ordinary shares made during the period have been made subject to Company Law and the authority granted by shareholders at the 2022 AGM and within any guidelines established from time to time by the Board. The making and timing of any buy backs is at the absolute discretion of the Board. 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.

Note 10 of the Annual Report details the share buybacks which have occurred during the period.

### 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

Significant shareholdings as at 31 March 2023 are detailed below.

	Ordinary shares held %
Newton Investment Management	<b>8.56</b>
Sarasin & Partners	<b>8.14</b>
Evelyn Partners (Retail)	<b>7.34</b>
Rathbones	<b>6.33</b>
Killik, stockbrokers	<b>4.03</b>
Charles Stanley	<b>3.93</b>
Close Brothers Asset Management	<b>3.71</b>

In addition, the Company also provides the same information as at 1 June 2023, being the most current information available.

	Ordinary shares held %
Newton Investment Management	<b>8.49</b>
Sarasin & Partners	<b>8.07</b>
Evelyn Partners (Retail)	<b>7.28</b>
Rathbones	<b>6.43</b>
Killik, stockbrokers	<b>3.99</b>
Charles Stanley	<b>3.91</b>
Close Brothers Asset Management	<b>3.44</b>



### 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

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 2023.

### Amount of remuneration paid

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 March 2023 in relation to work on the Company.

	31 March 2023 £'000
Fixed remuneration	973
Variable remuneration	698
Total remuneration	1,671
Number of beneficiaries	13

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 2023 was £2.5 million (2022: £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 £1.7 million (2022: £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 2023	Gross leverage as at 31 March 2023
Leverage ratio	5%	5%

### Other risk disclosures

The risk disclosures relating to risk framework and risk profile of the Company are set out in note 16 on pages 125 to 128 and Risk management on pages 64 and 65.

### Pre-investment disclosures

AIFMD requires certain information to be made available to investors in an 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 22 to 41 and the Company's policy on diversity is detailed in the Corporate Governance report on page 83.

### 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 the relevant 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 16 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 92 to 94, 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 2023 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 2023, the Board has declared a dividend of £15.5 million, equivalent to 2.0p per share, as disclosed in note 15 to the financial statements. This brings the total distribution declared with respect to the period ended 31 March 2023 to 4.0p per share.

### Subsequent events

There have been no significant subsequent events, other than those disclosed in note 19 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 5 to 77.

### 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, has procedures in place to ensure 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 to 30 June 2024, 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  
21 June 2023

## Statement of Directors' responsibilities

Company Law requires the Directors to prepare financial statements for each financial year and the Directors have elected to prepare the Company's 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;
- present information in a manner that is relevant, reliable, comparable and understandable; 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 Company Law.

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 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 80 and 81, 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  
21 June 2023





# Financial statements



Engineers working on  
the Szczawnica tower in  
Szczawnica, Poland

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# 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 2023 and of its profit for the year then ended;
- 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 year ended 31 March 2023 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 in respect of going concern and discussing this with both the Company’s Directors and management;
- Examining the Directors cash flow forecasts and their stress tests of future income and expenditure;
- We agreed the projected cash inflow from the underling investments to the valuation models used to perform the investment valuation audit procedures as detailed within the Key Audit Matters section below; 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 Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In 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	2023	2022
	Valuation of Investments	
Materiality	Company financial statements as a whole £17.5m (2022: £12.3m) based on 2% (2022: 1.5%) of Net Assets	

**An overview of the scope of our audit**

Our 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 Administrators. We considered the control environment in place at the Manager and the Company's Administrators 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><b>Valuation of investments</b> (Refer to Notes 2 and 6 to the financial statements)</p> <p>The investment portfolio consists of three unlisted investments, one of which was acquired during the year. The investments consist of loan and equity investments. As the loans are an integral part of the investment, they are included as part of the overall investment valuation.</p> <p>The investments are all 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 discount rate, inflation, asset life, revenue projections and terminal growth rate</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>Management also utilised a third-party valuation provided to perform a reasonableness assessment of the valuation of the underlying investments.</p> <p>There is also a risk of error in the discounted cash flow models through inaccurate inputs 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>In respect of the loan portion of the investments:</p> <ul style="list-style-type: none"> <li>— We vouched the amounts to loan agreements and verified the terms of the loan.</li> <li>— We recalculated the loan interest on the loans based on the agreements and compared to that calculated by management.</li> </ul> <p>In respect of the equity investment fair valued using a discounted cash flow model, we performed the following specific procedures:</p> <ul style="list-style-type: none"> <li>— We utilised our internal valuation expert 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.</li> <li>— For the cashflow forecast we obtained a detailed understanding of the cashflow forecasts, challenged management and obtained support for the key inputs that drove the valuation.</li> <li>— Utilised spreadsheet analysis tools to assess the integrity of the valuation models.</li> <li>— 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 expert.</li> <li>— 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.</li> <li>— 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.</li> <li>— Agreed cash and other net assets to bank statements and investee company management accounts.</li> <li>— Considered the accuracy of forecasting by comparing previous forecasts to actual results.</li> <li>— We obtained management's third-party expert valuation and assessed whether this supported management's 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. In addition, we assessed the independence, objectivity and expertise of management's expert.</li> </ul> <p><b>Key observations</b> 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**

	2023	2022
<b>Materiality</b>	<b>£17.5m</b>	£12.3m
<b>Basis for determining materiality</b>	<b>2% of net assets</b>	1.5% of net assets
<b>Rationale for the benchmark applied</b>	<p>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.</p> <p>We increased the materiality basis from 1.5% to 2% of net assets for this year due to this being the second year of audit and after considering the knowledge and understanding of the Company that has been gained from the prior year audit.</p>	
<b>Performance materiality</b>	<b>£13.1m</b>	£8.0m
<b>Basis for determining performance materiality</b>	<b>75% of Materiality</b> This was determined using our professional judgement and took into account the complexity and our accumulated knowledge of the engagement as this is now our second year of audit.	65% of 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 £350,000 (2022:£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**

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 90 and 98; and
- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why they period is appropriate is set out on pages 77 and 98.

**Other Code provisions**

- Directors' statement on fair, balanced and understandable set out on page 99;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 88 to 89;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 88 to 89; and
- The section describing the work of the audit committee set out on pages 92 to 94.

**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 and AIC Corporate Governance Code requirements and applicable accounting standards.

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 valuation of investments and management override of controls.

Our tests included:

- The procedures set out in the Key audit matters section above; and
- Testing journal entries, 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 director 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

21 June 2023

# Statement of Financial Position

As at 31 March 2023

	Note	As at 31 March 2023 £'000	As at 31 March 2022 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	6	872,315	409,856
		<b>872,315</b>	<b>409,856</b>
<b>Current assets</b>			
Receivables	8	14,680	51,705
Derivatives	9	–	8,072
Cash and cash equivalents		10,498	353,734
		<b>25,178</b>	<b>413,511</b>
<b>Current liabilities</b>			
Payables		(21,782)	(1,021)
		<b>(21,782)</b>	<b>(1,021)</b>
<b>Net current assets</b>		<b>3,396</b>	<b>412,490</b>
<b>Net assets</b>		<b>875,711</b>	<b>822,346</b>
<b>Equity</b>			
Equity share capital	10	779,157	779,896
Retained earnings – Revenue		(196)	(2,724)
Retained earnings – Capital		96,750	45,174
<b>Total equity</b>		<b>875,711</b>	<b>822,346</b>
<b>Number of shares in issue</b>			
Ordinary shares	10	772,509,707	773,288,394
		<b>772,509,707</b>	<b>773,288,394</b>
<b>Net asset value per ordinary share (pence)</b>	14	<b>113.36</b>	<b>106.34</b>

The financial statements on pages 108 to 129 were approved and authorised for issue by the Board of Directors on 21 June 2023 and signed on their behalf by:

**Shonaid Jemmett-Page**  
Chairman

*Shonaid Jemmett-Page*

**Sian Hill**  
Director

*Sian Hill*

The accompanying notes on pages 112 to 129 form an integral part of these financial statements.

# Statement of Comprehensive Income

Year ended 31 March 2023

	Note	Year ended 31 March 2023			Period ended 31 March 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Movement in fair value of investments	6	–	73,079	<b>73,079</b>	–	40,346	<b>40,346</b>
Unrealised foreign exchange gains on investment	6	–	6,143	<b>6,143</b>	–	13,852	<b>13,852</b>
Realised loss on restructure	6	–	(3,927)	<b>(3,927)</b>	–	–	<b>–</b>
Interest income	6	2,749	–	<b>2,749</b>	2,932	–	<b>2,932</b>
		<b>2,749</b>	<b>75,295</b>	<b>78,044</b>	<b>2,932</b>	<b>54,198</b>	<b>57,130</b>
<b>Operating expenses</b>							
Investment acquisition costs		–	(6,553)	<b>(6,553)</b>	–	(4,564)	<b>(4,564)</b>
Other expenses	4	(9,553)	(1,793)	<b>(11,346)</b>	(5,836)	(1,612)	<b>(7,448)</b>
		<b>(9,553)</b>	<b>(8,346)</b>	<b>(17,899)</b>	<b>(5,836)</b>	<b>(6,176)</b>	<b>(12,012)</b>
Operating profit		(6,804)	66,949	<b>60,145</b>	(2,904)	48,022	<b>45,118</b>
Foreign exchange movements on working capital		–	11,119	<b>11,119</b>	–	(1,876)	<b>(1,876)</b>
Gain on expired foreign exchange forwards		–	580	<b>580</b>	–	8,072	<b>8,072</b>
Finance income	5	9,706	–	<b>9,706</b>	180	–	<b>180</b>
Finance expense		(374)	–	<b>(374)</b>	–	(124)	<b>(124)</b>
<b>Profit for the year/period before tax</b>		<b>2,528</b>	<b>78,648</b>	<b>81,176</b>	<b>(2,724)</b>	<b>54,094</b>	<b>51,370</b>
Tax charge	12	–	–	<b>–</b>	–	–	<b>–</b>
<b>Profit for the year/period after tax</b>		<b>2,528</b>	<b>78,648</b>	<b>81,176</b>	<b>(2,724)</b>	<b>54,094</b>	<b>51,370</b>
<b>Total comprehensive income for the year/period</b>		<b>2,528</b>	<b>78,648</b>	<b>81,176</b>	<b>(2,724)</b>	<b>54,094</b>	<b>51,370</b>
<b>Weighted average number of shares</b>							
Basic	14	773,442,556	773,442,556	<b>773,442,556</b>	411,129,146	411,129,146	<b>411,129,146</b>
Diluted	14	773,442,556	773,442,556	<b>773,442,556</b>	411,644,654	411,644,654	<b>411,644,654</b>
<b>Earnings per share</b>							
Basic earnings from continuing operations in the year/period (pence)	14	0.33	10.17	<b>10.50</b>	(0.66)	13.15	<b>12.49</b>
Diluted earnings from continuing operations in the year/period (pence)	14	0.33	10.17	<b>10.50</b>	(0.66)	13.14	<b>12.48</b>

The accompanying notes on pages 112 to 129 form an integral part of these financial statements.



