PANTHEON
INFRASTRUCTURE
PLC

# Access to high-quality global infrastructure assets

Annual report
31 December 2022

## Purpose

Our purpose is to provide access to a globally diversified portfolio of high-quality infrastructure assets which generate sustainable attractive returns over the long term. We achieve this by targeting assets which have strong environmental, social and governance (ESG) credentials, and underpin the transition to a low-carbon economy. We seek to invest in private assets which we believe will benefit from strong downside protection from inflation and other defensive characteristics.

## About us

Pantheon Infrastructure Plc (the 'Company' or 'PINT') is a closed-ended investment company and an approved UK investment trust, listed on the Premium Segment of the London Stock Exchange's Main Market.

PINT provides exposure to a global, diversified portfolio (the 'Portfolio') through direct co-investments in high-quality infrastructure assets with strong defensive characteristics, typically benefiting from contracted cash flows, inflation protection and conservative leverage profiles. Our assets have strong ESG credentials and include projects that support the transition to a low-carbon economy. The Portfolio focuses on assets benefiting from long-term secular tailwinds.

The Company is overseen by an independent Board of non-executive Directors and managed by Pantheon Ventures (UK) LLP ('Pantheon'), a leading multi-strategy Investment Manager in infrastructure and real assets, private equity, private debt and real estate.

# Highlights

## At a glance as at 31 December 2022

**Capital committed:**

**£389m[1]**

**Net asset value (NAV):**

**£475m**

**Second interim H2 dividend per share:**

**1p per share**

Full-year dividend per share: 2p per share

**Market cap:**

**£449m**

**NAV per share:**

**98.9p**

1. This refers to the capital committed to assets which are: invested, committed and in legal closing. Invested assets represent those that have reached financial close and have been, or are in the process of, being funded, and may include small amounts reserved for follow-on investments; committed assets represent those which are announced and are subject to final financial close; and in legal closing assets represent those which are not yet announced but are in the final stages of legal closing. There is no guarantee that commitments subject to legal closing will be closed. As at 31 December 2022, £346 million of capital was committed to assets, with a further c.£43 million in legal closing.

# Contents


## Strategic report

| | |
|---|---|
| Highlights | 1 |
| Why invest in PINT | 2 |
| PINT at a glance | 6 |
| Chair's statement | 8 |
| PINT timeline | 11 |
| Investment Manager's report | 12 |
| Alternative Performance Measures | 23 |
| Investment policy | 25 |
| PINT investments | 26 |
| Our market | 37 |
| Sector spotlight | 40 |
| Business model | 42 |
| Investment strategy | 51 |
| Strategy in action | 52 |
| Responsible investing and ESG | 53 |
| S172(1) statement | 66 |
| Principal risks and uncertainties | 72 |
| Viability statement | 77 |

## Governance

| | |
|---|---|
| Chair's introduction to Corporate Governance | 79 |
| Board of Directors | 80 |
| Investment Manager | 82 |
| Statement on Corporate Governance | 85 |
| Audit and Risk Committee report | 92 |
| Nomination Committee report | 95 |
| Directors' remuneration report | 96 |
| Directors' report | 100 |
| Directors' responsibility statement | 104 |

## Financial statements

| | |
|---|---|
| Independent Auditor's report | 105 |
| Income statement | 112 |
| Statement of changes in equity | 113 |
| Balance sheet | 114 |
| Cash flow statement | 115 |
| Notes to the financial statements | 116 |

## Other information

| | |
|---|---|
| AIFMD disclosures | 132 |
| Glossary | 134 |
| Directors and advisers | 136 |

# Why invest in PINT

The Company aims to build a global portfolio of investments with blended risk/return profiles, and set targets across deal types, sectors and geographies for diversification.

## 1 Unique access to private infrastructure co-investment assets

### Pantheon, PINT's Investment Manager, has a large and global infrastructure network

PINT is managed by Pantheon's global infrastructure investment team, which has a deep and broad sourcing network with leading private asset investment managers. PINT invests in infrastructure assets via co-investments alongside highly experienced general partners ('Sponsors'), typically on a management fee and carried interest free basis. This is attractive for several reasons, including:

#### Unique opportunities

PINT provides investors with the opportunity to access Pantheon's extensive deal flow network of blue-chip infrastructure investors. There are fewer public market infrastructure opportunities to access private infrastructure assets, as infrastructure companies often remain private for long periods of time. Therefore, investing in PINT provides access to high-quality co-investment infrastructure assets not normally accessible to public market investors.

#### Portfolio construction

Pantheon uses co-investments to select individual assets to gain exposure to, and tilt the Portfolio towards, sectors based on the Investment Manager's view on relative value.

#### Enhanced economics

The use of co-investments can reduce the overall expense ratio and gross-to-net performance spread of a portfolio, as most deals are offered with no ongoing management fee nor carried interest.

#### Sponsor specialisation

Pantheon, on behalf of PINT, is able to choose deals alongside a Sponsor with a distinct edge who may be best placed to create value in that particular sub-strategy.

#### ESG

Pantheon is able to apply its integrated ESG approach to investments to the direct co-investment as well as to the Sponsor.

### Pantheon's infrastructure experience

| $19.0bn | 188 | 30 | 21 years |
|---|---|---|---|
| AUM | Investments | Investment professionals | Average years' experience of Investment Committee |

# Why invest in PINT continued

## 2 Favourable defensive long-term characteristics

### Infrastructure assets can offer reliable income streams with inflation protection

Infrastructure assets combine a range of attractive characteristics for long-term investors. Distinctively, infrastructure may mitigate the adverse effects of rising inflation and may provide an income-generating investment outside of traditional fixed income. Infrastructure assets may also provide embedded value and downside protection across market cycles given the regulated and contracted nature of many of the underlying cash flows. Infrastructure assets may provide a range of attractive investment attributes, including the following:

#### Stable cash flow profile

Infrastructure may provide a compelling, stable distribution profile similar to traditional fixed income. Infrastructure assets often offer reliable income streams governed by regulation, hedges or long-term contracts with reputable counterparties.

#### Inflation hedge

Infrastructure investments can provide a natural hedge to rising inflation in portfolios, as many sub-sectors have contracts with explicit inflation-linkage or implicit protection through regulation or market position. The majority of PINT's assets have explicit inflation-linkage or implicit protection through regulation or market position.

#### Embedded downside protection

The vital role that many infrastructure sub-sectors play in our daily lives can make them an innately defensive investment. The tangible nature of infrastructure investments can provide a basis for liquidation and recovery value in downside cases. Cash flows that have a high portion of protection through contractual structures with high-quality counterparties offer further downside protection.

#### Diversification

Infrastructure can be a valuable portfolio diversifier alongside traditional and alternative investments. Historically, listed infrastructure returns have been only moderately correlated to traditional asset classes. The sub-sectors within the infrastructure universe and the drivers of such sub-sector returns tend not to be correlated with one another.

# Why invest in PINT continued

## 3 Access to secular trends

### PINT continues to develop its diversified Portfolio across sectors that benefit from secular trends

Pantheon has taken and continues to take a disciplined approach to PINT's strategy to construct a globally diversified portfolio with exposure across sub-sectors and geographies, while maintaining the flexibility to tilt exposures based on opportunities which may present compelling relative value. The Company aims to build a global portfolio of investments with blended risk/return profiles, and set targets across deal types, sectors and geographies for diversification. Please refer to page 25 for more detail.

**Digital Infrastructure**
**41%[1]**

Data centres, fibre networks and towers

**Power & Utilities**
**25%[1]**

Energy utilities, water and conventional power

**Renewables & Energy Efficiency**
**9%[1]**

Wind, solar, sustainable waste and smart infrastructure

**Transport & Logistics**
**8%[1]**

Ports, rail and road, airports and e-mobility

1. Proportion of gross assets of £484.3 million at 31 December 2022. Includes assets which have been invested, committed and/or were in legal closing as at 31 December 2022. Figures do not total to 100% because of uncommitted cash totalling 17% of gross assets.

# Why invest in PINT continued

## 4 PINT seeks to generate attractive risk-adjusted returns

### Targeting capital growth and dividend returns

The Company seeks to generate attractive risk-adjusted total returns for shareholders over the longer term. This comprises capital growth with a progressive dividend, through the acquisition of equity or equity-related investments in a diversified portfolio of infrastructure assets with a primary focus on developed OECD markets.

The Company is targeting a NAV Total Return per share of 8-10% p.a. following full investment of IPO and subscription share proceeds.

**8-10% p.a.[1]**

**Target NAV Total Return per share**

**2p per share[2]**

**Full-year 2022 dividend**

**4p per share[2]**

**Target 2023 dividend, progressive thereafter**

1. NAV Total Return per share is defined as the growth in the NAV per share, together with all distributions (of an income or capital nature) paid in respect of such share.
2. Following the first year dividend of 2p per share, the Company is targeting an increased dividend of 4p per share for the year ending 31 December 2023 and, thereafter, a progressive dividend.

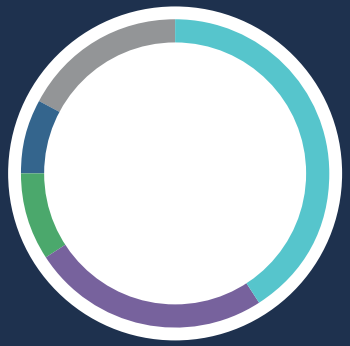
# PINT at a glance

## Eleven infrastructure co-investment assets[1]

### **Geographic** diversification[1]

- Europe | **41%**
- North America | **34%**
- UK | **8%**
- Uncommitted | **17%**

### **Sector** diversification[1]



- Digital Infrastructure | **41%**
- Power & Utilities | **25%**
- Renewables & Energy Efficiency | **9%**
- Transport & Logistics | **8%**
- Uncommitted | **17%**

1. Based on assets invested, committed and in legal closing at 31 December 2022.

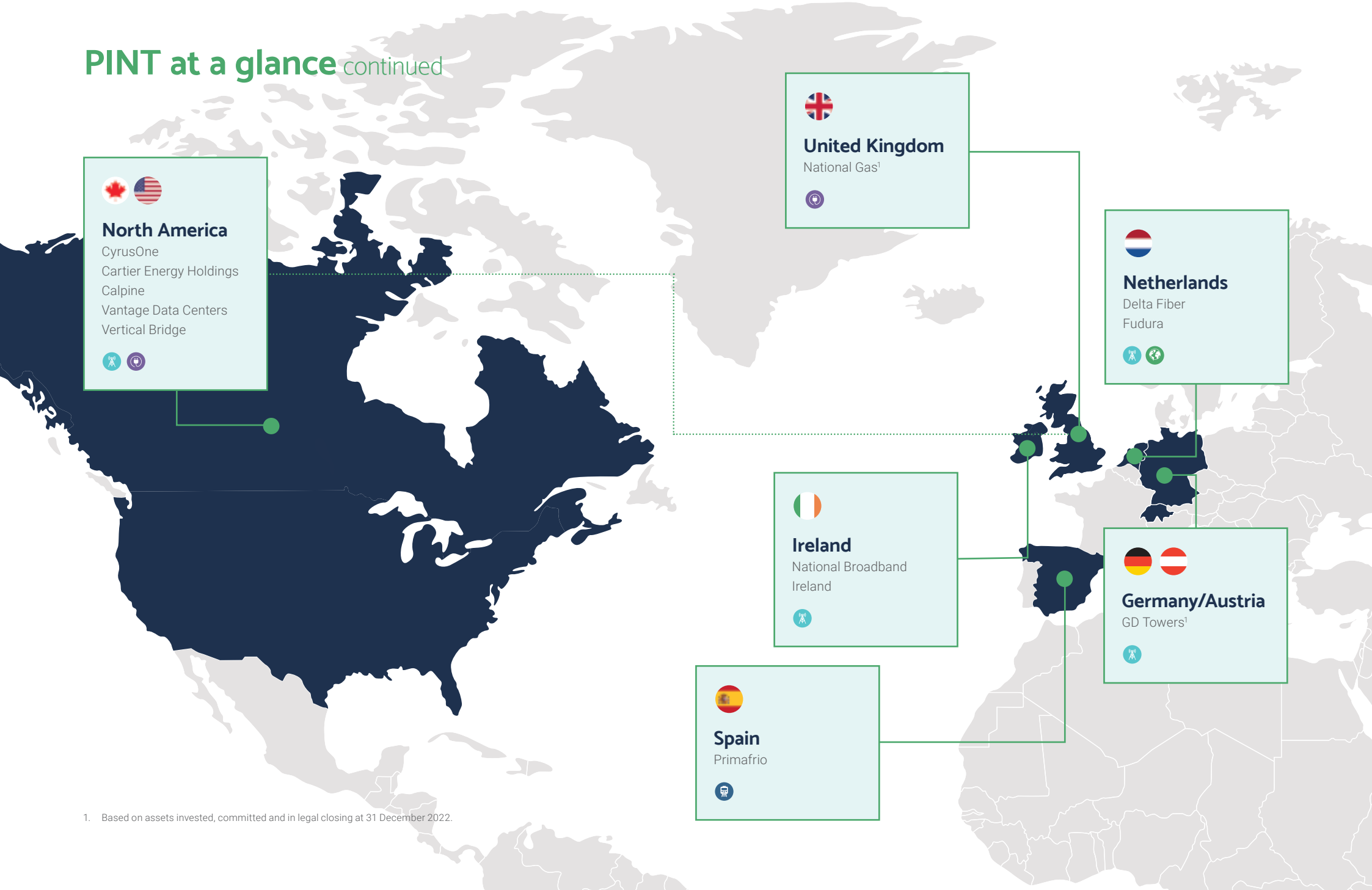
**Digital Infrastructure**

**Power & Utilities**

**Renewables & Energy Efficiency**

**Transport & Logistics**

# PINT at a glance continued




1. Based on assets invested, committed and in legal closing at 31 December 2022.

# Chair's statement

Investing in infrastructure has never been so important.