## Statement of Changes in Equity

Year ended 31 March 2023

	Note	Share capital £'000	Retained earnings – Revenue £'000	Retained earnings – Capital £'000	Total equity £'000
<b>Opening net assets attributable to shareholders at 4 January 2021</b>		–	–	–	–
Issue of share capital		794,997	–	–	<b>794,997</b>
Share issue costs		(15,101)	–	–	<b>(15,101)</b>
Dividends paid during the period	15	–	–	(8,920)	<b>(8,920)</b>
Total comprehensive income for the period		–	(2,724)	54,094	<b>51,370</b>
<b>Closing net assets attributable to shareholders as at 31 March 2022</b>		<b>779,896</b>	<b>(2,724)</b>	<b>45,174</b>	<b>822,346</b>
	Note	Share capital £'000	Retained earnings – Revenue £'000	Retained earnings – Capital £'000	Total equity £'000
<b>Opening net assets attributable to shareholders at 1 April 2022</b>		779,896	(2,724)	45,174	<b>822,346</b>
Issue of share capital		295	–	–	<b>295</b>
Share issue costs		(91)	–	–	<b>(91)</b>
Shares repurchased in the year		(943)	–	–	<b>(943)</b>
Dividends paid during the year	15	–	–	(27,072)	<b>(27,072)</b>
Total comprehensive income for the year		–	2,528	78,648	<b>81,176</b>
<b>Closing net assets attributable to shareholders as at 31 March 2023</b>		<b>779,157</b>	<b>(196)</b>	<b>96,750</b>	<b>875,711</b>

The accompanying notes on pages 112 to 129 form an integral part of these financial statements.

# Statement of Cash Flows

Year ended 31 March 2023

	Note	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<b>Operating activities</b>			
Operating profit for the year/period		60,145	45,118
Adjustments to operating activities			
Movement in fair value of investments	6	(73,079)	(40,346)
Unrealised foreign exchange gain on investments	6	(6,143)	(13,852)
Realised loss on restructure	6	3,927	–
Interest capitalised and receivable on shareholder loan investments	6	(2,749)	(2,932)
Increase in receivables		(4,444)	(1,038)
Increase in payables		474	1,021
Cash received on settled foreign currency contract		361,652	–
Cash paid on foreign currency contract		(353,000)	–
<b>Net cash flows used in operating activities</b>		<b>(13,217)</b>	<b>(12,029)</b>
<b>Cash flows used in investing activities</b>			
Investment additions	6	(384,415)	(361,481)
Cash collateral held for investing purposes		41,469	(50,599)
Repayment of shareholder loan received		–	8,620
Finance income		9,549	–
Loan interest received		–	397
<b>Net cash flows used in investing activities</b>		<b>(333,397)</b>	<b>(403,063)</b>
<b>Cash flows (used in)/generated from financing activities</b>			
Issue of share capital	10	295	794,997
Payment of issue costs	10	(91)	(15,101)
Shares repurchased	10	(943)	–
Loan drawn down		20,287	286,980
Loan repaid		–	(286,980)
Finance costs paid		(374)	(124)
Bank interest received		157	150
Dividends paid	15	(27,072)	(8,920)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(7,741)</b>	<b>771,002</b>
(Decrease)/Increase in cash and cash equivalents during the year/period		(354,355)	355,910
Cash and cash equivalents at the beginning of the year/period		353,734	–
Exchange translation movement		11,119	(2,176)
<b>Cash and cash equivalents at the end of the year/period</b>		<b>10,498</b>	<b>353,734</b>

The accompanying notes on pages 112 to 129 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 East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP. 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 10 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, the Statement of Recommended Practice issued by the Association of Investment Companies (the AIC SORP) and the Companies (Guernsey) Law 2008 (as amended).

The 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 AIC SORP has been applied retrospectively and has resulted in presentational changes to the Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity in order to present revenue and capital items separately.

The principal accounting policies are set out below.

#### Going concern

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

While the conflict in Ukraine and market volatility during the year have affected the way in which the Company's investee companies are conducted, this did not have a material direct effect on the results of the business. The Directors are satisfied that the resulting macroeconomic environment is not likely to significantly restrict business activity.

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

- 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 the conflict in Ukraine and market volatility on the Company and its underlying investments, the Investment Manager has assessed these with reference to the mitigation measures in place. Based on this assessment, the Directors do not consider that the effects of the conflict in Ukraine and market volatility have created a material uncertainty over the assessment of the Company as a going concern.

As further detailed in note 6 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.

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 21 June 2023 to 30 June 2024, 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. 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'.

### 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, 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 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 purchase or the date on which the Company became party to the contractual requirements of the asset. Financial assets are initially recognised at cost, being the fair value of consideration given. Transaction costs of financial assets at fair value through profit or loss 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 recognised in profit or loss.

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.

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. Unquoted foreign exchange derivatives are valued at the price that would be paid or received by closing out the contract on the reporting date by entering into an equal and opposite contract at that date. 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 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, intercompany loans 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.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

**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. Other income is accounted for on an accruals basis using the effective interest rate method.

**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 continue to be approved by HMRC as an investment trust.

In respect of each accounting period for which the Company is 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%, rising to 25% from 1 April 2023).

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 relieviable 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.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the reporting date.

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 is not a business combination and that affects neither the taxable profit nor the accounting profit. Deferred tax assets and 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.

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 the pound 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 year, 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 Directors 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.

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

### New standards, amendments and interpretations issued and effective for the financial period beginning 1 April 2022

The Board of Directors has considered new standards and amendments that are mandatorily effective from 1 April 2022 and determined that these do not have material impact on the Company and are not expected to significantly affect the current or future periods.

### New standards, amendments and interpretations issued but not yet effective

There are a number of new standards, amendments to standards and interpretations which are not yet mandatory for the 31 March 2023 reporting period and have not been adopted early by the Company. These standards are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.



### 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.

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.

#### 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

In the judgement of the Directors, the Company qualifies as an Investment Entity under IFRS 10 and therefore its subsidiary entities have not been consolidated in the preparation of the financial statements. Further details of the impact of this accounting policy are included in note 7.

#### 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 year ended 31 March 2023 is included in note 6 and relates to the determination of fair value of investments with significant unobservable inputs.

#### 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 Statement of Comprehensive Income comprises:

	Note	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Management fees	13	7,271	4,690
Legal and professional fees*		1,281	776
Discontinued deal fees		1,793	1,612
Directors' fees		185	218
Fees payable to the statutory auditor	11	195	130
Other expenses		621	22
		<b>11,346</b>	<b>7,448</b>

\*Legal and professional fees have been reclassified from the other expenses line in the prior year to make the presentation consistent with the current year.

### 5. Finance income

Finance income in the Statement of Comprehensive Income comprises:

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Bank interest received	157	180
Interest on fixed term deposits	9,549	—
	<b>9,706</b>	<b>180</b>

**6. Investments at fair value through profit or loss**

	As at 31 March 2023			As at 31 March 2022		
	Loans £'000	Equity £'000	Total £'000	Loans £'000	Equity £'000	Total £'000
Opening balance	27,671	382,185	<b>409,856</b>	–	–	–
Additions	4,691	379,724	<b>384,415</b>	32,249	329,232	<b>361,481</b>
Shareholder interest capitalised	521	–	<b>521</b>	2,797	–	<b>2,797</b>
Interest on promissory loan notes	2,228	–	<b>2,228</b>	–	–	–
Shareholder loan repayment	–	–	–	(8,620)	–	<b>(8,620)</b>
Net gains on investments at fair value through profit or loss	2,239	73,056	<b>75,295</b>	1,245	52,953	<b>54,198</b>
	<b>37,350</b>	<b>834,965</b>	<b>872,315</b>	<b>27,671</b>	<b>382,185</b>	<b>409,856</b>

During the year ended 31 March 2023, the Company restructured its loan and equity investments in Communication Investments Holdings s.r.o. (CIH), an entity incorporated in the Czech Republic and the parent company of České Radiokomunikace a.s. (CRA), to hold them indirectly through Cordiant Digital Holdings UK Limited (CDHUK) and Cordiant Digital Holdings Two Limited (CDH2), two wholly-owned subsidiaries of the Company. CDH2 issued shares and promissory notes to the Company in consideration for the transfer of the loan and equity investments in CIH. CDHUK then issued shares and promissory notes to the Company in consideration for the transfer of the shares and promissory notes of CDH2. The exchange loss realised on the restructure of investment by the Company is £3.9 million. The fair value of the shares and promissory notes issued by CDHUK are included in the table above and represent the fair values of the underlying investments together with other assets and liabilities of its subsidiaries. The fair value of the Company's equity investment in CDHUK amounted to £782.8 million at 31 March 2023 (31 March 2022: nil) and the loan investment amounted to £32.5 million (31 March 2022: nil).