"We are pleased with the Portfolio assembled to date and have confidence in the future of the Company and its Portfolio, and the high-quality pipeline of opportunities.

**Vagn Sørensen**
Chair, Pantheon Infrastructure Plc

**Vagn Sørensen**
Chair

**£389 million of net IPO and subscription share proceeds committed[1]**

**1p per share**

**Second interim dividend declared for the period**

## Introduction

I would like to thank all of PINT's investors who have supported the Company since its launch and have been instrumental in its success.

PINT's IPO was oversubscribed and hit its hard cap, reaching £400 million of gross proceeds (the largest new infrastructure investment company launch of 2021), which were augmented by £80.8 million of gross proceeds from the exercise of its subscription share offering in the summer of 2022.

PINT's purpose is to enable investors to gain exposure to a mix of high-quality growth and income-generating private infrastructure assets in developed markets. We target those assets with strong downside and inflation protection and invest alongside leading Sponsors and institutional investors.

The Company is targeting a NAV Total Return per share of between 8% and 10% p.a. Following the payment of the interim dividend of 1p per share in October, the Board is recommending a further dividend of 1p per share for the period to 31 December 2022, in line with our targets, which we expect to rise to 4p per Ordinary Share for the financial year ending 31 December 2023, and a progressive dividend thereafter. The Company intends to pay dividends on a semi-annual basis.

1. This refers to the capital committed to assets which are: invested, committed and in legal closing at 31 December 2022.

# Chair's statement continued

## Market environment and C shares

The period under review, which covers a little over a year since the Company's IPO in November 2021, was challenging in terms of geopolitics, macroeconomic factors and broad market volatility. In February 2022, Russia's invasion of Ukraine caused a spike in energy prices and higher inflation at a time when concerns were already rising about slowing global growth. The UK's so called 'mini-budget' in September included significant unfunded tax cuts to which markets reacted negatively and strongly. The cost of UK government debt rose with unprecedented speed, and the associated fall in value of gilts triggered a sell-off in UK equities as pension funds were forced to liquidate assets to meet collateral calls.

With this backdrop, it was pleasing that PINT's portfolio of infrastructure assets proved very resilient, benefiting from geographic and sector diversification and downside protections. However, the shares of investment trusts across all sectors, including infrastructure, were not immune to the fall in the broader UK equity indices. PINT's shares fell to trading at a discount for the first time since launch and, as a result, the Board concluded that the issue of new equity C shares proposed for September 2022 should not proceed.

Since that time, under a new UK Prime Minister and Chancellor of the Exchequer, the destabilising changes proposed under the mini-budget have been reversed. Whilst the listed infrastructure sector continues to trade at a discount, we remain confident of the high quality characteristics of infrastructure assets which are largely uncorrelated with more volatile asset classes.

## Deployment and performance

As at 31 December 2022, the Company had committed to ten assets totalling £346 million, with a further £43 million committed post the year end into GD Towers. In total this amounts to £389 million, which compares favourably with our initial target of committing to up to twelve assets in the first twelve months and means that the Company is substantially fully invested, after allowing for required working capital and cash retentions.

NAV per share as at 31 December 2022 was 98.9p, up 0.9p per share for the period since IPO, principally attributable to underlying gains on the Portfolio, which was valued at £301 million, reflecting the nine assets invested at 31 December 2022. Given the recency of the Company's new investments, these were modest gains and no significant valuation movements were recognised in the period.

## Strategy and portfolio

The Company seeks to generate attractive risk-adjusted returns by constructing a diversified portfolio of high-quality assets across the global infrastructure investment universe, with a focus on assets that offer downside and inflation protection, which is particularly relevant in the current market environment. Leveraging Pantheon's extensive 13-year experience in infrastructure investing and its c.$19 billion infrastructure platform, PINT targets specific transactions that Pantheon deems to be most attractive, notably opportunities in businesses with strong operations and growth potential, in sub-sectors benefiting from long-term positive trends and managed by high-quality Sponsors.

We do, however, remain alert to the challenges in the current environment and there are several key themes that we believe are important to consider:

### Inflation

Despite policy intervention, inflation is at levels which have not been seen for over 40 years. PINT's Portfolio is positively correlated against inflation as many of its underlying cash flows are contractually index-linked, or capture inflationary benefits through regulation or market position.

### Interest rates

Rates have risen faster than at any other time in history, with bond yields driving up risk-free rates; however, transactional evidence is showing limited to modest increases in discount rates. Portfolio financings have been executed on favourable terms, which mitigate this risk; however, new platforms are factoring in higher debt costs.

### Global economic slowdown

Real GDP growth expectations have been cut sharply, with global demand expected to weaken throughout 2023 as central bank intervention continues. GDP correlation and leverage continue to be areas of diligence focus when considering investments for PINT.

# Chair's statement continued

## Strong governance

The Board takes its responsibilities to its shareholders, in accordance with good governance standards, very seriously. To that end, we have assembled a highly experienced and independent Board of Directors. All the Board members have worked extensively in the infrastructure sector and have a combined experience across the industry in excess of 100 years. All the Directors are non-executive and are independent of Pantheon. We have recently completed our first internal Board Evaluation, a process which we will carry out annually hereafter.

At present, the Board has concluded it is of an appropriate size relative to the assets of the Company, with good diversity of skills, gender and experience. As a relatively new Board, no Directors are expected to retire in the short term. However, we are aware of the need to consider Board tenure and ensure continuity and a smooth transition of Directors in the future, as well as adding further diversity, and will consider this in our succession planning in the coming years.

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Articles and has overall responsibility for the Company's activities, including setting strategy, approving future capital raising activity, the review of investment activity and performance, and the overall supervision of Pantheon as Investment Manager. The PINT team at Pantheon is led by Richard Sem, a Partner with over 25 years of experience investing in infrastructure. The Board is confident that the Pantheon team has the depth and expertise to enable PINT to achieve its long-term objectives.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator, the Depositary and the Registrar. In particular, the Directors have delegated responsibility for managing the Company's investment portfolio to Pantheon as the Investment Manager.

Pantheon has selected a number of top-tier advisers for PINT, including Investec as broker, Hogan Lovells as Legal Counsel and EY as auditors.

Pantheon has a proven track record of delivering strong returns by applying a disciplined investment process across a globally diversified portfolio and we are confident that its approach, to focus on co-investing, thus minimising fees while maximising the number of investment opportunities it can access, offers a compelling and differentiated opportunity for investors.

PINT's Directors collectively own a total of 240,000 shares in the Company. In addition, thirteen Partners of Pantheon collectively hold a further 1,232,570 shares.

## ESG

The Board recognises the importance of ESG to the operations of the Company as well as to the operations of those whose services it uses and the companies it invests in. The Board as a whole fulfils the responsibilities of the ESG Committee, which include:

- monitoring the Company's compliance with applicable ESG policies and regulations; and
- oversight of new and developing ESG legislation.

As part of fulfilling its responsibilities, the committee receives ESG updates from Pantheon.

We are impressed with the ESG activities and plans proposed by the portfolio companies. More details can be found in the 'ESG' and the 'PINT Investments' sections of this report.

## Annual General Meeting

The first Annual General Meeting (AGM) of the Company will be held at 11:00am on 30 March 2023 at 10 Finsbury Square, 4th Floor, London, EC2A 1AF. All shareholders are encouraged to attend.

## Outlook

The need for new infrastructure has not diminished because of the global economic outlook. The developed world continues to embark on an aggressive path towards decarbonisation, and the road to net zero globally will require sustained and extraordinary investment in new infrastructure. Private infrastructure has demonstrated a necessary role in filling that gap, and we believe it will continue to play an important part in funding global infrastructure investments.

The market for infrastructure investments remains competitive, with significant fundraising activity in private markets further driving strong demand for high-quality infrastructure assets.

PINT's strategy continues to be to identify and target companies that benefit from key sectoral tailwinds whilst exhibiting defensive characteristics, delivering growth in real terms across the economic cycle. Pantheon's wide capability to source new investments through its vast network and established partnerships, as demonstrated since PINT's IPO, is all the more crucial in current market conditions. The Board remains optimistic about PINT's future investment opportunities and value creation potential.

**Vagn Sørensen**
Chair

1 March 2023

# PINT timeline

**November 2021**

**Raised £400m gross IPO proceeds**

**March 2022**

- Signing of maiden investment £40m commitment to Primafrio – European Transport and Logistics
- Commitment of £25m to CyrusOne – Data Centre Business
- Commitment of £40m to National Gas Transmission – UK-Regulated Gas Transmission Network and Metering Business

**April 2022**

- Commitment of £23m to Delta Fiber – European Digital Infrastructure Company
- Commitment of £24m to Vertical Bridge – US Digital Infrastructure company

**May 2022**

- Commitment of £33m to Cartier Energy – US District Energy Platform

**June 2022**

- Commitment of £46m to Calpine – US Power generation business

**July 2022**

- Commitment of £29m to Vantage Data Centers – North American data centre business
- Commitment of £41m to Fudura – Dutch Electricity Infrastructure Provider

**September 2022**

Publication of first interim report to 30 June 2022

**Raised £81m of gross proceeds through exercise of Subscription Shares**

**October 2022**

Paid first interim dividend of 1p per share

**November 2022**

- Commitment of £47m to National Broadband Ireland – Irish Digital Infrastructure Company

**December 2022**

Agreed £63m multi-currency revolving credit facility

**January 2023**

- Commitment of £43m to GD Towers – German and Austrian Digital Infrastructure Company

**March 2023**

Declared second interim dividend of 1p per share to be paid on 31 March 2023

**Key:**

Digital Infrastructure | Renewables & Energy Efficiency | Power & Utilities | Transport & Logistics

PINT commitments translated to GBP at 31 December 2022 foreign exchange rates.

# Investment Manager's report

Founded in 1982, Pantheon has established itself as a leading global multi-strategy investor in private equity, infrastructure and real assets, private debt and real estate.

## Pantheon's infrastructure experience

Since 2009, Pantheon has completed 188 infrastructure investments across primaries, secondaries and co-investments alongside more than 56 asset sourcing partners, solidifying its position as one of the largest managers investing in infrastructure. Total infrastructure co-investment and Sponsor relationships exceeded 50 as of December 2022, including investments closed or in legal closing. The global infrastructure investment team managed $19.0 billion in AUM as at 30 September 2022.

## Pantheon platform

**143**
Investment professionals

**$88.9bn[1]**
Funds under management

**>960**
Institutional investors globally

**11**
Global offices

## Pantheon private infrastructure

| $19.0bn[1] | 188 | 30 | 21 years |
|---|---|---|---|
| AUM | Investments | Investment professionals | Average years' experience of Investment Committee |

## Pantheon private infrastructure co-investments

| $4.4bn | 52 | 50+ | 12.3% |
|---|---|---|---|
| Total commitments | Total investments | Asset sourcing partners | Notional net IRR[2] |

1. As at 30 September 2022. This figure includes assets subject to discretionary or non-discretionary management or advice. Infrastructure AUM includes all infrastructure and real asset programmes which have an allocation to natural resources.
2. Performance data as of 30 September 2022. Past performance is not indicative of future results. Future performance is not guaranteed and a loss of principal may occur. Performance data includes all infrastructure co-investments approved by Pantheon's Global Infrastructure and Real Assets Committee (GIRAC) since 2015, when Pantheon established its infrastructure co-investment strategy. Notional net performance is based on an average forecast annualised fee of 1.5% of NAV.

# Investment Manager's report continued

Pantheon has extensive experience of and expertise in primary, secondary and co-investments, which are defined as follows:

- Primary investments: involve a commitment to a newly launched limited life fund managed by a Sponsor, seeking to exit improved businesses in the later years of the fund term at a profit
- Secondary investments: traditionally involve the purchase of an interest in an established private fund or a portfolio of companies from an existing investor
- Co-investments: afford the opportunity for investors to invest alongside Sponsors in specific Portfolio Companies, typically on a fee and carried interest-free basis

PINT focuses on gaining exposure to infrastructure assets via co-investments.

## Pantheon primary funds strategy

### AUM in primary companies since 2009[1]

$9.0bn

- Pantheon develops long-term relationships with top tier sponsors by investing in their underlying flagship funds.
- Sponsors consider Pantheon to be a strategic partner, rather than a direct competitor.

## Sponsors require co-investment partner

### Co-investment opportunities screened since 2015[2]

$70bn

Sponsors may offer co-investments for the following reasons:

- size of transaction;
- manage concentration limits;
- raise follow-on capital; and
- strengthen investor relationships.

## Pantheon co-investment strategy

### Committed across 52 co-investment assets

$4.4bn

Committed across 52 co-investment assets[3]

- Access to co-investment assets, typically on a no-fee, no-carry basis.
- Proven track record as a valuable partner by providing experience in complex deals; speed and certainty of deal execution within short time frames.
- Co-investment track record has produced notional net IRR of 12.3%[4].

1. As at 30 September 2022. This figure includes assets subject to discretionary or non-discretionary management or advice. Infrastructure AUM includes all infrastructure and real asset programmes which have an allocation to natural resources.
2. Pantheon internal data from 2015 to December 2022. Screened deal flow is based on total value of transactions ($).
3. Total infrastructure co-investment count and committed amount as of December 2022, includes all Pantheon infrastructure co-investments closed or in legal closing.
4. Performance data as of 30 September 2022. Performance data includes all consummated infrastructure co-investments approved by GIRAC since 2015, when Pantheon established its infrastructure co-investment strategy.

# Investment Manager's report continued

## Portfolio

PINT is constructing a diversified global portfolio with a focus on developed market OECD countries, with the majority of exposure in Western Europe and North America. Over the medium term, the Investment Manager expects, in line with the initial prospectus, the composition of the Portfolio to include investments in the following sub-sectors: Digital Infrastructure, Power & Utilities, Transport & Logistics, Renewables & Energy Efficiency and Social & Other Infrastructure.

In the period to 31 December 2022, the Company committed £346 million across ten investments, of which £288 million was invested across nine investments.

After the period end a further £43 million was committed to a digital investment, GD Towers, and the total amount invested increased by £84 million to £372 million, principally due to funding calls on GD Towers and NGT.

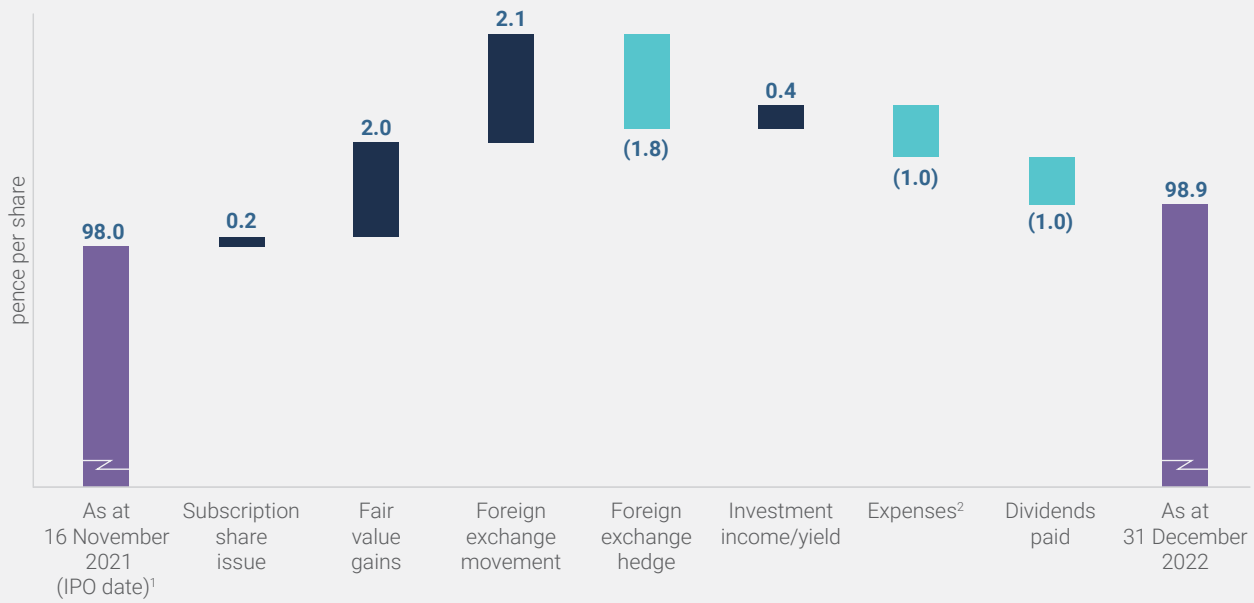
The Portfolio assembled to date is diversified across sectors and geographies, and the Investment Manager believes that it will endure through the current and near-term volatile market environment. The Portfolio investments typically benefit from defensive characteristics, including long-term contracted cash flows, inflation protection and robust capital structures.

Five investments are in Digital Infrastructure, representing 41% of gross assets, across the data centre, towers and fibre sub-sectors. Three investments, representing 25%, are in the Power & Utilities sector including: gas transmission, district heating and electricity generation, with the remaining investments in Renewables & Energy Efficiency (9%) and Transport & Logistics (8%). The largest percentage of the exposure is in North America (41%), with the remaining exposure in Europe (34%), and the UK (8%).

The weighted average Sponsor case IRR of the Portfolio, based on total commitments at 31 December 2022, was 13.9%. The weighted average gearing was 38%.

## NAV pence per share movement (period to 31 December 2022)

NAV per share over the period increased by 0.9p per share, after adjusting for the interim dividend paid of 1.0p per share paid in October 2022. The movement in the period was principally driven by fair value gains of 2.0p per share and foreign exchange movements of 2.1p per share attributable to the strengthening of the USD in the period, which was partially offset by a (1.8)p per share movement from the foreign exchange hedging programme. Investment Income from the Portfolio and interest on cash deposits contributed 0.4p per share, offset by (1.0)p per share related to fund operating expenses, and (1.0)p per share dividend, resulting in a closing NAV of 98.9p per share. This will be reduced after the second interim dividend of 1p per share, which will be paid on 31 March 2023. There are no dilutive securities in issue.



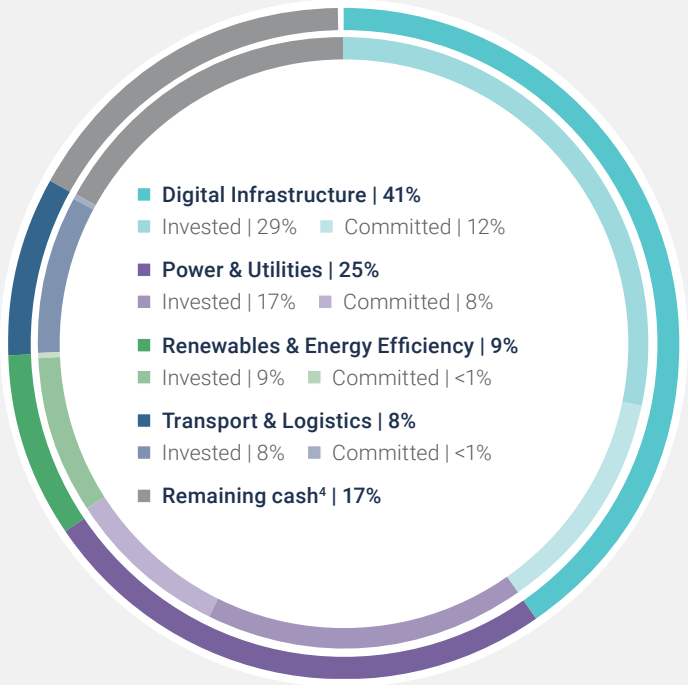

1. NAV per share as at 16 November 2021 (IPO date) which comprised the net proceeds from the IPO.
2. Expenses include operating and capital expenses.

# Investment Manager's report continued

The breakdown of the Company's gross assets[1] as at 31 December 2022 is shown below by reference to sector and geography. The breakdowns are shown relative to amounts invested[2] and committed[3].

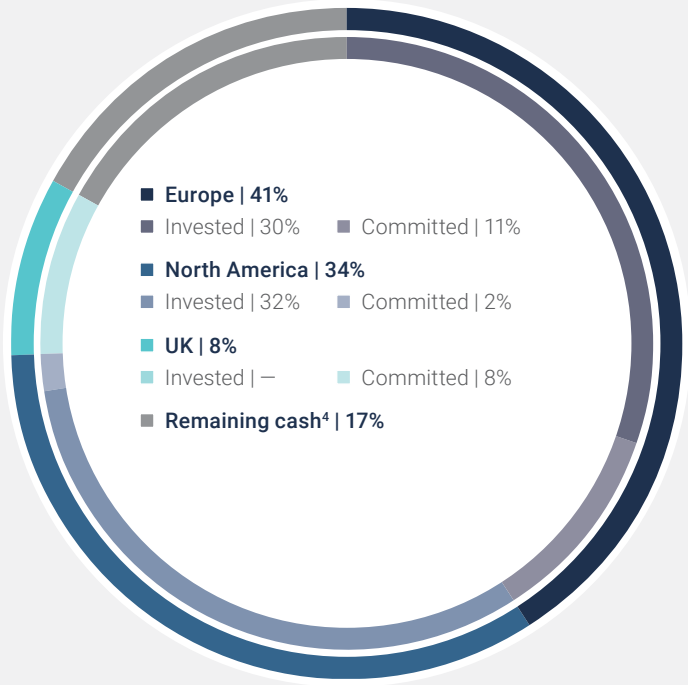
## Sector diversification (as at 31 December 2022)

Outer ring: total (invested[2] + committed[3])
Inner ring: invested and committed breakdown




## Geographic diversification (as at 31 December 2022)

Outer ring: total (invested + committed)
Inner ring: invested[2] and committed[3] breakdown




1. Gross assets of £484.3 million consisting of the £301.4 million Portfolio fair value and £182.9 million of cash and cash equivalents at 31 December 2022.
2. Invested amounts at 31 December 2022 totalled £301.4 million, representing the fair value of the Company's funded investments in those sectors or geographies.
3. Committed amounts at 31 December 2022 totalled £101.2 million, representing cash held in respect of as yet undrawn commitments and/or deals in legal closing in those sectors or geographies. Undrawn commitments are a feature of the Company's investments and occur when completions are deferred due to commercial or regulatory approval processes, or where capital calls are intentionally staggered over time for follow-on purposes, for example for capex or M&A requirements.
4. Remaining cash at 31 December 2022 totalled £81.7 million, representing £9.7 million of cash retained against buffers not covered by the Company's revolving credit facility, and £72.0 million of remaining funds available to invest.

# Investment Manager's report continued

| Asset | Status | Investment date | Sector | Region | Sponsor | Portfolio NAV 31 December 2022 (£m) | Unfunded Commitments[1] (£m) |
|---|---|---|---|---|---|---|---|
| **Portfolio assets 31 December 2022** | | | | | | | |
| CyrusOne | Invested | March 2022 | Digital: Data Centre | North America | KKR | 23 | 4 |
| Cartier Energy Holdings | Invested | April 2022 | Power & Utilities: District Heating | North America | Vauban | 35 | – |
| Delta Fiber | Invested | May 2022 | Digital: Fibre | Europe | Stonepeak | 23 | 2 |
| Vertical Bridge | Invested | May 2022 | Digital: Towers | North America | Digital Bridge | 27 | – |
| Calpine | Invested | July 2022 | Power & Utilities: Electricity Generation | North America | ECP | 47 | – |
| Fudura | Invested | July 2022 | Renewables & Energy Efficiency | Europe | DIF | 41 | 2 |
| Primafrio | Invested | July 2022 | Transport & Logistics | Europe | Apollo | 40 | 1 |
| Vantage Data Centres | Invested | August 2022 | Digital: Data Centre | North America | Digital Bridge | 22 | 5 |
| National Broadband Ireland | Invested | November 2022 | Digital: Fibre | Europe | Asterion Industrial Partners | 43 | 4 |
| National Gas[2] | Invested | January 2023 | Power & Utilities: Gas Transmission | UK | Macquarie | – | 41 |
| | | | | | | **301** | **58** |
| **Assets committed and in legal closing at 31 December 2022** | | | | | | | |
| GD Towers[3] | Invested | January 2023 | Digital: Towers | Europe | Digital Bridge | | 43 |
| | | | | | | **301** | **101** |

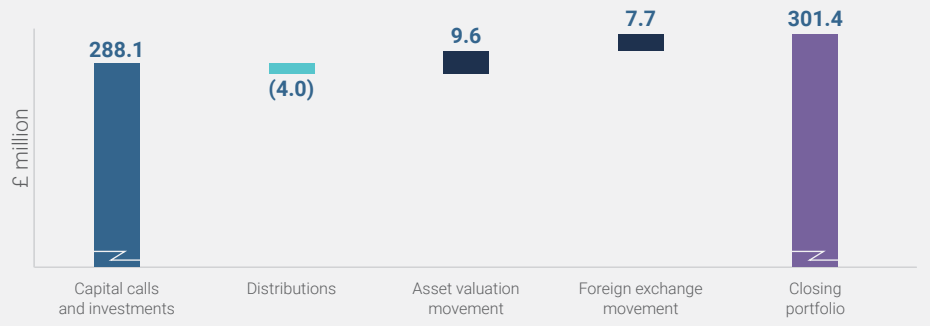
**Key:** Digital Infrastructure | Renewables & Energy Efficiency | Power & Utilities | Transport & Logistics

1. Commitments based on undrawn amounts of deals committed or in legal closing, converted into GBP as necessary, at 31 December 2022.
2. The financial close of National Gas was subject to regulatory clearances, with the investment completing post 31 December 2022.
3. The financial close of GD Towers occurred post 31 December 2022.

# Investment Manager's report continued

## Performance

### Portfolio movement (period to 31 December 2022)




During the period the Portfolio generated underlying growth of £9.6 million, reflecting a 3.3% movement on the capital invested, before adjusting for capital distributions totalling £4.0 million. Movements in foreign currencies resulted in a foreign exchange gain of £7.7 million, before adjusting for the impact of the foreign exchange hedging programme, resulting in a closing value of £301.4 million at 31 December 2022.