The value of the Company's indirect investment in CRA as at 31 March 2023 was £389.1 million, comprising an equity investment valued at £362.9 million and a loan investment of £26.2 million.

The Company made loan investments of £4.7 million in CDIL Data Centre USA LLC, the legal entity operating as Hudson Interxchange (previously operating under the name DataGryd) during the year ended 31 March 2023. As at 31 March 2023, the equity investment was valued at £52.3 million (31 March 2022: £58.2 million) and the loan investment at £4.7 million (31 March 2022: nil). The unrealised foreign exchange gain on the loan investment is £0.1 million and £3.6 million on the equity investment. The investments are held at fair value. The unrealised fair value loss on the equity investment at 31 March 2023 is £9.6 million.

The Company, through its indirect subsidiary Cordiant Digital Holdings One Limited (CDH1), acquired Emitel S.A. during the year ended 31 March 2023. The Company subscribed for additional shares in CDHUK for cash consideration of £379.7 million in order to provide the funds for CDH1 to complete the acquisition of Emitel. The value of the Company's indirect investment in Emitel at 31 March 2023 was £429.0 million.

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

	Year ended 31 March 2023			Period ended 31 March 2022		
	Loans £'000	Equity £'000	Total £'000	Loans £'000	Equity £'000	Total £'000
Shareholder loan interest income	2,749	–	<b>2,749</b>	2,932	–	<b>2,932</b>
Unrealised movement in fair value of investments	–	73,079	<b>73,079</b>	–	40,346	<b>40,346</b>
Realised movement in fair value of investments on restructure	(307)	(3,620)	<b>(3,927)</b>	–	–	–
Foreign exchange movement on valuation of investments	2,546	3,597	<b>6,143</b>	1,245	12,607	<b>13,852</b>
<b>Total investment income recognised in the year/period</b>	<b>4,988</b>	<b>73,056</b>	<b>78,044</b>	<b>4,177</b>	<b>52,953</b>	<b>57,130</b>

**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.

During the year ended 31 March 2023, there were no transfers of investments at fair value through profit or loss from or to Level 3.

The Company’s investments in CRA, Hudson Interxchange and Emitel have 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, which is March 2030 for CRA, December 2030 for Emitel and March 2037 for Hudson Interxchange. The terminal value is calculated using an assumed terminal growth rate (TGR) into perpetuity based on anticipated industry trends and long-term inflation rates.

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.

**31 March 2023**

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	8.20%-11.00%	729	(146)	1,063	188
TGR	1.25%-2.25%	993	118	783	(92)

**31 March 2022**

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	7.88%-9.14%	330	(80)	518	108
TGR	1.0%-2.25%	482	73	356	(54)



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.

## 7. Unconsolidated subsidiaries

The following table shows subsidiaries of the Company. As the Company qualifies as an Investment Entity as referred to in note 6, these subsidiaries have not been consolidated in the preparation of the financial statements:

Investment	Place of business	Ownership interest at 31 March 2023	Ownership interest at 31 March 2022
<b>Held directly</b>			
Cordiant Digital Holdings UK Limited	United Kingdom	100%	100%
CDIL Data Centre USA LLC	USA	100%	100%
<b>Held indirectly</b>			
Cordiant Digital Holdings One Limited <sup>1</sup>	United Kingdom	100%	100% <sup>1</sup>
Cordiant Digital Holdings Two Limited <sup>1</sup>	United Kingdom	100%	100% <sup>1</sup>
Communications Investments Holdings s. r. o. <sup>1</sup>	Czech Republic	100%	100% <sup>1</sup>
České Radiokomunikace a.s. (Czechia)	Czech Republic	100%	100%
Czech Digital Group, a.s	Czech Republic	100%	100%
Emitel S.A.	Poland	100%	—
Allford Investments S.A.	Poland	100%	—
EM Properties sp. z o. o.	Poland	100%	—
EM Projects sp. z o. o.	Poland	100%	—
Hub Investments sp. z o. o.	Poland	100%	—

<sup>1</sup>These subsidiaries were held directly by the Company at 31 March 2022. Following an intragroup reorganisation described below, they are now held indirectly.

The following additional information is provided in relation to unquoted investments as recommended by the AIC SORP.

	Turnover	Pre-tax profit/(loss)	Net assets/(liabilities)
Emitel <sup>2</sup>	£103.89 million	£16.88 million	£233.53 million
CRA <sup>3</sup>	£76.47 million	£6.39 million	(£69.89 million)
Hudson Interxchange <sup>4</sup>	£3.34 million	(£3.62 million)	£63.86 million

<sup>2</sup>Figures from Emitel's audited IFRS accounts for the year ended 31 December 2022

<sup>3</sup>Figures from CRA's audited IFRS accounts for the year ended 31 March 2022

<sup>4</sup>Figures from Hudson's audited US GAAP accounts for the period from 13 January 2022 to 31 March 2022

During the year ended 31 March 2023, a reorganisation of the group was undertaken. At 31 March 2023, the Company holds its 100% investment in Cordiant Digital Holdings UK Limited (CDHUK) directly. CDHUK holds a 100% shareholding in Cordiant Digital Holdings Two Limited (CDH2), and CDH2 in turn holds a 100% shareholding in Cordiant Digital Holdings Limited One Limited (CDH1). Previously, each of CDHUK, CDH2 and CDH1 was held directly by the Company. At 31 March 2023, Communications Investments Holdings s.r.o. (CIH) was held as an investment by CDH2; at 31 March 2022, CIH was held directly by the Company. CDIL Data Centre USA LLC is held directly by the Company and this was not affected by the reorganisation. CDH1 holds the Company's investment in Emitel.

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 subsidiary located in the US is 60 Hudson Street suite 116B, New York, NY 10013. The registered office of the subsidiaries located in Poland is ul.Franciszka Klimczakal, 02-297 Warsaw.

The amounts invested in the Company's unconsolidated subsidiaries during the year and their carrying value at 31 March 2023 are as outlined in note 6.

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 and in Poland 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.

## 8. Receivables

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Cash collateral	9,130	50,599
Other debtors	2,573	1,020
Expenses paid on behalf of related parties	2,866	–
Prepayments	77	56
Interest receivable	34	30
	<b>14,680</b>	<b>51,705</b>

Cash collateral relates to one security deposit held in money market accounts (31 March 2022: two security deposits held in money market accounts). An amount of USD11.3 million (£9.1 million) relates to collateral for a letter of credit relating to the lease of the building occupied by Hudson, and generated interest of 0.59% per annum during the year ended 31 March 2023.

## 9. Derivatives

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
<b>Forward contracts</b>		
Foreign exchange forwards	–	8,072

During the year ended 31 March 2023, the Company entered into six foreign exchange forward contracts totalling £203.0 million in Polish zloty. The maturity date of three of these foreign exchange forwards was 9 June 2022 and of the remaining three was 11 July 2022.

**10. Share capital****Ordinary shares**

Date	Issued and fully paid	Number of shares issued	Share capital	Cumulative total
<b>GBP</b>			£'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	<b>370,000</b>
	Less share issue costs	–	(7,007)	<b>362,993</b>
01-Apr-21	Subscription Shares exercised	930,447	930	<b>363,923</b>
	Less share issue costs	–	(13)	<b>363,910</b>
04-May-21	Subscription Shares exercised	771,713	772	<b>364,682</b>
	Less share issue costs	–	(13)	<b>364,669</b>
01-Jun-21	Subscription Shares exercised	4,480,528	4,481	<b>369,150</b>
	Less share issue costs	–	(13)	<b>369,137</b>
01-Jul-21	Subscription Shares exercised	6,221,004	6,221	<b>375,358</b>
	Less share issue costs	–	(16)	<b>375,342</b>
02-Aug-21	Subscription Shares exercised	6,017,044	6,017	<b>381,359</b>
	Less share issue costs	–	(121)	<b>381,238</b>
01-Sep-21	Subscription Shares exercised	21,274,718	21,275	<b>402,513</b>
	Less share issue costs	–	(422)	<b>402,091</b>
21-Dec-21	Issuance of ordinary shares	154,238	175	<b>402,266</b>
	Less share issue costs	–	(13)	<b>402,253</b>
20-Jan-22	Conversion of C Shares to ordinary shares	174,640,000	181,548	<b>583,801</b>
	Less share issue costs	–	(12)	<b>583,789</b>
25-Jan-22	Capital raise – ordinary shares	188,679,245	199,999	<b>783,788</b>
	Less share issue costs	–	(3,868)	<b>779,920</b>
01-Mar-22	Subscription Shares exercised	119,457	127	<b>780,047</b>
	Less share issue costs	–	(151)	<b>779,896</b>
29-Jun-22	Issuance of ordinary shares	271,126	295	<b>780,191</b>
	Less share issue costs	–	(91)	<b>780,100</b>
07-Sep-22	Subscription shares exercised	187	–	<b>780,100</b>
	Less share issue costs	–	–	<b>780,100</b>
<b>Issued and fully paid at 31 March 2023</b>		<b>773,559,707</b>	<b>780,100</b>	<b>780,100</b>
10-Mar-23	Buyback of shares held in treasury	(250,000)	(225)	<b>779,875</b>
15-Mar-23	Buyback of shares held in treasury	(550,000)	(495)	<b>779,380</b>
17-Mar-23	Buyback of shares held in treasury	(250,000)	(223)	<b>779,157</b>
<b>Outstanding shares at 31 March 2023</b>		<b>772,509,707</b>	<b>779,157</b>	<b>779,157</b>

Subject to any special rights, restrictions, or prohibitions regarding voting for the time being attached to any shares, holders of ordinary shares have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each ordinary share that they hold.

Holders of ordinary shares are entitled to receive and participate in any dividends or distributions of the Company in relation to assets of the Company that are available for dividend or distribution. On a winding-up of the Company, the surplus assets of the Company available for distribution to the holders of ordinary shares (after payment of all other debts and liabilities of the Company attributable to the ordinary shares) shall be divided amongst the holders of ordinary shares pro rata according to their respective holdings of ordinary shares.

The Company holds the power to issue an unlimited number of shares and the shares have no par value.

**C shares**

Date	Issued and fully paid	Number of shares issued	Share capital	Total
<b>GBP</b>			£'000	£'000
10-Jun-21	Capital raise – C Share	185,000,000	185,000	<b>185,000</b>
	Less share issue costs	–	(3,452)	<b>(3,452)</b>
20-Jan-22	Conversion to ordinary shares	(185,000,000)	(181,548)	<b>(181,548)</b>
<b>Total at 31 March 2023</b>		<b>–</b>	<b>–</b>	<b>–</b>

The C Shares were all converted to ordinary shares in January 2022.

C Shares of each class carry the right to receive all income of the Company attributable to the C Shares, and to participate in any distribution of such income by the Company pro rata to the relevant NAV attributable to each of the classes of C Share and within each such class income shall be divided pari passu amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them.



**Treasury shares**

	31 March 2023 Number of shares	31 March 2022 Number of shares
Opening balance at 1 April	–	–
Shares repurchased during the year	1,050,000	–
<b>Closing balance at period/year end</b>	<b>1,050,000</b>	<b>–</b>

During the year ended 31 March 2023, the Company initiated a share buyback programme. Investec, as Cordiant Digital Infrastructure Limited's joint broker, has been given limited authority to undertake market buybacks. 1,050,000 ordinary shares (31 March 2022: nil) have been repurchased and held in treasury by the Company during the year ended 31 March 2023.

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

**11. Audit fees**

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

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Fees payable to the statutory auditor		
for audit of the statutory financial statements	195	114
for other audit-related services	–	–
for non-audit services	–	16
	<b>195</b>	<b>130</b>

Non-audit services paid to the Company's auditor during the period ended 31 March 2022 related to a review of the Interim Report and services around the C Share conversion to ordinary shares. There were no non-audit services provided during the year ended 31 March 2023. The statutory audit fees for the year ended 31 March 2023 is £170,000 which excludes an amount of £25,000 relating to the prior year.

**12. Taxation****a) Analysis of the tax charge for the year/period**

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<b>Corporation tax</b>		
Taxation for the year/period (see note 12b)	–	–

**b) Factors affecting the tax charge for the year/period**

The tax assessed for the year ended 31 March 2023 is lower than the Company's applicable rate of corporation tax for that year of 19%. The factors affecting the tax charge for the year/period are as follows:

	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<b>Profit for the year/period before tax</b>	<b>81,176</b>	<b>51,370</b>
Net return before taxation multiplied by the Company's applicable rate of corporation tax for the period of 19%	15,423	9,760
Effects of:		
Capital return on investments	(17,275)	(11,475)
Expenses not deductible for corporation tax	1,586	1,173
Realised loss on restructure not deductible	746	–
Utilisation of expenses brought forward	(480)	–
Unrelieved current year/period expenses	–	542
<b>Total tax for the year/period (see note 12a)</b>	<b>–</b>	<b>–</b>

**c) Deferred taxation**

The Company has an unrecognised deferred tax asset of £77,000 (Prior year: £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 for tax on any capital gains or losses arising on the revaluation of investments.

### 13. 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 using the closing market capitalisation for each LSE trading day for the relevant month, and paid monthly in arrears. 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.

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

For the year ended 31 March 2023, the Investment Manager has charged management fees of £7.3 million (31 March 2022: £4.7 million) to the Company, with £0.6 million (31 March 2022: £0.7 million) owed at year end.

During the year ended, 31 March 2023, the Investment Manager was required to subscribe for new ordinary shares for aggregate consideration of £0.29 million (31 March 2022: £0.18 million) and to conduct market purchases for aggregate consideration of £0.39 million (31 March 2022: nil).

#### Performance fee

The Investment Manager may in addition 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 year ended 31 March 2023, no performance fee is due to the Investment Manager (31 March 2022: £nil) and no amount has been accrued as the share price performance hurdle has not been met.

**14. Earnings per share and net asset value per share**

Ordinary shares	Year ended 31 March 2023	
Earnings per share	Basic	Diluted
Allocated profit attributable to this share class – £'000	81,176	81,176
Weighted average number of shares in issue	773,442,556	773,442,556
<b>Earnings per share from continuing operations in the year (pence)</b>	<b>10.50</b>	<b>10.50</b>

Ordinary shares	Period ended 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
<b>Earnings per share from continuing operations in the period (pence)</b>	<b>12.49</b>	<b>12.48</b>

As at 31 March 2023, there were 6,434,884 (31 March 2022: 6,435,071) potentially dilutive Subscription Shares in issue. During the year ended 31 March 2023, 187 (31 March 2022: 39,814,911) Subscription Shares were exercised and 1,050,000 ordinary shares (31 March 2022: nil) were bought back.

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:

	Year ended 31 March 2023	Period ended 31 March 2022
Weighted average number of shares used in the calculation of basic earnings per share	773,442,556	411,129,146
Effect of Subscription Shares carrying a right to subscribe for ordinary shares	–	515,508
<b>Weighted average number of shares used in the calculation of diluted earnings per share</b>	<b>773,442,556</b>	<b>411,644,654</b>
<b>Net asset value per share</b>		
Net asset value – £'000	875,711	822,346
Number of ordinary shares issued	772,509,707	773,288,394
<b>Net asset value per share (pence)</b>	<b>113.36</b>	<b>106.34</b>

**15. Dividends declared and paid with respect to the year/period**

	Dividend per ordinary share pence	Total dividend £'000
<b>Dividends paid during the year ended 31 March 2023</b>		
Second interim dividend in respect of the period ended 31 March 2022	1.50	<b>11,599</b>
Interim dividend in respect of the year ended 31 March 2023	2.00	<b>15,473</b>
		<b>27,072</b>

	Dividend per ordinary share pence	Total dividend £'000
<b>Dividends declared</b>		
Second interim dividend in respect of the year ended 31 March 2023	2.00	<b>15,450</b>

	Dividend per ordinary share pence	Dividend per C Share pence	Total dividend £'000
<b>Dividends paid during the period ended 31 March 2022</b>			
Interim dividend in respect of the period ended 31 March 2022	1.50	1.50	<b>8,920</b>

On 21 June 2023, the Board approved a second interim dividend of 2.0 pence per share in respect of the period from 1 April 2022 to 31 March 2023, bringing the total dividend for the year to 4.0 pence per share. The record date for this dividend is 30 June 2023 and the payment date is 21 July 2023.



## 16. 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 2023 £'000	As at 31 March 2022 £'000
<b>Financial assets</b>		
<b>Financial assets at fair value through profit or loss:</b>		
Investments	872,315	409,856
Forward contracts receivable	–	8,072
<b>Other financial assets at amortised cost:</b>		
Cash and cash equivalents	10,498	353,734
Trade and other receivables (excluding prepayments)	14,603	51,649
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	(21,782)	(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.

31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Investments	–	–	872,315	<b>872,315</b>
Foreign exchange forwards	–	–	–	<b>–</b>
	<b>–</b>	<b>–</b>	<b>872,315</b>	<b>872,315</b>

31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Investments	–	–	409,856	<b>409,856</b>
Foreign exchange forwards	–	8,072	–	<b>8,072</b>
	<b>–</b>	<b>8,072</b>	<b>409,856</b>	<b>417,928</b>

### 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.

The Company's investment policy is set out in the Additional information section on pages 130 to 131.

**Market risk**

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

**Price risk**

The underlying investments held present a potential risk of loss of capital to the Company. As outlined in note 6, 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 2023, the fair value of investments, excluding cash and cash equivalents, was £872.3 million (31 March 2022: £409.9 million) and a 5% 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 +/- £43.6 million (31 March 2022: £20.5 million).

Please refer to note 6 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 below.

**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.

**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 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.

**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 US dollars, Czech koruna, Polish zloty, Canadian dollars and euros. 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 direct and indirect foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

	As at March 2023						
	USD £'000	CZK £'000	CAD £'000	PLN £'000	EUR £'000	GBP £'000	Total £'000
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss	56,993	389,101	–	429,002	(2,984)	203	<b>872,315</b>
<b>Total non-current assets</b>	<b>56,993</b>	<b>389,101</b>	<b>–</b>	<b>429,002</b>	<b>(2,984)</b>	<b>203</b>	<b>872,315</b>
<b>Current assets</b>							
Receivables and prepayments	9,164	–	–	–	2,639	2,877	<b>14,680</b>
Foreign exchange derivative	–	–	–	–	–	–	<b>–</b>
Cash and cash equivalents	168	–	1	–	1	10,328	<b>10,498</b>
<b>Total current assets</b>	<b>9,332</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>2,640</b>	<b>13,205</b>	<b>25,178</b>
<b>Current liabilities</b>							
Payables	(30)	–	–	–	(20,745)	(1,007)	<b>(21,782)</b>
<b>Total current liabilities</b>	<b>(30)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(20,745)</b>	<b>(1,007)</b>	<b>(21,782)</b>
<b>Total net assets</b>	<b>66,295</b>	<b>389,101</b>	<b>1</b>	<b>429,002</b>	<b>(21,089)</b>	<b>12,401</b>	<b>875,711</b>

	As at March 2022						
	USD £'000	CZK £'000	CAD £'000	PLN £'000	EUR £'000	GBP £'000	Total £'000
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss	58,231	351,625	–	–	–	–	<b>409,856</b>
<b>Total non-current assets</b>	<b>58,231</b>	<b>351,625</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>409,856</b>
<b>Current assets</b>							
Receivables and prepayments	8,599	–	–	–	–	43,106	<b>51,705</b>
Foreign exchange derivative	–	–	–	8,072	–	–	<b>8,072</b>
Cash and cash equivalents	954	–	3	–	–	352,777	<b>353,734</b>
<b>Total current assets</b>	<b>9,553</b>	<b>–</b>	<b>3</b>	<b>8,072</b>	<b>–</b>	<b>395,883</b>	<b>413,511</b>
<b>Current liabilities</b>							
Payables	–	–	(2)	–	–	(1,019)	<b>(1,021)</b>
<b>Total current liabilities</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>–</b>	<b>(1,019)</b>	<b>(1,021)</b>
<b>Total net assets</b>	<b>67,784</b>	<b>351,625</b>	<b>1</b>	<b>8,072</b>	<b>–</b>	<b>394,864</b>	<b>822,346</b>



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, Polish zloty and euros by 5%, at 31 March 2023. The analysis assumes that all other variables remain constant.