There were no material performance updates across the Portfolio during the period, and the Investment Manager remains confident of the investment theses and underwriting that underpins the Company's investments. No changes were proposed by Sponsors to any of their underlying business plans, and in some cases additional high conviction growth opportunities were identified.

Under the Company's valuation policy investments are carried at fair value in accordance with FRS 102 and the International Private Equity and Venture Capital Valuation (IPEV) guidelines. In private market transactions, the purchase cost of the investment is an indication of its initial fair value and is thereafter calibrated for subsequent events and changes in valuation inputs. At the period end a number of the Company's investments were valued at a price consistent with the purchase price, and Pantheon does not consider this to be unexpected or unreasonable given the recency and stage of some of the Portfolio investments by the Sponsors, all of which have been held for less than twelve months.

The Portfolio had a weighted average discount rate (WADR) of 14.2%[1] at the period end. This is slightly higher than the weighted average Sponsor case IRR of the Portfolio of 13.9%[2], due to some modest increases in discount rates across the Digital Infrastructure sector, and the effect of undrawn commitments.

## Outlook

The Investment Manager remains confident in the volume of attractive opportunities for the Company going forward. The tailwinds that support the demand for new infrastructure and the growth opportunities that accompany it remain strong across all the sub-sectors the Company is active in, which provides protection against any potential market softening.

Overall, the Investment Manager does not expect to see significant movements in the Company's valuations arising due to current market considerations. There has been limited transactional evidence to support downward valuation trends, and reference valuations for private market infrastructure funds have traditionally been marked lower than the prices ultimately realised at exit, which adds in further long-term headroom and supports the notion that private markets assets demonstrate less volatility than public proxies in times of market disruption.

Higher debt costs arising from increasing interest rates do have the potential to impact valuations where capital structures do not allow for interest rate risk to be fully mitigated, as more cash flow are diverted to servicing debt. However, in general gearing levels remain low compared to previous financial crises, and the Investment Manager continues to exercise a diligent approach to underwriting which typically involves allowing for additional pricing premiums for any uncommitted debt financing packages, relative to Sponsor base cases.

The consensus amongst Sponsors that the Investment Manager works with is that discount rates will either remain flat or see some modest increases. Most Sponsors believe that valuations will more generally likely remain flat in the short term as underlying performance is offset by higher operating costs and/or capital expenditure.

From a wider market perspective, there continue to be significant allocations to infrastructure as an asset class, and to the private infrastructure market specifically, which creates sustained competition for assets and further supports valuations. Specifically, there remains high interest in assets with some form of inflation linkage and those that play a role in the energy transition.

1. WADR of 14.0% is based on the discount rate of each completed investment at 31 December 2022, weighted by total contribution to Portfolio NAV at that date.
2. Based on the Sponsor base case IRR of each completed investment at 31 December 2022, weighted by total commitment size, converted to GBP as necessary.

# Investment Manager's report continued

## Dividend

In the IPO Prospectus, the Company said it would target a NAV Total Return of 8-10% p.a. following full investment of the IPO proceeds and an initial dividend of at least 2p per share for the first financial period ended 31 December 2022, rising to 4p per share for the year ending 31 December 2023 and a progressive dividend thereafter.

As part of this annual results announcement, the Board is declaring the Company's second interim dividend of 1p per share in respect of the period 1 July 2022 to 31 December 2022, which will be paid on 31 March 2023. This is in line with the Company's target.

Over the medium term, the Company expects the Portfolio to generate both yield and capital growth to support the progressive dividend policy and expects to maintain a healthy dividend cover from income distributions and surplus capital profits through realisations.

## Foreign exchange impact

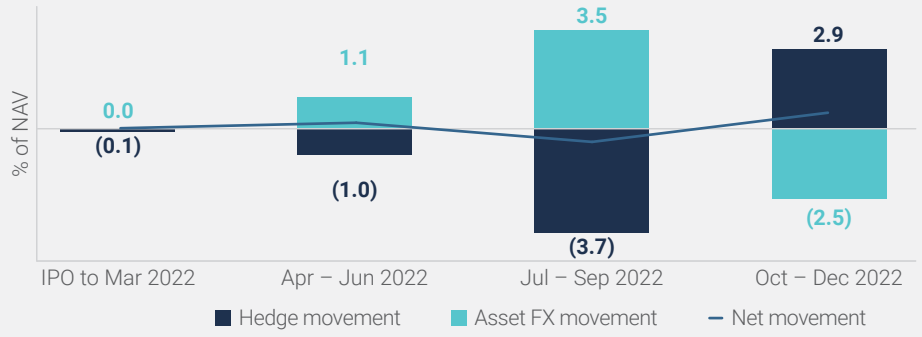
In order to limit the potential impact from material movements in major foreign exchange rates on non-local currency investments, the Company has put in place a foreign exchange hedging programme. The aim of this programme is to reduce (rather than eliminate) the impact of movements in foreign exchange rates on the Company's NAV, and to this end the Company has adopted an internal policy to seek to limit its unhedged exposure to 25% of NAV at any time. This is achieved through the execution of foreign exchange hedging contracts relative to the ongoing non-local currency investment exposure. Any such hedging strategy for PINT is subject to, inter alia, market liquidity and pricing for hedges, foreign exchange volatilities, the composition of the Company's portfolio and the Company's balance sheet.

To date the Company has arrangements with five hedging counterparties, all on an unsecured basis and subject only to margin calls if pre-specified credit limits are breached on an individual counterparty (not aggregate) basis. Furthermore, in line with the Investment Manager's risk policies, the Company has adopted a policy to maintain strict liquidity buffers in relation to these hedging positions to protect against extreme volatility-driven margin requirements. The details of the Company's hedging positions and associated cash buffers are set out in the table opposite.

The depreciation of GBP resulted in a positive Portfolio and non-Portfolio foreign exchange movement in the period to 31 December 2022 of £9.9 million, which was offset by a loss on the hedging programme of £8.5 million.

| Counterparty | EUR Notional (€m) | USD Notional ($m) | Mark-to-market (£m) | Buffer (£m) |
|---|---|---|---|---|
| A | – | 82.3 | (3.2) | 6.2 |
| B | – | 84.2 | (3.4) | 6.3 |
| C | 91.0 | 12.4 | (1.4) | 9.1 |
| D | 23.7 | – | (0.2) | 1.8 |
| E | 23.7 | 8.8 | (0.3) | 2.5 |
| **Total** | **138.4** | **187.7** | **(8.5)** | **25.8** |

### NAV foreign exchange and hedging



# Investment Manager's report continued

## Borrowings

In December 2022, the Company entered into a new three year multi-currency revolving credit facility (RCF) for an aggregate commitment of £62.5 million with Lloyds Bank Corporate Markets plc. The RCF allows the Company to maintain liquidity for unfunded commitments and working capital requirements whilst minimising the inefficiencies of holding excessive cash. The RCF, which is secured on the assets of the Company, includes an uncommitted accordion feature, which will be accessible, subject to approval, by additional lenders, and is intended to increase over time in line with the Company's NAV and its borrowing policy.

## Cash and liquidity management

At the period end, the Company had total available liquidity of £245.4 million, comprising £182.9 million of cash and £62.5 million of undrawn RCF.

The Company maintains a policy to hold liquidity sufficient to cover all investment commitments and amounts in legal closing due in the next twelve months. At the period end, this amount totalled £101.2 million, inclusive of £84.2 million in respect of the National Gas and GD Towers transactions which were subsequently drawn post period end.

In addition to this, the Company has adopted a risk-based policy to hold specific cash buffers in respect of potential further liquidity requirements. These buffers include forecast operating costs, dividend payments, FX hedge settlements due (based on mark-to-market valuations), an allowance for emergency co-investment capital across the portfolio, allowances for FX movements on undrawn non-GBP commitments, and amounts held against the Company's FX hedging positions (calculated relative to notional amounts and contractual maturity). At the period end, these amounts totalled £72.2 million.

The net balance of all these considerations represents the funds available to the Company for further investment. As at the period end this amount stood at £72.0 million, which was significantly boosted after completion of the Company's RCF in December 2022.

| | £m[1] |
|---|---|
| **Sources** | |
| Cash & equivalents | 182.9 |
| RCF | 62.5 |
| **Total (A)** | **245.4** |
| **Commitments** | |
| Undrawn investment commitments | 57.9 |
| Investments in legal closing | 43.4 |
| **Total (B)** | **101.2** |
| **Buffers** | |
| Operating costs | 7.4 |
| FX MtM | 4.5 |
| Dividends | 14.4 |
| Co-investment buffers | 16.0 |
| FX buffers on undrawn investment commitments | 4.1 |
| FX hedging buffers | 25.8 |
| **Total (C)** | **72.2** |
| **Available funds (= A - B - C)** | **72.0** |

1. Totals do not match due to rounding.

## Ongoing Charges

The Company's ongoing charges figure is calculated in accordance with the Association of Investment Companies (AIC) recommended methodology and was 1.02% for the period to 31 December 2022, reported on an annualised basis. The ongoing charges are lower in the first year as no management fee was paid on undeployed cash until 75% of the Net Issue Proceeds were deployed. This was achieved in the quarter to 30 September 2022.

# Investment Manager's report continued

## Inflation

### Impact of inflation

Since IPO, inflation across the Company's target geographies has been at historic highs and materially above central bank targets. Accordingly it has become an area of even greater focus to investors and therefore during the transaction underwriting process.

Historically, infrastructure as an asset class has benefited from strong inflation linkage owing to the nature of its underlying revenue mechanisms and pricing power. Typically this would serve to at least protect against the impact inflation has on an infrastructure asset's cost base, and in some cases would provide for an inflationary element to net returns.

The extent to which an investment's valuation will be impacted by material changes in actual and forecast inflation, and therefore the Company's correlation to it, is determined by the proportion of income and costs that are linked to inflation. This varies across sectors and specific investments, and no two businesses will behave identically to changes in inflation.

The revenues and costs of infrastructure assets can be considered to fall within a number of broad categories which all capture inflation in different ways, as set out in the exhibit opposite.

### Inflationary characteristics of infrastructure revenues and costs:

**Contractual**

Contractual revenues subject to specific uprating provisions, usually annually and by reference to either a fixed escalator or a specified inflation measure. In some cases such uprating will be subject to caps or floors which limit the extent to which inflation is captured.

**Demand**

Non-contractual revenues (or short-term contracts) without explicit inflation linkage but where market dynamics (such as high barriers to entry or monopoly positioning) provide potential for repricing that can capture inflation.

**Regulated**

Regulated revenues determined by real price control mechanisms which allow for annual uprating by reference to a specified inflation measure.

**Valuation impact**

The impact of changes in inflation assumptions on the valuation of assets is determined by the types of underlying revenues and input costs, and the size of the cost base relative to its revenues. Where expected increases in revenues exceed any expected increases in costs in a higher inflation scenario, forecast net cash flows will increase resulting in positive inflation correlation. Where expected increases in costs exceed any expected increases in revenues, forecast net cash flows will decrease resulting in negative inflation correlation.

**Capital costs**

Capital expenditure costs such as construction, equipment and labour costs that are often subject to unique and sector-specific supply side inflationary pressures. On larger capital initiatives this risk may be passed down to suppliers.

**Operating costs**

Operating costs such as labour and utilities costs which more broadly align with wider inflationary outturn.

**Financing costs**

Borrowing costs are impacted by inflation either directly, where index-linked debt is in place, or indirectly due to the fact that central bank rates are used as a tool to curb high inflation. This impact may be avoided or reduced where interest rate hedging has been used.

# Investment Manager's report continued

## Inflation

### PINT's Portfolio

All of the Company's investments are unique and the extent to which inflation impacts them varies according to sector:

- **Data centre** and **towers** assets tend to be characterised by fixed or capped escalators, which limits revenue upsides in high inflationary scenarios. However, these investments also often include separate pass-through mechanisms for utility costs, which limits cost inflationary pressures.
- **Fibre** assets may have greater direct linkage to inflation measures through wholesale pricing contracts, but also carry a greater degree of exposure to capex inflation that is not usually passed on to suppliers.
- **Utility** assets typically have regulated indexing arrangements where ongoing revenues are a direct function of inflation.
- **Power** and **Renewables** assets will normally benefit from a mixture of short and medium term "fixed price" contracted revenues with a variety of different escalators, and long-term un-contracted wholesale revenues that are assumed to increase in line with inflation and over time. For new developments, spikes in capex cost inflation can be mitigated with pass-through or price adjustment mechanisms in offtake agreements.
- **Transport** assets exposed to demand risk or short-term contracts may only have implicit inflation protection depending on the ability to re-price tariffs/tolls.