	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Effect in increase of pounds sterling		
USD	3,315	3,389
CZK	19,455	17,581
PLN	21,450	404
EUR	(1,054)	–

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

#### 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 2023, the cash balance held by the Company was £10.5 million (31 March 2022: £353.7 million). A 1% increase/(decrease) in interest rates with all other variables held constant would result in a change to interest received of +/- £0.1 million (31 March 2022: +/- £3.5 million) per annum.

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board.

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 Directors from time to time. Cash and cash equivalents as at the year-end are insufficient to cover the forecast expenses for the following twelve months, but the Company has access to further liquidity through the debt facility raised by its subsidiary Cordiant Digital Holdings Two Ltd, of which €150.0 million (£131.9 million) was undrawn at the balance sheet date.

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.

#### 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 year/period-end date:

	Location	Rating	31 March 2023 £'000	31 March 2022 £'000
Royal Bank of Scotland International	Guernsey	A-	10,498	353,734

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

#### Carrying value and maximum exposure

	31 March 2023 £'000	31 March 2022 £'000
Financial assets (including cash and equivalents but excluding prepayments)	25,101	413,455

#### Gearing

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

## 17. Related party transactions

### Directors

The Company has four non-executive Directors, each of whom is considered to be independent. Directors' fees for the year ended 31 March 2023 amounted to £185,000 (31 March 2022: £218,000), of which £nil (31 March 2022: £nil) was outstanding at the year 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. In addition, all directors made extra purchases of shares during the year. Shonaid Jemmett-Page bought 5,539 shares, Sian Hill bought 15,000 shares, Marten Pieters bought 20,000 shares and Simon Pitcher bought 10,000 shares. The Directors' shares at 31 March 2023 are as shown in the table below:

	Ordinary shares held at 31 March 2023	Ordinary shares held at 31 March 2022
Shonaid Jemmett-Page	28,039	22,500
Sian Hill	37,500	22,500
Marten Pieters	48,125	28,125
Simon Pitcher	38,125	28,125

### 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 receivable by the Company in relation to the year was £0.5 million (31 March 2022: £2.9 million), of which £nil (31 March 2022: £nil) remained outstanding at the year/period end. The loan investment was transferred to the Company's subsidiary Cordiant Digital Holdings Two Ltd (CDH2) on 31 May 2022, in exchange for a promissory note. The balance on the promissory note investment at 31 March 2023, including accrued interest, was £32.6 million (31 March 2022: nil). 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 2023, was £52.2 million (31 March 2022: £58.2 million). The Company has also provided additional funding during the year ended 31 March 2023 in the form of loans totalling £4.7 million.

### Company subsidiaries

On 16 December 2022, the Company borrowed £20.3 million from CDH2, representing proceeds from a Eurobond issued by CDH2. The loan is subject to interest charged at variable rate. Interest charged during the year amounted to £0.4 million (31 March 2022: £nil) which all remained outstanding as at 31 March 2023. The expenses paid by the Company on behalf of subsidiary companies during the year amounted to £2.9 million (31 March 2022: £nil).

## 18. 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.

## 19. Subsequent events

With the exception of dividends declared and disclosed in note 15, there are no material subsequent events.

## Investment policy – extract from IPO prospectus

### Investment Objective

The Company will seek 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 Policy

The Company will invest 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 United States of America and Canada.

The Company will seek to acquire or construct operating, cash flow generating Digital Infrastructure Assets (either individually or by acquiring entities owning portfolios of such assets), with a view to generating returns through: (a) contracted escalators, (b) increasing the tenanted use of such Digital Infrastructure Assets; (c) adding additional capacity to such Digital Infrastructure Assets; (d) driving operational improvements; and (e) achieving operational synergies with other Digital Infrastructure Assets already held within the portfolio.

Diversification within the Company's investment portfolio will be achieved by:

- (i) investing in a range of individual underlying Digital Infrastructure Assets, each of which will be capable of separate disposal;
- (ii) investing in different types of Digital Infrastructure Assets;
- (iii) gaining exposure at the Investee Company or asset level to a range of different underlying lessees, counterparties and customers;
- (iv) contracting at the Investee Company or asset level with a range of different project developers and service providers; and
- (v) achieving a geographic spread across the underlying Digital Infrastructure Assets.

There will be no operation of a common treasury function between the Company and any of its Digital Infrastructure Assets.

Investments in Digital Infrastructure Assets will be made principally through equity, or through structures having equity-like characteristics and control features (such as convertible instruments or structured debt) and will typically entail 100 per cent. ownership or majority control by the Company (either directly or indirectly). The Group may, however, enter into joint venture arrangements alongside one or more co-investors where the Investment Manager, in consultation with the Board, believes it is in the Group's best interests to do so (such as where an investment opportunity is too large for the resources of the Group on its own, to share risk or where a joint venture arrangement will optimise returns for the Company). In the case of such co-investments, the Group will target retaining a control position, where this is possible, or, where this is not possible, will have strong minority investor protections, governance rights and board representation.

The Group's Digital Infrastructure Assets will generally be held through group holding companies and vehicles which may have separate embedded management teams who are responsible for the day-to-day operational management of individual assets or groups of assets. Digital Infrastructure Assets grouped together under the management of any particular embedded management team in order to maximise economies of scale and operational efficiencies will be characterised as a "Platform".

Regardless of the operational grouping of assets into separate Platforms, each Digital Infrastructure Asset will be capable of individual disposal.

### Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no single Digital Infrastructure Asset will represent more than 20 per cent. of Gross Asset Value;
- no more than 15 per cent. of Gross Asset Value will be invested, in aggregate, in Digital Infrastructure Assets located in countries outside the United Kingdom, the EEA, the United States of America and Canada;
- the maximum exposure to Digital Infrastructure Assets in the Development Phase will not exceed, in aggregate, 10 per cent. of Gross Asset Value; and
- the maximum exposure to Digital Infrastructure Assets in the Development Phase and Construction Phase will not exceed, in aggregate, 30 per cent. of Gross Asset Value.

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

It is expected that the Company will predominantly invest in unquoted assets. However, in exceptional circumstances, the Company may also invest in listed entities owning Digital Infrastructure Assets and may maintain this investment if such entities subsequently cease to be listed, provided that the Investment Manager considers that such an investment is (and continues to be) consistent with the Company's investment objective. The Company will, in any case, invest no more than 15 per cent. of its total gross assets in other investment companies

or investment trusts which are listed on the Official List.

The investment restrictions set out above apply following full investment of the Initial Net Proceeds and following the Company becoming substantially geared (meaning for this purpose borrowings by way of long-term structural debt of 30 per cent. of Gross Asset Value being put in place).

In addition, in circumstances in which the Group does not wholly-own an investment, the investment restrictions set out above will be applied pro rata by reference to the proportionate value of the Group's interest in such investment.

Compliance with the above investment restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered a breach of the investment restrictions.

#### Gearing

The Group may employ gearing for working capital purposes, to finance acquisitions or, over the longer term, to enhance returns to investors.

Gearing may be employed either at the level of the Company, at the level of any intermediate wholly-owned subsidiary of the Company or at the individual Investee Company or asset level, and any limits set out in this document shall apply on a look-through basis. The Group's long-term gearing is expected to be between 20 per cent. and 35 per cent. of Gross Asset Value, and shall not exceed a maximum of 50 per cent. of Gross Asset Value, calculated at the time of drawdown.

In addition to such long-term gearing, the Company may also use gearing on a short-term basis, principally to finance the acquisition of assets provided that: (i) this short-term gearing shall not exceed 30 per cent. of Net Asset Value calculated at the time of drawdown, and (ii) it is intended to refinance such short-term borrowings at the earliest appropriate opportunity through the proceeds of further equity issuances by the Company.

The use and structure of gearing will be determined by, inter alia, the cash flow profile of each investment, the diversification of the overall asset portfolio and the availability of financing on attractive terms.

Debt may be secured with or without a charge over some or all of the Group's assets, depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Intra-group debt between the Company and subsidiaries will not be included in the definition of borrowings for these purposes.

#### Hedging and Derivatives

The Group may borrow in currencies other than Sterling as part of its currency hedging strategy. Derivatives will not be used for investment purposes. The Group may enter into hedging contracts (in particular, in respect of inflation, interest rate or currency hedging) and other derivative contracts for the purposes of efficient portfolio management. No hedging transactions will be undertaken for speculative purposes.

#### Cash management

The Company may hold cash on deposit for working capital purposes and while awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills,

money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.




## Supplementary ESG information (unaudited)

### UN PRI Statement

PRI Principle		Integration
1	We will incorporate ESG issues into investment analysis and decision-making processes	ESG risk analysis, risk mitigation and due diligence is incorporated from the outset of the investment process. ESG due diligence takes place alongside financial due diligence for each prospective investment to ensure holistic risk identification and management. ESG considerations are presented alongside financial considerations, together informing Investment Committee decisions.
2	We will be active owners and incorporate ESG issues into our ownership policies and practices	Active engagement with all investees to improve ESG performance is a key pillar of the Investment Manager's approach. The Investment Manager, on behalf of the Company, works with investees on sustainability goals and targets, tailored for the Company and the sector. The Company is governed by its responsible investment policy, which is approved by the Board of Directors.
3	We will seek appropriate disclosure on ESG issues by the entities in which we invest	The Investment Manager on behalf of the Company works with all portfolio companies to ensure sector-specific, as well as sector-neutral, sustainability indicators are measured, monitored, and disclosed. Portfolio companies are expected to report ESG and impact information on an annual basis through the Investment Manager's annual monitoring questionnaire.
4	We will promote acceptance and implementation of the principles within the investment industry	The Investment Manager is proudly committed to the principles and promotes the standards both internally and externally with portfolio companies.
5	We will work together to enhance our effectiveness in implementing the Principles	The Investment Manager continues to improve and evolve with the rapidly changing landscape and will continue to be informed by industry best practice standards.
6	We will each report on our activities and progress towards implementing the Principles	The Company reports on its ESG practices on an annual basis, and requests its investees do the same. The Investment Manager also completes PRI's report on progress.

Unaudited ESG disclosures – annex	Product name: Cordiant Digital Infrastructure Limited Legal entity identifier: 213800T8RBBWZQ7FTF84	
	Environmental and/or social characteristics	
	Did this financial product have a sustainable investment objective?	
	<div><div><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> Yes</div><div><input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> _%<div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div></div><div><input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> _%</div></div>	<div><div><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</div><div><input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of _% of sustainable investments<div><div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div></div><div><input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></div></div>

SFDR periodic disclosure		Environmental and/or social characteristics
<p><b>Sustainable investment</b> means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.</p> <p>The <b>EU Taxonomy</b> is a classification system laid down in Regulation (EU) 2020/852, establishing a list of <b>environmentally sustainable economic activities</b>. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.</p>		<p><b>To what extent were the environmental and/or social characteristics promoted by this financial product met?</b></p> <p>The Company continued to invest in Digital Infrastructure platforms during the period, completing the acquisition of Emitel, a broadcasting and telecommunications platform in Poland. Through this investment and the portfolio's existing investments, České Radiokomunikace (CRA) and Hudson Interchange (Hudson), the Company and Investment Manager have aimed to promote and support efforts in line with the Investment Manager's Guiding Principles for the sector:</p> <ul style="list-style-type: none"> <li>i. The need to reduce the carbon footprint of the digital economy, focusing on:</li> <li>ii. The need to reduce the carbon footprint of society, through enhanced communications that diminish the need for unnecessary travel and shrink pollution-causing congestion.</li> <li>iii. The need to better connect under-served businesses and households to the digital economy, thereby supporting enhanced opportunity and economic activity.</li> </ul> <p>Particular emphasis was placed on reducing the carbon footprint of the digital economy during the year. The Company's acquisition of Emitel aligns with this guiding principle. Emitel currently sources 85% of its electricity from renewable sources, targeting a minimum of 63% annually. Following CRA's commitment to source its electricity from renewable energy sources, in the previous period, significant progress has been achieved during the period, with assessments of renewable energy purchasing, evaluation of solar PV installations and the designing of more sustainable data centre. At the year end, 46% of CRA's electricity consumption was from renewable energy sources.</p> <p>During the reference period, the Investment Manager, updated its updated ESG and impact framework and implemented new and refined processes applicable throughout the stages of the investment process. These processes were applied to portfolio companies where applicable. All portfolio companies completed the Investment Manager's updated ESG due diligence questionnaire, in order to standardise and baseline the portfolio's ESG awareness, processes and compliance. In addition, the portfolio companies have completed the Investment Manager's annual monitoring questionnaire, baselining indicators that will be used to track both the ESG and impact credentials of portfolio companies. Throughout the period ongoing engagement regarding the promotion of sustainability initiatives and topics was sought by the Investment Manager with the portfolio companies. The Investment Manager focused on promoting initiatives that align with the first guiding principle. In particular, this has focused on increasing the amount of renewable energy in energy supply mixes, and energy efficiency programme such as with CRA.</p> <p>Screening and risk assessment processes were also updated during the pre-investment stage to enable a more thorough assessment of sustainability risks and impact opportunities associated with deals.</p>

SFDR periodic disclosure		Environmental and/or social characteristics																											
<b>Sustainability indicators</b> measure how the environmental or social characteristics promoted by the financial product are attained.		<b>How did the sustainability indicators perform?</b> Following the implementation of the Investment Manager’s updated ESG processes, all portfolio companies had provided ESG information through the Investment Manager’s ESG due diligence questionnaire by the end of the period.																											
		<table><tr><th>Sustainability indicator</th><th>2022<sup>1</sup></th><th>Units</th></tr><tr><td>Portfolio companies reporting GHG emissions</td><td>100</td><td>%</td></tr><tr><td>Portfolio GHG emissions (Scope 1 and Scope 2 emissions)</td><td>25,940</td><td>Metric tons (t)CO<sub>2</sub>e</td></tr><tr><td>Percentage of renewable energy in portfolio companies’ (energy includes fleet consumption)</td><td>59</td><td>%</td></tr><tr><td>Percentage of electricity from renewable sources in portfolio companies’</td><td>64</td><td>%</td></tr><tr><td>Area coverage of towers held by portfolio companies</td><td>385,078</td><td>km<sup>2</sup></td></tr><tr><td>Renewable energy produced</td><td>336</td><td>MWh</td></tr><tr><td>Power usage effectiveness</td><td>1.44</td><td>Ratio</td></tr><tr><td>Total length of portfolio companies’ fibre-optic network (owned and leased)</td><td>4,368</td><td>km</td></tr></table>	Sustainability indicator	2022 <sup>1</sup>	Units	Portfolio companies reporting GHG emissions	100	%	Portfolio GHG emissions (Scope 1 and Scope 2 emissions)	25,940	Metric tons (t)CO <sub>2</sub> e	Percentage of renewable energy in portfolio companies’ (energy includes fleet consumption)	59	%	Percentage of electricity from renewable sources in portfolio companies’	64	%	Area coverage of towers held by portfolio companies	385,078	km <sup>2</sup>	Renewable energy produced	336	MWh	Power usage effectiveness	1.44	Ratio	Total length of portfolio companies’ fibre-optic network (owned and leased)	4,368	km
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		<sup>1</sup> Both Emitel and CRA information represents 2022 calendar year figures (01 Jan 2022 – 31 Dec 2022), instead of Company financial year (1 April 2022 – 31 March 2023). However, figure may be treated as representative as differential is expected to be low.																											
		<b>...and compared to previous periods?</b> Not applicable. This disclosure covers the Company’s first reference period.																											
		<b>What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?</b> Not applicable. The Company and Investment Manager will promote environmental and social characteristics but will not commit to making sustainable investments.																											
		<b>How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?</b>  The EU Taxonomy sets out a ‘do not significant harm’ principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.  The do no significant harm principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.  Any other sustainable investments must also not significantly harm any environmental or social objectives.																											
		Not applicable. The Company and Investment Manager will promote environmental and social characteristics but will not commit to making sustainable investments.																											



## SFDR periodic disclosure

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1 April 2022 – 31 March 2023



## Environmental and/or social characteristics

**How did this financial product consider principal adverse impacts on sustainability factors?**

The Company and the Investment Manager did not consider principal adverse impacts on sustainability factors as defined by the SFDR during the period. With the adoption of the Regulatory Technical Standards during the period, the Investment Manager recognised that due to limitations imposed by the portfolio companies' size, stage and capacity, the Company and the Investment Manager may not be able to consider and report all applicable PAI indicators for the Company.

The Investment Manager did identify and consider material ESG risks as part of its investment decision-making, for investments made during the period. As part of the process, the Investment Manager utilised sector standards to assess applicable ESG risks and mitigation activities undertaken by prospective investments.

**What were the top investments of this financial product?**

Largest investments	Sector		% Assets	Country
	Company defined	ISIC Code		
Emitel	Multi-asset	6020 (television programming and broadcasting activities)	49%	Poland
CRA	Multi-asset	6020 (television programming and broadcasting activities)	43%	Czech Republic
Hudson	Data centres	6311 (data processing, hosting and related activities)	8%	United States

SFDR periodic disclosure

**Asset allocation** describes the share of investments in specific assets.



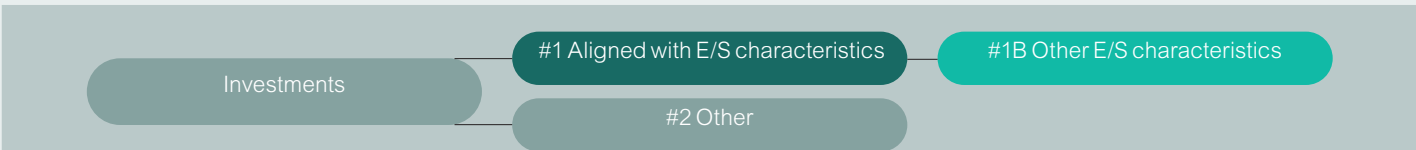
Environmental and/or social characteristics

**What was the proportion of sustainability-related investments?**

The proportion of sustainability-related investments of the Company was 0% for the period. The Company promotes environmental and social characteristics but does not commit to making sustainable investments and no investments have been identified as sustainability-related investments. The Investment Manager integrated ESG factor consideration into its investment processes during the process and sought to make investments that promoted the environmental and social characteristics as part of its Guiding Principles.

**What was the asset allocation?**

100% of the portfolio's outstanding amount at the end of the period promoted environmental and/or social characteristics, where the portfolio company aligned with the Guiding Principles for the digital infrastructure sector and had the Investment Manager's ESG procedures applied (ESG due diligence and/or ESG engagement). Investments that were made prior to the updated approach were assessed using the Investment Manager's previous ESG factor consideration process. All new investments made during the period were subject to the Investment Manager's updated ESG approaches and procedures, these procedures were applied where appropriate to existing investments, further details of the procedures can be found in 'What actions have been taken to meet the environmental and/or social characteristics during the reference period?'.



**#1 Aligned with E/S characteristics includes** the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**In which economic sectors were the investments made?**

All investments of the Company are in the digital infrastructure sector, predominantly comprising of broadcast and telecommunications towers, data centres and fibre networks.