### Methodology

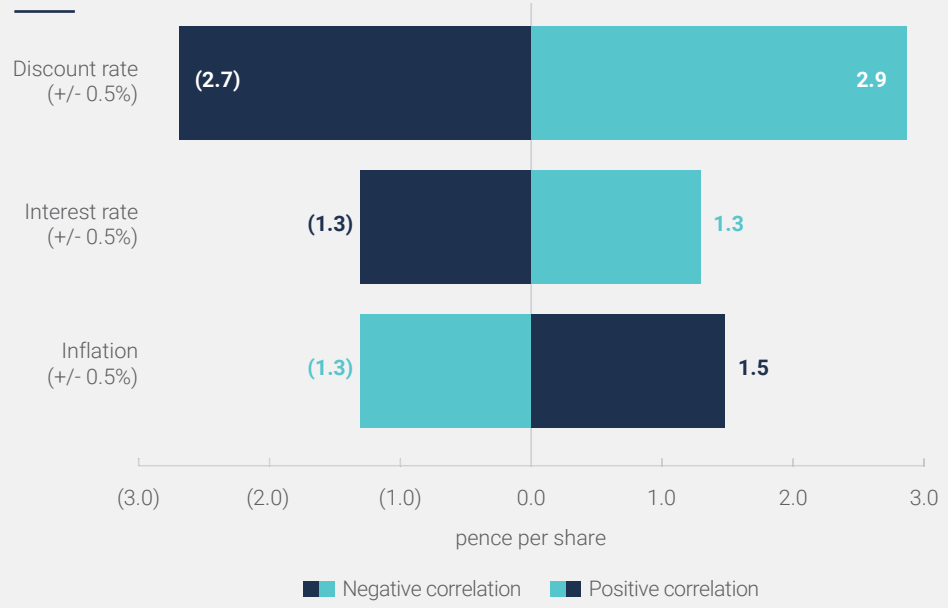
The inflation or escalation assumptions that impact on the valuation and forecast returns of the Portfolio are determined by Sponsors, reflective of underlying contractual or market specific factors, as noted above, as well as the inflationary environment more generally. Where revenues or costs are not expressly linked to an inflation measure, Sponsors will take a view on the extent to which those revenues or costs will change relative to inflation more generally.

All inflation assumptions are subject to detailed review and analysis by the Investment Manager during the underwriting process, and may be adjusted in the Company's underwriting base case. Where revenues or costs have express linkage to a local inflationary measure, such as CPI, the underwriting base case will adopt long term central bank forecasts, and where future business growth is included in the underwriting case, associated revenues and costs are assumed to respond in the same manner as current revenues and costs.

### Sensitivity

In line with their information reporting obligations, Sponsors are required to perform a number of valuation sensitivities on the Company's behalf against key inputs including inflation, interest rates and discount rates. The aggregated results of these sensitivities across the Portfolio are shown in the chart below. Owing to the nature of the underlying revenues across the Portfolio, the Company benefits from a net positive correlation with inflation. Conversely, the Portfolio is negatively correlated to interest rate movements, where rises would result in reduced free cash flows. The impact of this across the Portfolio is mitigated by hedged or fixed rate debt at investment level.

### Valuation sensitivity at 31 December 2022[1]




1. Based on assets invested, committed and in legal closing at 31 December 2022. Sensitivity results are provided by Sponsors based on adjustments to the relevant underlying assumptions in base case financial models across the expected life of each investment.

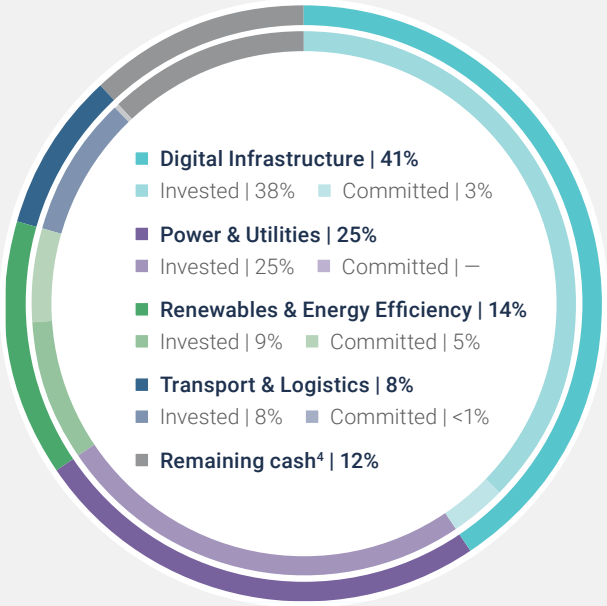
# Investment Manager's report continued

## Post balance sheet events

The Company has seen significant activity since the accounts date of 31 December 2022, most notably the commitment of £43.4 million to GD Towers, of which £37.9 million was invested, and the movement to legal closing of a £25.0 million transaction in a US renewables asset. Additionally, a further £45.0 million was invested in respect of prior investment commitments across a number of deals, most notably £40.8 million in respect of NGT. The updated breakdown of the Company's gross assets[1] as at 24 February 2023 is shown below by reference to sector and geography. The breakdowns are shown relative to amounts invested[2] and committed.[3]

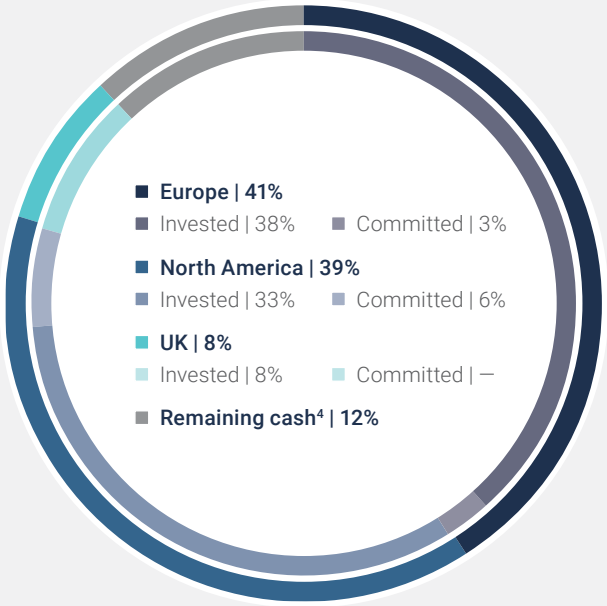
### Sector diversification (as at 24 February 2023)

Outer ring: total (invested + committed)
Inner ring: invested and committed breakdown




### Geographic diversification (as at 24 February 2023)

Outer ring: total (invested + committed)
Inner ring: invested and committed breakdown




1. Gross assets of £482.8 million consisting of £383.0 million of adjusted (for invested amounts and distributions) Portfolio fair value and £99.8 million of cash and cash equivalents at 24 February 2023.
2. Invested amounts at 24 February 2023 totalled £383.0 million, representing the adjusted (for invested amounts and distributions) fair value of the Company's funded investments in those sectors or geographies.
3. Committed amounts at 24 February 2023 totalled £42.4 million, representing cash held in respect of as yet undrawn commitments and/or deals in legal closing in those sectors or geographies. Undrawn commitments are a feature of the Company's investments and occur when completions are deferred due to commercial or regulatory approval processes, or where capital calls are intentionally staggered over time for follow-on purposes, for example for capex or M&A requirements.
4. Remaining cash at 24 February 2023 totalled £57.4 million, representing £9.7 million of cash retained against buffers not covered by the Company's RCF, and £47.7 million of remaining funds available to invest.

# Alternative Performance Measures (APMs)

PINT assesses its performance using a variety of measures that are not specifically defined under FRS 102 and are therefore termed APMs. The APMs used may not be directly comparable with those used by other companies. These APMs provide additional information as to how the Company has performed over the period and allow the Board, management and stakeholders to compare its performance.

| APM | Details | Calculation | Reconciliation to FRS 102 |
|---|---|---|---|
| NAV Total Return | Total return comprises the investment return from the Portfolio and income from any cash balances, net of management and operating and finance costs. It also includes foreign exchange movement and movement in the fair value of derivatives and taxes. | It is calculated as the total return of £8.0 million, as shown in the Income Statement, as a percentage of the opening NAV of £392.1 million which is based on the net IPO Proceeds. | The calculation uses FRS 102 measures. |
| Net asset value per share | A measure of the NAV per share in the Company. | It is calculated as the NAV divided by the total number of shares in issue at the balance sheet date. | The calculation uses FRS 102 measures and is set out in Note 18 to the accounts. |
| Annual distribution | This measure reflects the dividends distributed to shareholders in respect of each year. | The dividend is measured on a pence per share basis. | The calculation uses FRS 102 measures. |
| Investment value and outstanding commitments | A measure of the size of the investment portfolio including the value of further contracted future investments committed by the Company. | It is calculated as the Portfolio asset value plus the amount of contracted commitments. | The Portfolio asset value uses the FRS 102 measure Investments at fair value, set out in Note 1. The value of future commitments is set out in Note 21 to the accounts. |

# Alternative Performance Measures (APMs) continued

## NAV Total Return

**The Company is targeting a NAV Total Return per share of 8-10% p.a. following full investment of the IPO proceeds.**

### Definition

- Total return is how we measure the overall financial performance of the Company.
- Total return comprises the investment return from the Portfolio and income from any cash balances, net of management and operating and finance costs. It also includes foreign exchange movement and movement in the fair value of derivatives and taxes.
- Total return is measured against the opening NAV, net of the final dividend for the previous year, and adjusted (on a time-weighted average basis) to take into account any equity issued in the year.

### How has PINT performed?

Total return for the period to 31 December 2022 was 2.0%. Given the recent acquisition of the investments, no significant portfolio gains have been recognised in the period, but the Portfolio is well positioned to deliver on PINT's return targets.

## Annual distribution

**The Company is targeting a 2p per share dividend in the first year, 4p per share in the second year, followed by a progressive dividend policy thereafter.**

### Definition

- This measure reflects the dividends distributed to shareholders each year.
- The Company's investment objective is to generate returns from Portfolio income and capital returns (through value growth and realised capital profits).
- The dividend is measured on a pence per share basis, and is targeted to be progressive.

### How has PINT performed?

Second interim dividend of 1p per share declared for the period from 1 July 2022 to 31 December 2022, to be paid on 31 March 2023, which together with the dividend of 1p per share paid in October 2022 totals 2p per share for the period ended 31 December 2022. The Company intends to pay dividends on a semi-annual basis in line with its progressive dividend policy.

# Investment policy

The Company invests in a diversified portfolio of high-quality operational infrastructure assets which provide essential physical structures, systems and/or services to allow economies and communities to function effectively. The Company invests in both yielding and growth infrastructure assets which the Investment Manager believes offer strong downside protection and typically offer strong inflation protection.

The Company invests globally, with a primary focus on developed OECD markets, with the majority of its investments in Europe and North America. The Company's portfolio is diversified across infrastructure sectors, which includes (but is not limited to):

### Digital Infrastructure

(including wireless towers, data centres, and fibre-optic networks)

### Renewables & Energy Efficiency

(including smart infrastructure, wind, solar, and sustainable waste)

### Power & Utilities

(including transmission and distribution networks, regulated utility companies and efficient conventional power assets)

### Transport & Logistics

(including ports, rail, roads, airports and logistics assets)

### Social & Other Infrastructure

(including education, healthcare, government and community buildings)

In each case where the Investment Manager believes it can generate the most attractive risk-adjusted returns.

The Company focuses on gaining exposure to infrastructure assets via co-investments alongside leading third-party private direct infrastructure asset investment managers who are acting as general partner or manager of a fund in which Pantheon, or any investment scheme, pooled investment vehicle or portfolio fund managed by Pantheon, has invested or may invest (**'Sponsors'**). In doing so, the Company may invest on its own or alongside other institutional clients of the Investment Manager. The Company may also invest in other direct or single asset investment opportunities originated by the Investment Manager or by other third-party asset sourcing partners. The Company does not invest in private funds targeting a diversified portfolio of infrastructure investments.

## Investment restrictions

The Company invests and manages its assets with the objective of spreading risk and, in doing so, is subject to the following investment restrictions, which are measured at the time of investment:

- no single Portfolio Investment will represent more than 15% of Gross Asset Value;
- no more than 20% of Gross Asset Value will be invested in investments where the underlying infrastructure asset is located in a non-OECD country; and
- no more than 30% of Gross Asset Value will be invested alongside funds or accounts of any single Sponsor (other than Pantheon).

In addition, the Company does not invest in infrastructure assets whose principal operations are in any of the following sectors (each a **'Restricted Sector'**):

- coal (including coal-fired generation, transportation and mining);
- oil (including upstream, midstream and storage);
- upstream gas;
- nuclear energy; and
- mining.

The Company may invest in infrastructure assets whose principal operations are not in a Restricted Sector but that nonetheless have some exposure to a Restricted Sector (for example, a diversified freight rail transportation asset that has some exposure to the coal sector), provided that: (i) no more than 15% of any such infrastructure asset's total revenues are derived from Restricted Sectors; (ii) no more than 5% of total revenues across the Portfolio (measured on a look-through basis) will be derived.

# PINT investments

## Transport & Logistics

# Primafrio

| | |
|---|---|
| Sector: | Transport & Logistics |
| Geography: | Europe |
| Sponsor: | Apollo Infrastructure |
| Website: | www.primafrio.com |
| Date of commitment: | 21.03.2022 |
| PINT NAV 31 December 2022: | £40m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.primafrio.com.

Past performance is not indicative of future results. Future results are not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

### Transaction/company overview

- Pomodoro Holdings Ltd (Primafrio) was founded in 2007 and is a specialised, temperature-controlled transportation and logistics company in Europe primarily focused on the export of fresh fruit and vegetables from Iberia to broader Europe and the import of various high-value and temperature-sensitive goods including pharmaceutical products.
- Primafrio is an Iberian market leader, benefiting from substantial scale, operational excellence and long-standing client relationships.

### Investment thesis and value creation strategy[1]

- **Niche market leader** providing an essential service to resilient end markets. The company has demonstrated strong organic growth over a 15+ year operating history, including during major economic dislocations (2008-2009 global financial crisis and 2020-2021 Covid-19). The defensive qualities of Primafrio's market and its operations provide strong downside protection.
- **Value creation opportunities** include inorganic growth, strategic M&A, and continued investment in Primafrio's cold storage logistics infrastructure footprint.

### ESG[2]

- Ranked in 2nd percentile (low risk) of all transportation companies globally assessed by Sustainalytics (a Morningstar company).
- Dedicated R&D and ESG team highly focused on sustainability initiatives with a net zero carbon strategy by 2030.
- Rollout of 'Smart Truck' to improve fuel efficiency and reduce emissions with investment into the latest technology for its transport fleet.

# PINT investments continued

## Digital Infrastructure

# CyrusOne

| | |
|---|---|
| Sector: | Digital: Data Centre |
| Geography: | North America |
| Sponsor: | KKR |
| Website: | www.cyrusone.com |
| Date of commitment: | 28.03.2022 |
| PINT NAV 31 December 2022: | £23m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.cyrusone.com, Sustainability Report 2022.

Past performance is not indicative of future results. Future results are not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- CyrusOne comprises a portfolio of more than 50 high-performance data centres representing more than four million sq ft of capacity across North America and Europe.
- The company specialises in the design, construction and operation of mission-critical facilities that ensure the continued operation of IT infrastructure for approximately 1,000 customers, including approximately 200 Fortune 1000 companies.

## Investment thesis and value creation strategy[1]

- **Growth in data usage continues to drive data centre demand**. In particular, the hyperscale segment represents a strong growth opportunity due to increasing cloud adoption and increasingly data-heavy technologies (5G, AI, gaming, video streaming).
- **Benefit from defensive characteristics** such as long-term contracts with a largely investment grade credit quality customer base, price escalators, and limited historical customer churn.

## ESG[2]

- The company's Sustainability Working Group was established in 2019 to integrate sustainability and ESG strategy and planning into each function at CyrusOne.
- Environmental targets directly aligned with the UN's Sustainable Development Goals; environmental topics identified using guidance from the Sustainability Accounting Standards Board (SASB).
- Energy efficiency strategy:
  - minimise data hall heat using uninterruptible power supplies, ultrasonic humidification and LED lighting;
  - deliver efficient cooling using a number of technologies including building management systems, economisers and high-efficiency coolers; and
  - supplier partnerships to identify new, high-efficiency green technologies.

# PINT investments continued

## Power & Utilities

# National Gas

| | |
|---|---|
| Sector: | Power & Utilities: Gas utility and metering |
| Geography: | UK |
| Sponsor: | Macquarie Asset Management |
| Website: | www.nationalgas.com |
| Date of commitment: | 28.03.2022 |
| PINT commitment December 2022: | £41m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.nationalgrid.com, Responsible Business Report 2022.

Past performance is not indicative of future results. Future results are not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- National Gas is the owner and operator of the UK's sole gas transmission network, regulated by Ofgem, and an independent, highly contracted metering business.
- Its 7,630km network transports and connects gas to approximately 85% of the UK's households, as well as to industries and power sectors to meet the country's electricity needs, playing a critical role in ensuring the UK's energy security.
- The company intends to support the UK government's commitment towards net zero carbon by 2050, facilitating the shift towards low-carbon heating.

## Investment thesis and value creation strategy[1]

- **Highly stable inflation-linked cash flows** and high yielding returns are positively correlated with higher inflation, supported by tailwinds of the current macroeconomic environment.
- **Strong downside protection**; regulatory framework allows for the recovery of costs and guarantees a minimum return on capital. The company also holds a monopolistic position through sole ownership of the UK's backbone gas transmission network.
- **Significant growth opportunity.** The transmission system should play a leading role in making the network ready for the transition from natural gas to hydrogen. It will support the expansion of hydrogen's role in the energy mix while working closely with the government and Ofgem to maintain security of supply.

## ESG[2]

- National Gas is preparing the path for fossil-free energy by integrating renewable natural gas (RNG) and hydrogen into supply, anticipating the future development of supportive regulatory and policy frameworks.
- Aims to achieve a 100% fossil-free gas network by 2050 at the latest, with a proportion of the network transporting 100% green hydrogen and a proportion transporting a blend of green hydrogen (hydrogen produced from green sources of energy, e.g. solar and electrolysis) and RNG.
- Transition to clean energy: extensive engagement with other businesses, governments; participation in climate change organisations; a Principal Partner of COP 26.
- Detailed review of exposure to climate change risk and assessment is set out in response to TCFD framework.

# PINT investments continued

## Digital Infrastructure

# Vertical Bridge

| | |
|---|---|
| Sector: | Digital: Towers |
| Geography: | North America |
| Sponsor: | DigitalBridge |
| Website: | www.verticalbridge.com |
| Date of commitment: | 04.04.2022 |
| PINT NAV 31 December 2022: | £27m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.verticalbridge.com. While DigitalBridge may consider ESG factors when making an investment decision, DigitalBridge does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify DigitalBridge's duty to maximise risk-adjusted returns.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- Vertical Bridge is the largest private owner and operator of towers and other wireless infrastructure in the US, with ~7,000 owned towers across the country.
- The company benefits from an average remaining lease term of over 22 years (including extensions) primarily with the 'big 4' mobile network operators.

## Investment thesis and value creation strategy[1]

- **Track record of organic and inorganic growth:** since its founding in 2014, Vertical Bridge has been one of the most active acquirers and 'build-to-suit' developers amongst tower companies, and expects to further accelerate these activities.
- **5G build-out supporting continued growth:** US carrier annual capex is forecast to increase over 30% by 2025, prioritising macro towers in the 5G rollout.
- **Top-tier management team and Sponsor:** key members of Vertical Bridge and DigitalBridge (including both CEOs) have worked together since the founding of Global Tower Partners in 2003, and exceeded the original Vertical Bridge business plan.

## ESG[2]

- In June 2020, Vertical Bridge became the world's first tower company to be certified as carbon neutral.
- Vertical Bridge supports several projects in North America in line with its carbon-lowering strategy, including landfill gas, waste-to-energy, and forest and grassland conservation/re-forestation.
- Protecting wildlife is also a priority, including through wildlife safety measures and tower lighting with avian-friendly systems to provide a safer environment for migratory and nesting birds.

# PINT investments continued

## Digital Infrastructure

# Delta Fiber

| | |
|---|---|
| Sector: | Digital: Fibre |
| Geography: | Europe |
| Sponsor: | Stonepeak |
| Website: | www.deltafibernederland.nl |
| Date of commitment: | 26.04.2022 |
| PINT NAV 31 December 2022: | £23m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.deltafiber.nl, CSR Report 2021.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- Delta Fiber is an owner and operator of fixed telecom infrastructure in the Netherlands, providing broadband, TV, telephone and mobile services to B2C, B2B and wholesale customers over a predominantly fibre network.
- The company was formed through the acquisitions of DELTA and Caiway and is the third-largest fixed network infrastructure provider in the Netherlands with ~1.0 million homes passed (HP).
- The company aims to deliver substantial further growth through roll out of a fibre to the home (FTTH) programme (1 million HP), with a national target coverage of 25% by 2025.

## Investment thesis and value creation strategy[1]

- **Opportunity to invest in high quality fibre network with high barriers to entry** as a regional leader in its core footprint of suburban and rural areas with historically high penetration and low churn rates.
- **Well positioned to capitalise on extensive rollout programme** via first mover advantage in its core markets, exhibited through its track record of fast build rates and ramp up of construction capacity.

## ESG[2]

- Delta Fiber limits the impact on the environment by using 100% green energy, offsetting its own $CO_2$ emissions.
- Contributes to seven of the UN Sustainable Development Goals (SDGs) through four focus areas to ensure sustainability-improvement initiatives are targeted: enabling a better digital life, contributing to society, taking care of stakeholders, respecting our planet.
- Target becoming net zero carbon by 2045.
- In 2021, achieved a net zero emission carbon level for business operations (Scope 1 and 2).
- Delta Fiber Fund helps foundations and organisations in start-up phase or that are launching a new product with social value.
- Supports school projects for IT students.
- In Q4 2020, earned the highest score in the Consumer Association's test with a provider rating of 8.3. In 2021, providercheck.nl awarded Delta Fiber the title of 'best customer service'.

# PINT investments continued

## Power & Utilities

# Cartier Energy

| | |
|---|---|
| Sector: | Power & Utilities: District Heating |
| Geography: | North America |
| Sponsor: | Vauban Infrastructure Partners |
| Website: | To be created |
| Date of commitment: | 23.05.2022 |
| PINT NAV 31 December 2022: | £35m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: Cartier Energy.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- Platform of eight district energy systems located across the Northeast, Mid-Atlantic and Midwest of the US.
- Provides diversified energy services such as steam, electricity, chilled water and hot water to around 190 buildings across the higher education, healthcare, commercial, manufacturing, hospitality, government and retail sectors.
- District energy systems are sustainable, resilient and energy efficient, and can be more environmentally friendly compared to conventional on-site energy systems due to the aggregation of diverse load profiles and economies of scale.

## Investment thesis and value creation strategy[1]

- **Gross margin structure underpinned by availability-based fixed capacity payments and consumption charges**, and pass-through pricing mechanism limits commodity price exposure providing robust downside protection.
- **'Sticky' customer base** with an average relationship tenure of ~15-20 years and ~10-12 year average remaining contractual life.
- **Provides customers with a path to decarbonisation** and increased thermal efficiency.

## ESG[2]

- District energy is inherently more sustainable compared to alternatives (UN Sustainable Development Goal #9), allowing more efficient use of resources.
- Cartier delivers reliable, cost effective and sustainable energy (SDG #7) to US customers to support path to a low-carbon economy (SDG #13).
- Cartier assets serve key sectors of the community: healthcare, higher education and government entities (SDG #11).
- Active asset management supported by ESG targets leveraging the Sponsor's track record in European district energy technologies.

# PINT investments continued

## Power & Utilities

# Calpine

| | |
|---|---|
| Sector: | Power & Utilities: Electricity Generation |
| Geography: | North America |
| Sponsor: | ECP |
| Website: | www.calpine.com |
| Date of commitment: | 27.06.2022 |
| PINT NAV 31 December 2022: | £47m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.calpineactsonclimate.com, 2020 Sustainability Report.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

### Transaction/company overview

- ECP raised a $1.6 billion continuation vehicle to acquire an indirect interest in Calpine (~20% equity).
- Calpine provides exposure to one of the largest electricity generators in the US with ~26GW of capacity (including ~770MW of operational renewables) benefiting from strategic market positions, growing importance of reliable baseload generation, contracted EBITDA profile, and a high-quality Sponsor and management team.

### Investment thesis and value creation strategy[1]

- **Vital supplier to the US electricity grid**, providing reliable power generation capacity and playing an important role in the energy transition as the US targets net zero carbon by 2050. Calpine benefits from highly predictable diversified cash flows underpinned by contracts supported by a robust hedging programme.
- **Strong renewables development pipeline of solar and battery projects**, financeable through the cash flows generated by existing assets, which are projected to nearly triple its renewables power generation capacity over the next five to six years.

### ESG[2]

- Employs an efficient fleet of combined-cycle gas turbine technologies and provides baseload power generation and capacity.
- Operator of Geysers, the largest geothermal power generation facility in the US, which produces ~7% of California's 2020 renewables portfolio standard requirements.
- Current renewable footprint also includes solar and battery storage.
- Calpine's free cash flow will also fund other technologies like carbon capture and hydrogen.
- Vocal supporter of state and federal policies to achieve reductions in emissions that contribute to climate change and health problems.

# PINT investments continued

## Digital Infrastructure

# Vantage

| | |
|---|---|
| Sector: | Digital: Data Centre |
| Geography: | North America |
| Sponsor: | DigitalBridge |
| Website: | www.vantage-dc.com |
| Date of commitment: | 01.07.2022 |
| PINT NAV 31 December 2022: | £22m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: www.vantage-dc.com. While DigitalBridge may consider ESG factors when making an investment decision, DigitalBridge does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards.

Past performance is not indicative of future results. Future results are not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- Vantage Data Centers is a leading provider of wholesale data centre infrastructure to large enterprises and hyperscale cloud providers.
- Vantage's North American business has data centre campuses in Santa Clara, Quincy, Ashburn, Phoenix, Montreal and Quebec City.
- The investment will support Vantage's North American business' capital needs as the business continues to grow with a strong near-term sales pipeline to both existing and new customers.

## Investment thesis and value creation strategy[1]

- **Secular data usage growth** through increasing cloud adoption and increasing data-heavy technologies continues to drive data centre demand.
- **Strong growth pipeline** from favourable existing relationships with hyperscale customers.
- **Downside protection** from strong position in supply-constrained core geographies, long-term contract durations with investment-grade counterparties, and low churn due to high switching costs and barriers to entry.

## ESG[2]

- Vantage has stated that it is committed to reach net zero carbon emissions by 2030; Vantage's goal targets reductions for emissions that it controls, including Scope 1 and 2 emissions, as well as reductions that it guides or influences in its supply chain.
- Vantage is creating interim reduction targets that are in alignment with the Science Based Target initiative (SBTi) methodology, which defines and promotes emissions reduction in line with climate science.