Economic sector (ISIC)	% Assets
6020 (television programming and broadcasting activities)	92%
6311 (data processing, hosting and related activities)	8%

## SFDR periodic disclosure

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the 'greenness' of investee companies today.
- **capital expenditure** (capex) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



## Environmental and/or social characteristics

**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Company's investment mandate focuses on private equity investments to mid-market companies in Europe and North America. As a result, investee companies are typically not of the stage, size or have the capacity to meet or implement the stringent criteria for Taxonomy-alignment. Due to these requirements, the Company's investments are unlikely to be determined as Taxonomy-aligned. Furthermore, the Company seeks to promote environmental and social characteristics but has not committed to making sustainable investments and did not identify any investments as sustainable investments. As such the extent to which the sustainable investments with an environmental objective made by the Company that are aligned with the EU Taxonomy was 0%.

For the purposes of clarity, the Company does not make investments in sovereign bonds\*.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

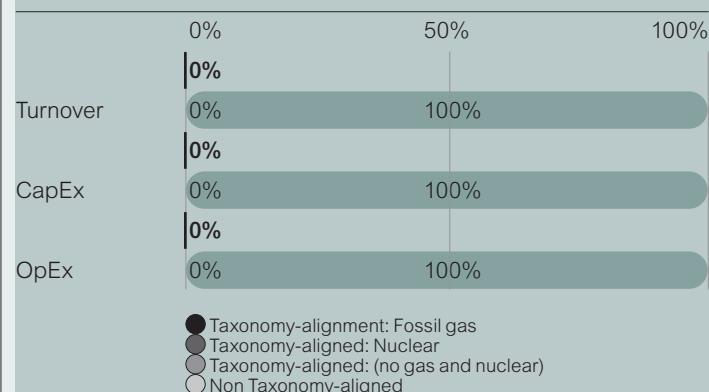
☐ Yes ☐ In fossil gas ☐ In nuclear energy

☒ No

The Company does not invest in fossil fuel or nuclear energy related activities.

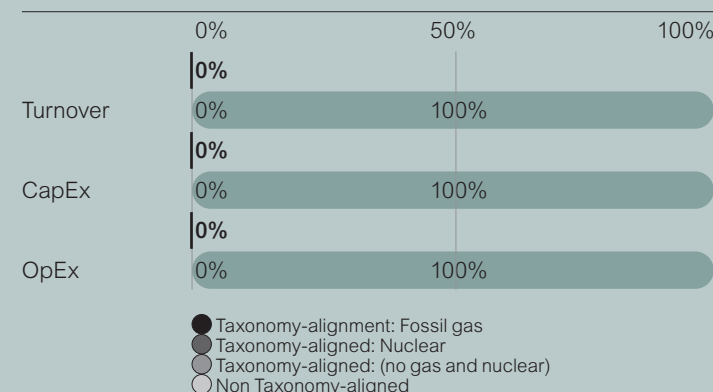
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

## 1. Taxonomy-alignment of investments including sovereign bonds\*







\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.



## 2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments.

SFDR periodic disclosure		Environmental and/or social characteristics
		<p><b>What was the share of investments made in transitional and enabling activities?</b>            Not applicable, please see 'To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?' for the reasoning for no Taxonomy-alignment with the Company's portfolio companies. As a result, the share of investments in transitional activities was 0%, while the share of investments in enabling activities was 0%.</p> <p><b>How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?</b>            Not applicable. This disclosure covers the Company's first reference period.</p>
<p> are sustainable investments with an environmental objective that <b>do not take into account the criteria</b> for environmentally sustainable economic activities under Regulation (EU) 2020/852.</p>	<p></p> <p></p> <p></p>	<p><b>What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?</b>            Not applicable. The share of sustainable investments of the Company was 0% for the period. The Company promotes environmental and social characteristics but does not commit to making sustainable investments and no investments have been identified as sustainable investments. As such, the share of the Company's investments made that are sustainable investments with an environmental objective that are not aligned with the EU Taxonomy was 0%.</p> <p><b>What was the share of socially sustainable investments?</b>            Not applicable. The share of sustainable investments of the Company was 0% for the period. The Company promotes environmental and social characteristics but does not commit to making sustainable investments and no investments have been identified as sustainable investments. The share of socially sustainable investments was 0%.</p> <p><b>What investments were included under 'other', what was their purpose and were there any minimum environmental or social safeguards?</b>            Investments included under '#2 Other', were investments in currencies and derivatives to hedge investments and the Company's currency exposure. These investments are neither aligned with the environmental or social characteristics of the financial product, nor qualify as sustainable investments. Due to the nature of these investments no minimum environmental or social safeguards were used.</p>



SFDR periodic disclosure		Environmental and/or social characteristics
		<p><b>What actions have been taken to meet the environmental and/or social characteristics during the reference period?</b></p> <p>As a focus for engagement with the portfolio companies, emphasis was placed on reducing the carbon footprint of the digital economy during the year. The Company's acquisition of Emitel aligns with this guiding principle. Emitel sources 85% of its electricity from renewable sources. This is complimented by an on-site renewable energy project, with solar PV installations at over 30 sites. CRA has made significant progress on increasing its purchased renewable energy. Furthermore, it has evaluated the installation of solar PV and the designing of more sustainable data centre, with these efforts being reported to the Investment Manager. At the year end, 46% of CRA's electricity consumption was from renewable energy sources.</p> <p>During the reference period, the Investment Manager implemented an update to its approach to ESG factor consideration and implementation of impact principles. These procedures actions include:</p> <ul style="list-style-type: none"> <li>— The assessment of prospective investments to identify material sustainability risks and the possibility to support positive impacts;</li> <li>— ESG due diligence conducted on prospective investments through the use of the Investment Manager's ESG due diligence questionnaire;</li> <li>— Formalised ESG Assessment of existing investments in line with updated process, including the ESG due diligence questionnaire; and</li> <li>— Engagement with portfolio companies regarding key material risks and to provide training on sustainability topics.</li> </ul> <p>These new processes were applied to all investments made after the second quarter of the year and where appropriate have also been applied to previous investments. Investments that were made prior to the updated approach were assessed using the Investment Manager's previous ESG factor consideration process.</p> <p>As part of the Investment Manager's aim to integrate sustainability indicators into its approach, all portfolio companies were requested to complete an annual monitoring questionnaire.</p>
<p><b>Reference benchmarks</b> are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.</p>		<p><b>How did this financial product perform compared to the reference benchmark?</b></p> <p>Not applicable. No index was designated as a reference benchmark for the purpose of meeting the environmental and/or social characteristics promoted by this financial product.</p>

**EU Taxonomy**

The EU Taxonomy for Sustainable Activities (EU Taxonomy) is a classification system defining economic activities that can make a substantial contribution to one of the six identified environmental objectives or where an activity can contribute to an objective by transitioning to a more sustainable performance (transitional activities) or by enabling sustainable outcomes (enabling activities). The EU Taxonomy Regulation and its disclosure requirements apply to financial market participants that offer financial products in Europe, and financial and non-financial undertakings within the scope of the Corporate Sustainability Reporting Directive ('CSRD').

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. The Company is marketed into EU Member States by Cordiant Capital Inc, the investment manager, through a National Private Placement Regime ('NPPR'). As such the Company is required to make disclosures in accordance with the EU Taxonomy.

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. Taxonomy-eligible activities differ from Taxonomy-aligned activities. Taxonomy-aligned activities are eligible economic activities which make a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labour standards. Under the Articles of the Delegated Act to the EU Taxonomy, exposures to undertakings that are not obliged to publish non-financial information under the CSRD 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 2023 contained three assets, Emitel, CRA and Hudson. None of the assets are required to report under the scope of the CSRD. As a result, the proportion of the Company's total assets that are Taxonomy-eligible at the year-end 31 March 2023 is 0%.

**SASB periodic disclosure**

The Investment Manager is committed to understanding the challenges and identifying solutions that may foster the quality of an investment, while enhancing the value of the Company. The Investment Manager, in its investment and portfolio monitoring services implements a collaborative, active, and ever-evolving approach that can provide portfolio companies with the guidance and 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 and Investment Manager are committed to enhancing their own sustainability reporting and have aligned with the Value Reporting Foundation's SASB Standards. The Investment Manager became a signatory of SASB in October 2021, this disclosure statement covers the period 01 April 2022 to 31 March 2023.

**Transparent information & fair advice for customers**

Accounting metric	Code	Disclosure
(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	FN-AC-270a.1	<p>The Company is an externally managed closed-ended investment company and has no employees. The Company relies on service providers, the most important of which is the Investment Manager.</p> <p>The Investment Manager 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.</p>
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	FN-AC-270a.2	<p>The Company sustained no monetary losses as a result of legal proceedings associated with its marketing and communications to customers during the year.</p> <p>The Company discloses all material legal and regulatory proceedings in its Annual Report.</p>
Description of approach to informing customers about products and services	FN-AC-270a.3	<p>The Company and the Investment Manager acting on behalf of the Company communicate and inform customers using various methods depending on but not limited to the reason for the communication, the information being disclosed and the customer.</p> <p>The principal communication methods are via the Company website, email and meetings (in-person or virtual). The Company provides comprehensive literature including the prospectus and periodic disclosures to existing and potential customers through the Company website.</p> <p>Information is also available via financial intermediaries and the Investment Manager actively works with research analysts to ensure third-party coverage of the Company.</p>