# PINT investments continued

## Renewables & Energy Efficiency

# Fudura

| | |
|---|---|
| Sector: | Renewables & Energy Efficiency |
| Geography: | Europe |
| Sponsor: | DIF Capital Partners |
| Website: | www.fudura.nl |
| Date of commitment: | 25.07.2022 |
| PINT NAV 31 December 2022: | £41m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: Fudura.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- Fudura is a Dutch market-leading business-to-business owner and provider of medium-voltage electricity infrastructure, with a focus on transformers, metering devices and related data services.
- Fudura is active in offering services to companies seeking solutions for energy efficiency, security of energy supply and $CO_2$ neutrality. Fudura currently has approximately 22,000 business customers, being a combination of larger companies, public institutions such as hospitals, and small to medium-sized enterprises.

## Investment thesis and value creation strategy[1]

- **Highly stable inflation-linked cash flows** from large and diversified locked-in customer base with long-term contracts, low churn and inflation protection.
- **Strong downside protection** with a quasi-monopoly positioning in its core regional markets characterised by high barriers to entry.
- **Energy efficiency and decarbonisation** tailwinds driving growth opportunities to broaden service offering to customers including electric vehicle charging, solar panels, heat pumps and battery storage.

## ESG[2]

- Fudura provides customers with the design, installation and management of sustainable energy infrastructure solutions to assist customers in managing their energy performance.
- Growth strategy targets to become a one-stop shop for customers seeking to implement renewable and decentralised energy solutions, further aiding the Netherlands' long-term decarbonisation targets.
- Fudura targets carbon emission savings through KPIs that its management seek to implement on an annual basis.

# PINT investments continued

## Digital Infrastructure

# NBI

| | |
|---|---|
| Company name: | National Broadband Ireland (NBI) |
| Sector: | Communications |
| Geography: | Ireland |
| Sponsor: | Asterion Industrial Partners |
| Website: | www.nbi.ie |
| Date of commitment: | 09.11.2022 |
| PINT NAV 31 December 2022: | £43m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: NBI.

Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

### Transaction/company overview

- NBI is a fibre-to-the-premises network developer and operator working with the Irish government to support the rollout of the National Broadband Plan. This programme seeks to connect every premise in the country to high-speed broadband by 2027 and is the biggest investment in rural Ireland since electrification.
- NBI is responsible for passing and connecting approximately 560,000 premises in rural areas, covering 96% of the land mass of the country and serving around 23% of the population and 69% of the country's farms.

### Investment thesis and value creation strategy[1]

- **Stable cash flows with inflation protection expected** through the terms of the project agreement and the prices NBI can charge to internet service providers for access.
- **Downside protection** through a unique positioning in the intervention area (the franchise area granted by the Irish government) and a flexible government subsidy regime.
- **Attractive macro trends** including increased working from home, demographics and growth in fibre broadband take-up to date underpin the long-term commercial viability of the network.

### ESG[2]

- Under the project agreement NBI provides access to affordable high-speed broadband in rural communities that could previously have been underserved by commercial providers without intervention.
- Connecting remote premises to affordable fibre broadband is expected to deliver economic benefits to the region, support job creation and ensure that rural areas are not disadvantaged compared to urban areas which are well-served by incumbent providers.
- NBI's network area includes public facilities such as schools and libraries, improving the benefit such infrastructure provides to local communities.
- The project is expected to directly support 1,800 jobs in the region at its peak.

# PINT investments continued

## Digital Infrastructure

# GD Towers

| | |
|---|---|
| Sector: | Digital: Towers |
| Geography: | Europe |
| Sponsor: | DigitalBridge |
| Website: | To be created |
| Date of announcement: | 31.01.2023 |
| PINT commitment: | £43m |

1. There is no guarantee that the investment thesis will be achieved. Pantheon opinion.
2. Source: ERM. While DigitalBridge may consider ESG factors when making an investment decision, DigitalBridge does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify DigitalBridge's duty to maximise risk-adjusted returns.

Past performance is not indicative of future results. Future results are not guaranteed, and loss of principal may occur. Please refer to 'Disclosure 1 – Investments' towards the back of this report.

## Transaction/company overview

- In July 2022, DigitalBridge, alongside Brookfield Asset Management, agreed to buy 51% of GD Towers from Deutsche Telekom for a total enterprise value of €17.5 billion.
- GD Towers is one of the largest tower and telecom infrastructure networks in Western Europe with c.40,000 tower sites across Germany and Austria, making it the market leader in Germany and second largest in Austria.
- GD Towers' high-quality portfolio is supported by an anchor tenancy agreement with Deutsche Telekom, which has retained a 49% ownership stake in GD Towers.

## Investment thesis and value creation strategy[1]

- **Majority of cash flows are contracted and index-linked**, offering strong downside protection in challenging macroeconomic conditions.
- **Favourable market tailwinds** from regulatory-driven 5G coverage requirements with significant growth opportunities.
- **Organic and inorganic growth opportunities** arising from other market participants, and numerous consolidation opportunities in Europe.

## ESG[2]

- Deutsche Telekom AG has a net zero carbon strategy that is aligned with the Science Based Targets initiative and has been highly rated by Carbon Disclosure Project.
- The majority of power for the tower sites now comes from renewable sources, with carbon offsetting arrangements in place for any fossil fuel power consumption.

# Our market

## Infrastructure continues to demonstrate resilience against a challenging macroeconomic backdrop.

### Market growth

In 2022, AUM in the private infrastructure market grew to in excess of $1 trillion, with a projected CAGR of ~11% between 2022 and 2027[1]. Against this backdrop, competition for assets has intensified, with allocations to infrastructure increasing and new participants entering the market in specialised sub-sectors. Increased competition in the market has necessitated a focus on maintaining a disciplined and selective investment approach.

### Macro

Deterioration in the global macro economy has continued to demonstrate the resilience of the infrastructure asset class. Rising inflation, although directly benefiting those assets with inflation linkage, has led to central bank policy tightening throughout 2022. However, Pantheon's experience is that any upward pressure on discount rates for infrastructure asset valuations has largely been offset by valuation benefits associated with inflation and other sector-specific tailwinds.

In this environment, demand for infrastructure assets can increase as investors seek to benefit from infrastructure's defensive characteristics including low correlation to other asset classes.

1. Source: Preqin Special Report – The Future of Alternatives in 2027. Closed-ended funds only; October 2022

## Key macro themes

### 01. Rising inflation

- Inflation remains at levels not seen since the 1980s although peak inflation may have passed.
- Contracted and inflation-linked revenues can provide protection during periods of rising inflation.

### 02. Rising energy prices

- Energy markets have dramatically changed over the past year, which has knock-on effects for certain types of infrastructure assets.
- Power generation assets with merchant price exposure should continue to see yield and valuation benefits.
- Assets with pricing power will continue to pass on higher energy costs to customers.
- Energy-intensive infrastructure assets may experience headwinds as a result of higher costs.

### 03. Interest rates

- Rising bond yields are driving up risk-free rates (although transactional evidence is not showing any significant increase in discount rates).
- Historic refinancing on favourable terms, hedging and availability of longer-term fixed debt have provided a good degree of downside protection. Higher future refinancing rates could lead to lower enterprise valuations if debt structures are not portable.

### 04. Foreign exchange

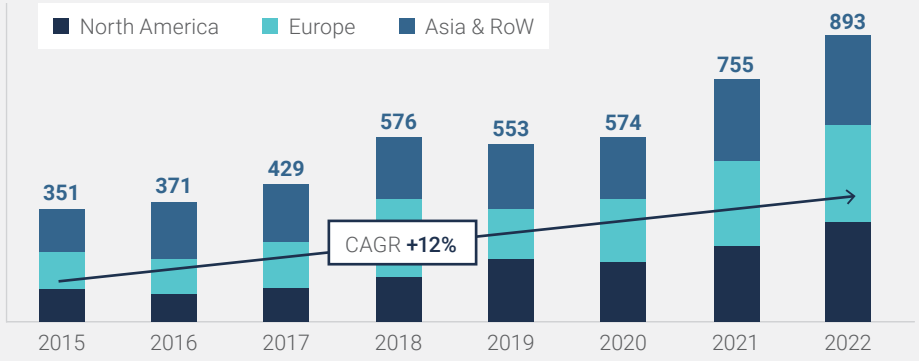
- Although PINT's foreign exchange risk is partly hedged at the company level, USD strength will continue to benefit assets with USD-denominated revenue.

# Our market continued

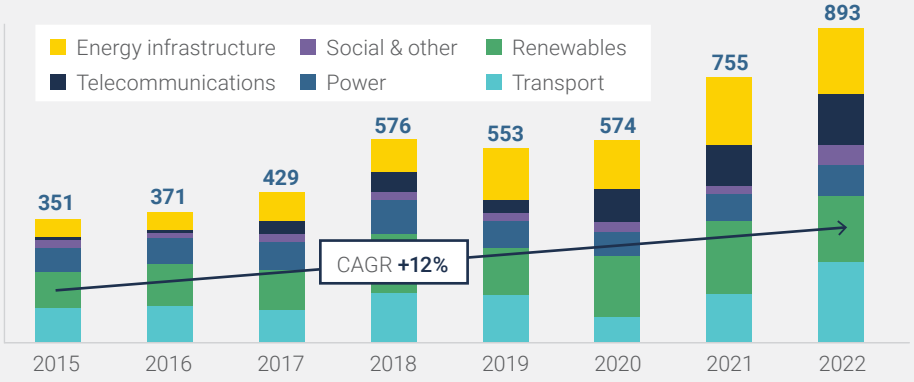
## Infrastructure market indicators

Strong upward trends in deal activity, fundraising and investor sentiment provide a positive backdrop for future growth.

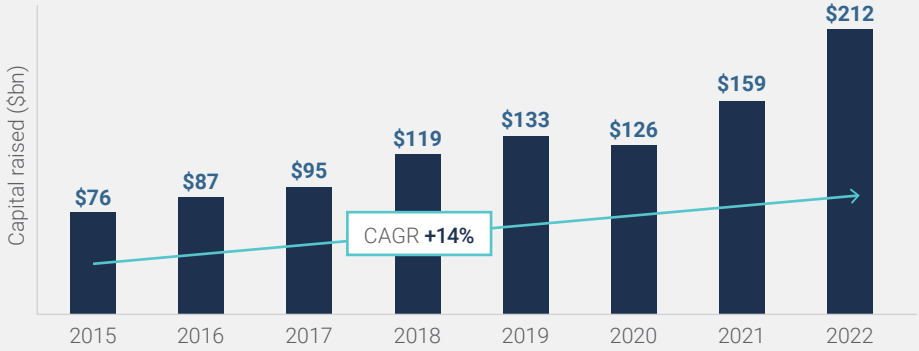
### Deal activity by geography ($bn)[1]



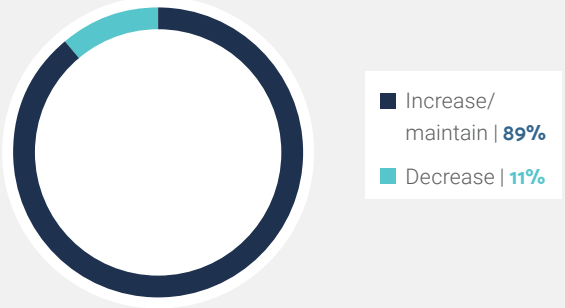

### Deal activity by sector ($bn)[1]




### Infrastructure fundraising[2]




### Investor sentiment for future infrastructure allocations[3]




Pantheon opinion. There is no guarantee that these trends will persist.

1. Source: Inframation, April 2022, based on greenfield and brownfield transactions from 2015 to 2022.
2. Source: Preqin as of January 2023. Infrastructure fundraising is based on the year capital was closed, including funds which have not held a final closing.
3. Source: Preqin Global Infrastructure Report 2023.

# Our market continued

The way in which societies and economies function over time is changing, which creates new long-term tailwinds for the sectors that serve them. PINT is looking to construct a portfolio in these growing markets with favourable tailwinds which will provide sustainable returns to shareholders.

**Global changes**

- Urbanisation
- Digitalisation
- Smart cities
- Telecommunications
- Work from home
- Decarbonisation
- Population growth
- Supply chain realignment

## Key sector themes

### Utilities

- The role of hydrogen is expected by some to be significant in energy transition, which impacts utilities such as gas transmission and distribution companies.
- Revenues tend to be inflation-linked, which is highly beneficial in the current market environment.
- High demand and lack of supply in the market has driven asset prices up.

### Energy transition

- Governments and supranational organisations globally are prioritising climate change issues and clean energy, leading to tangible and publicly stated targets for many organisations.
- Infrastructure supporting the development of energy transition is still under-developed in areas such as the electric grid/EVs; further investment in this sector is in high demand.
- However, the process to build/transition relevant assets is comparatively slow.

### Transportation

- Increased demand for cleaner modes of transport in line with aforementioned global trends.
- There has been a post Covid-19 recovery in travel volumes, although air travel remains at c.75% of 2019 levels.[1]
- After significant increases in 2021, freight prices fell during 2022 due to softening global demand.[2]

### Digital

- Significant increase in demand due to global trends requiring major increase in data/connectivity (WFH, gaming, AI, streaming, videos etc.).
- Labour and supply chain shortages/ issues are impacting certain build-out and development projects.