Employee diversity & inclusion		
Accounting metric	Code	Disclosure
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	<p>The Company has a Board of Directors and no employees. The Board is 50% female.</p> <p>The Company and Investment Manager hold 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 and Investment Manager have 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.</p>
Incorporation of environmental, social, and governance factors in investment management & advisory		
Accounting metric	Code	Disclosure
Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	<p>(1) 100% of AUM integrates ESG issue consideration. All investments are assessed pre-investment for ESG risks, opportunities and mitigants to the severity or likelihood of the outcome. ESG considerations identified during due diligence, or the investment period will be monitored and if material the Investment Manager will seek engagement to resolve issues or promote positive outcomes.</p> <p>(2) The Company does not explicitly engage in sustainability themed investing. The Company and Investment Manager promote sector specific sustainability initiatives within the portfolio companies, such as increasing the % of renewable energy in the energy mix.</p> <p>(3) All investments are subjected to screening by the Investment Manager. A negative screen is conducted against the Investment Manager's exclusion list and a positive screen to identify areas where the prospective investment can create impact.</p>



## Incorporation of environmental, social, and governance factors in investment management &amp; advisory continued

Accounting metric	Code	Disclosure
Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	<p>The Investment Manager integrates ESG risk management and impact management throughout the investment process. The approach is based on three key lynchpins: 1) screening - process and check list due diligence for new investments; 2) management - monitoring ESG policy for compliance, risks, and opportunities, as well as monitoring impact for targeting positive outcomes and minimising or eliminating negative impact where possible; and 3) tracking – data capture and annual reporting.</p> <p><b>Screening</b>  <b>Exclusion list</b> – prospective investments are subjected to an initial negative exclusion screening process, outlining activities and operations that present significant ESG risks.</p> <p><b>ESG risk and impact identification</b> – investments are evaluated based on the country(s) and sector(s) of operation to identify potentially material risk factors. Alignment to the SDGs is also assessed at this stage.</p> <p><b>ESG due diligence</b> – the Investment Manager conducts an ESG due diligence process, covering sector-specific and sector-neutral sustainability factors. Due diligence is tailored for the investment and the sector.</p> <p><b>Risk categorisation</b> – based on identified material risks, ESG due diligence and additional supporting information, a risk level is attributed to the prospective investment.</p> <p><b>Management</b>  <b>Gap analysis</b> – based on the ESG due diligence, the Investment Manager identifies negative and/or positive 'gaps' in an investment's ESG performance. Necessary measures or appropriate remediation policies are outlined by the ESG team and communicated to the portfolio company.</p> <p><b>Engagement</b> – the Investment Manager actively engages with portfolio companies concerning ESG and impact matters. As part of its engagement efforts, the Investment Manager seeks to aid portfolio companies: (i) identify and mitigate ESG risks; (ii) assess and act upon impact opportunities; (iii) improve ESG characteristics; and (iv) specify and build understanding on the indicators required to track ESG and impact performance. If concerns are highly material, an ESG action plan will be developed to improve a portfolio company's ESG performance to meet the Company's and Investment Manager's expectations. If required, the hiring of third-party E&amp;S experts will be considered.</p> <p><b>Tracking</b>  <b>Ongoing monitoring and evaluation</b> – the Investment Manager conducts ongoing monitoring and evaluation to track the ESG and impact performance of portfolio companies and to ensure actions are consistent with agreed-upon ESG plans. The Investment Manager's Senior Management and Investment Committee will be alerted to risks arising during the lifetime of an investment. The Investment Manager will conduct a yearly review of performance.</p> <p><b>Transparency</b> – the Investment Manager discloses its approach to responsible investment and the integration of ESG risks and/or opportunities and impact objectives throughout the investment process.</p>

Incorporation of environmental, social, and governance factors in investment management & advisory continued		
Accounting metric	Code	Disclosure
Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	<p>The Company makes equity investments or investments with equity like characteristics to private companies, seeking to take 100% ownership of portfolio companies. As such, the Company does not engage in proxy voting.</p> <p>The Investment Manager views engagement as a vital component of its integration of ESG and impact into the investment process and seeks to pro-actively engage over ESG and impact risks and opportunities throughout the lifecycle of the investment. The Investment Manager's full approach to engagement is detailed in its engagement policy, the key aspects of which include:</p> <ul style="list-style-type: none"> <li>(1) discuss and implement ESG metrics and indicators for monitoring and reporting requirements;</li> <li>(2) implementation of remediation measures to improve or mitigate (and if not possible, reduce) any adverse ESG or impact outcomes;</li> <li>(3) development of ESG action plans if necessary to address highly material concerns;</li> <li>(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 Investment Manager's matrix; and</li> <li>(5) periodically review management objectives, in the context of the impact the Company would like to achieve through the investment.</li> </ul>

Business ethics		
Accounting metric	Code	Disclosure
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	The Company sustained no 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 during the year.
Description of whistle-blower policies and procedures	FN-AC-510a.2	<p>The Company does not have any employees.</p> <p>The Investment Manager expects and encourages employees to report any of the following to the appropriate authority: (1) a criminal offence; (2) danger to a person or group's health and safety; (3) a miscarriage of justice; and (4) cover-ups of wrongdoing.</p>

## Directors and general information

### Directors

(all appointed 26 January 2021)

#### Shonaid Jemmett-Page

Chairman

#### Sian Hill

Audit Committee Chairman and  
Senior Independent Director

#### Marten Pieters

#### Simon Pitcher

All independent and of the registered office  
opposite.

**Website** [www.cordiantdigitaltrust.com](http://www.cordiantdigitaltrust.com)  
**ISIN (ordinary shares)** GG00BMC7TM77  
**Ticker (ordinary shares)** CORD  
**SEDOL (ordinary shares)** BMC7TM7  
**Registered Company Number** 68630

### Registered office

East Wing  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3PP

### Investment manager

#### Cordiant Capital Inc.

28th Floor  
Bank of Nova Scotia Tower  
1002 Sherbrooke Street West  
Montreal  
QC H3A 3L6

### Company secretary and administrator

#### Aztec Financial Services

##### (Guernsey) Limited

(appointed 8 November 2022)  
East Wing  
Trafalgar Court  
Les Banques  
Guernsey  
GY1 3PP

#### Ocorian Administration

##### (Guernsey) Limited

(resigned 7 November 2022)  
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

### 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 International Limited

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 Glatigny Esplanade  
St Peter Port  
Guernsey  
GY1 4BQ



## Glossary of capitalised defined terms

**Administrator** means Aztec Financial Services (Guernsey) Limited.

**AIC** means the Association of Investment Companies.

**AIC Code** means the AIC Code of Corporate Governance.

**AIC SORP** means the AIC Statement of Recommended Practice.

**AIF/AIFM/AIFMD** means Alternative Investment Fund, AIF manager and AIF Managers Directive respectively.

**AFFO** means adjusted funds from operations.

**Board** means the Directors of the Company as a group.

**CIH** means Communications Investments Holdings s.r.o.

**Company Law** means the Companies (Guernsey) Law 2008.

**CRA** means České Radiokomunikace s.a.

**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.

**DCF** means discounted cash flow.

**Digital Infrastructure** 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.

**EBITDA** means earnings before interest, taxation, depreciation and amortisation.

**EEA** means the European Economic Area.

**Emitel** means Emitel S.A.

**ESG** means environmental, social and governance.

**EV** means enterprise value.

**FCA** means the UK Financial Conduct Authority (or its successor bodies).

**FRC** means the Financial Reporting Council.

**GFSC** means the Guernsey Financial Services Commission.

**Hudson** means Hudson Interxchange (previously operating under the name DataGryd Datacenters LLC).

**IAS** means international accounting standards as issued by the Board of the International Accounting Standards Committee.

**IASB** means the 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 six-month period ended 30 September 2022.

**Investment Entity** means an entity whose business purpose is to make investments for capital appreciation, investment income, or both.

**Investment Manager** means Cordiant Capital Inc.

**IoT** means the Internet of Things.

**IPEV Valuation Guidelines** means International Private Equity and Venture Capital Valuation Guidelines.

**IPO** means the initial public offering of shares by a Company to the public.

**Listing Rules** means the listing rules made by the UK Listing Authority under Section 73A of the Financial Services and Markets Act 2000.

**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 pounds 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.

**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.

**TCFD** means Task Force on Climate-related Financial Disclosures.

**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.

**UNSDGs** means the United Nations Sustainable Development Goals.

**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.

**USD** means United States dollars.

**WACC** means weighted average cost of capital.

## Alternative performance measures

APM	Formula	Calculation
<b>Net asset value per share</b>	$\frac{\text{Net assets at the calculation date}}{\text{Number of shares outstanding at the calculation date}}$	$\frac{875,711,000}{772,509,707} \times 100\text{p} = 113.4\text{p}$
<b>NAV total return</b>	The index of NAV per share, with dividends reinvested at prevailing NAV	$\left\{ \left[ 113.4 + \left( \frac{1.5}{104.8} \times 113.4 \right) + \left( \frac{2.0}{105.5} \times 113.4 \right) \right] \div 106.3 \right\} - 1 = 10.1\%$
<b>Total return from investments</b>	$\frac{\text{Increase in fair value of investments} + \text{income from investments} - \text{deal costs}}{\text{Time weighted cost of investments}}$	$\frac{95,612,000}{775,215,000} = 12.3\%$
<b>EBITDA of underlying investments in the year</b>	The sum of the earnings before interest, tax, depreciation and amortisation of each investee, calculated on an IFRS basis, for each portfolio company for its respective most recent year end: 31 March 2023 for CRA and Hudson, 31 December 2022 for Emitel	£104m
<b>Full-year dividend</b>	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	2.0p (December 2022) + 2.0p (July 2023) = 4.0p
<b>Total shareholder return</b>	The overall increase/(decrease) in the value of a shareholding over the year, assuming that all dividends paid during the year were immediately reinvested in the Company's shares	-22.5%, obtained from Bloomberg, a third-party information provider
<b>Adjusted funds from operations</b>	Portfolio company normalised EBITDA less Company costs, net finance costs, net taxation and maintenance capital expenditure	See table 4 on page 28
<b>Total return for the year on ex-div opening NAV</b>	$\frac{\text{Profit for the year}}{\text{Opening NAV} - \text{second interim dividend for the year}}$	$\frac{81,176,000}{822,346,000 - 11,599,000} = 10.1\%$

## 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 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.

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Stephen Foss,  
Managing Director





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