### Social & healthcare

- Increased demand for childcare facilities driven by the return to the office post-Covid-19 and population growth.
- Growth in life sciences, medical services & research, and an ageing population are driving demand for infrastructure in this sector.

Pantheon opinion. There is no guarantee that these trends will persist.

1. Source: IATA, November 2022.
2. Source: Freightos, February 2023.

# Sector spotlight

## Digital Infrastructure

# Data Centres

### Overview

Data centres are the physical facilities that enable organisations to run their business-critical applications and to store data. This is achieved by hosting and supporting the physical servers and systems that are necessary to facilitate the processing, redirecting and storage of large volumes of data such that it is readily accessible and transferable.

These facilities require capital-intensive infrastructure to support the equipment they house, including power sub-systems, uninterruptible power supplies, ventilation and cooling systems, fire suppression and high bandwidth physical connections to external networks.

Data centre owners provide their customers with a variety of services. The exact specifications will vary by type and locations, but broadly these include a mixture of:

- Physical space
- Power consumption
- Data connectivity
- Cross-connection
- Labour and technical support

### Types

Not all data centres are the same, and there are a number of different categorisations depending on the function and type of customers they support. These include:

**Co-location –** large facilities which rent out space or servers to multiple users, for whom constructing their own facilities would be uneconomical

**Edge –** smaller facilities located on the edge of networks and in closer proximity to end users, providing customers with the benefit of lower latency, higher security and reduced intermittency

**Enterprise –** facilities that are built, owned, and operated by individual companies for their own use and which are optimized for their end users

**Hyperscale –** vast single-user facilities operated exclusively for their specific requirements by the two dozen or so global Internet-based companies referred to as "hyperscalers"

### Demand

Whether globally, regionally or nationally, digital communications networks are continuing to carry extremely high volumes of data and moreover are witnessing sustained and strong levels of traffic growth. Whilst increases in the amounts of data carried to date have been impressive, numerous studies suggest that this rate of growth will continue for many years to come. The key drivers for data centres, and digital infrastructure more broadly, include:

- Online streaming
- Working from home
- Internet of things

### Classification

The specifications of data centres vary according to type and the needs of the customers they serve. The integrity and resilience of data centres can be classified by the following tiers:

**Tier 1 –** Basic site infrastructure with limited protection against physical events, allowing for up to 29 hours of downtime a year (an uptime of 99.67%). Tier 1 facilities are suited to small businesses and start-ups that do not have complex IT requirements and that require an affordable hosting option.

**Tier 2 –** Redundant-capacity site infrastructure, offering improved protection against physical events, allowing for up to 22 hours of downtime a year (an uptime of 99.74%). Tier 2 facilities are the preferred option for SMEs that need a cost-effective but more reliable option than a tier 1 facility.

# Sector spotlight continued

## Digital Infrastructure continued

# Data Centres continued

### Classification continued

**Tier 3 –** Concurrently maintainable site infrastructure protecting against virtually all physical events, allowing for up to 1.5 hours of downtime a year (an uptime of 99.98%). Tier 3 facilities are targeted at large companies with advanced IT operations that need further fail-safes and that host extensive data (particularly customer data).

**Tier 4 –** Fault-tolerant site infrastructure providing the highest levels of tolerance and redundancy, allowing for only 0.5 hours of downtime a year (an uptime of 99.99%). These data centres host enterprises which require uninterrupted availability, such as governments and large enterprises, with mission-critical servers and sustained customer or business demands.

### Business case

Data centres exhibit a number of attractive investment features which drive value growth including; recurring long-term contracts (often with built in escalator clauses) with predictable cash flows, limited obsolescence risk and high location-based barriers to entry.

The owner of the data centre typically benefits from:

- **Long contracts or frequent annual renewals –** customers contract for 5-10+ years for scale deployment (which can be customised for larger tenants). Co-location customers typically contract for 1-3 years, but usually with automatic renewal. In many instances, contracts are based on power consumed (as opposed to square footage used) plus fees for power availability and additional services (such as cross connects).
- **High renewal rates resulting in a sticky customer base –** the typical tenant retention rates are 70-90% owing to the high costs associated with switching.
- **Contractual escalators –** leases typically have annual escalators at 2-5% per annum.

The infrastructure owner earns a profit after covering the costs of the data centre, including site maintenance, insurance, temperature control systems, electrical systems, customer care (including labour on site and management of the data centre's operations) and the capital costs involved.

### PINT approach

PINT's investment approach to data centres and digital assets more generally is to seek opportunities in delivery platforms that benefit from an established operating base as well as being well positioned to capture growth opportunities going forward. These individual platforms will have dedicated underlying management teams focused on development activity, technical operations and maintenance, and financial management.

To date PINT has invested in two data centre assets, CyrusOne and Vantage. Both of these business have a focus on the hyperscale segment of the market and have ambitions to source all their energy needs from renewable sources. Pantheon believes that the hyperscale segment is a particularly attractive sub-segment of the cash flows market. It benefits from both the proliferation of mobile devices and demand for mobile gaming and streaming and the increase adoption of public clouds by enterprises and government with continued expansion to meet redundancy requirements essential to servicing public clouds.

# Business model

## Purpose

The Company aims to build a global Portfolio of investments with blended risk/return profiles, and set targets across deal types, sectors and geographies for diversification.

Our co-investment strategy differentiates us in the listed infrastructure market.

## What sets us apart

### 1 Deal selectivity:

Sponsor relationships drive strong deal flow, allowing for highly selective investment process.

### 2 Diversification:

Access to investments across sourcing Sponsors, sectors and geographies.

### 3 Sponsor specialisation:

Ability for investors to choose deals alongside a Sponsor with a distinct edge who may be best placed to create value.

### 4 Fee efficient:

Co-investments typically offered with no ongoing management fee/carried interest.

## Capturing secular growth

### Digital Infrastructure

- Growth in mobile data traffic
- Growth in 5G connected devices

### Renewables & Energy Efficiency

- Average cost reduction for solar/wind
- Increasing global installed wind/solar capacity

### Power & Utilities

- US/Europe transitioning grid to renewables
- US coal power plant retirements

### Transport & Logistics

- Increased global trade
- Higher e-commerce penetration

# Business model continued

## How we create value

### Investors

**Shareholders**

Investors in PINT can participate in a globally diversified portfolio of core infrastructure assets alongside other leading private asset managers and institutional investors.

**PINT's business model creates value by allowing Pantheon, the Investment Manager, to allocate capital and invest on its behalf alongside the Sponsors that it believes have a distinct edge in a particular infrastructure sector.**

### Vehicle

**PINT (public)**

PINT has access to Pantheon's deal sourcing platform.

Since PINT is publicly listed, any retail or institutional investor is able to benefit from any value it creates.

**Other Pantheon Funds (private)**

Pantheon provides a broad sourcing network with leading private asset investment managers and has strong relationships with Sponsors it can leverage on behalf of PINT.

Refer to the Investment Manager's report for more details.

### Portfolio

**Infrastructure assets**

High-quality infrastructure assets typically benefit from long-term contractual cash flows, positive correlation to inflation and exposure to secular changes in society.

## Value creation

**8–10% p.a.**
NAV Total Return per share

**4p per share[1]**
second year dividend, progressive thereafter

1. The Company is targeting a dividend of 4p per share in the year ending 31 December 2023, and, thereafter, progressive.

# Business model continued

## Background to co-investments

There are broadly three routes to investing in private infrastructure assets:

### Co-investments

Co-investments give investors the opportunity to invest alongside Sponsors in specific portfolio companies. Allocating to co-investments can provide incremental advantages to investors, including targeted deal selection and fee-efficient exposure to transactions which are often offered on a no-fee and no-carry basis.

### Primaries

Primaries involve a commitment to a newly launched limited life fund managed by a Sponsor who will build a portfolio of private investments and seek to exit improved businesses in the later years of the fund term at a profit.

### Secondaries

Secondaries traditionally involve the purchase of an interest in an established private fund or a portfolio of funds from an existing investor.

PINT's investment policy is to gain exposure to infrastructure assets via **co-investments**. This can take the form of the following types of transaction:

- **Co-bid:** Partnering with a lead Sponsor to underwrite a deal prior to final bid submission, requiring the need for a sophisticated investor who can lead independent due diligence on an asset.
- **Targeted syndication:** Following the signing of a deal, a Sponsor will offer a select group of investors a portion of the deal. This will typically comprise fewer than five parties, who may have undertaken some early due diligence on the transaction.
- **General syndication:** Following the signing of a deal, a Sponsor will offer all of its existing fund investors the opportunity to gain exposure to a transaction.

# Business model continued

## Background to co-investments continued

### Advantages of investing in infrastructure via co-investments

Investing in co-investments can be an attractive way to gain access to private infrastructure for several reasons, including:

**Access:**
There are fewer public market opportunities to access infrastructure assets, as infrastructure companies tend to remain private for longer periods of time. Therefore, investing through co-investments provides access to assets not normally accessible by public market investors.

**Enhanced economics:**
The use of co-investments can reduce the overall expense ratio and gross-to-net performance spread of a portfolio, as most deals are offered with no ongoing management fee or carried interest.

**Alignment:**
The structure of co-investments provides significant alignment through the incentivisation of both deal Sponsors, who typically provide the majority of capital through their primary fund vehicles, and management who are typically tied in under long-term incentive programmes.

**Portfolio construction:**
Pantheon is able to utilise co-investments to select individual assets to gain exposure to, and tilt the Portfolio towards, sectors based on the Investment Manager's view on relative value.

**Diversification:**
Co-investments are a critical part of portfolio construction in having the ability to build a programme that is truly diversified across infrastructure sectors, geographies, stages and Sponsor.

**Exposure to nascent sectors:**
Co-investments can provide access to nascent and emerging sectors that may otherwise be underweight or not be available within primary or secondary investment opportunities.

**Sponsor specialisation:**
Co-investors have the ability to choose deals alongside a Sponsor with a distinct edge who may be best placed to create value.

# Business model continued

## Pantheon's investment process

Sourcing → Screening → Due diligence → Approval → Execution

### Sourcing and origination

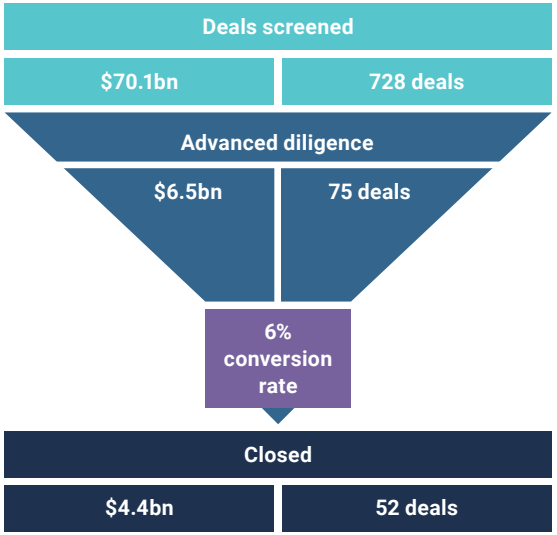
In its role as investment manager to the Company, Pantheon is responsible for the sourcing and execution of transactions on behalf of PINT.

The Investment Manager's sourcing leads to a wide array of investment opportunities as Sponsors embrace new transaction models and co-investment appetite from investors increases. Pantheon's primary relationships and network of Sponsors allows it to be a preferred co-investor, screening a high volume of proprietary transactions. Pantheon's ability to work with partners to provide capital solutions in complex scenarios is expected to continue to generate differentiated deal flow and allow it to acquire high-quality and difficult-to-access assets for the Company's Portfolio and other Pantheon clients.

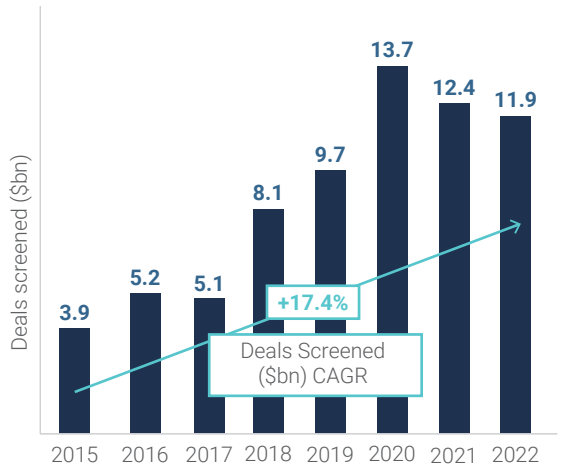
Co-investment capital makes up a sizeable portion of the infrastructure investment universe, and Pantheon continues to see strong deal flow, with continued signs of growth. This is driven by Sponsors continuing to see the wider franchise benefit in offering their trusted partners co-investment deal flow, and in particular due to such Sponsors being constrained by fund concentration limits. Such limits may restrict the volume of capital many Sponsors can invest from their funds in larger transactions, potentially restricting their access to many deals unless they have access to additional co-investment capital.

### Global sourcing and rigorous screening with highly selective conversion rate

**Pantheon's infrastructure co-investment deal funnel (2015-2022):**




**Pantheon: annual infrastructure co-investments screened:**



# Business model continued

## Pantheon's investment process continued

Sourcing → Screening → Due diligence → Approval → Execution

### Screening

Screening is the first of three stages of the Pantheon investment due diligence and approval process. This stage involves preliminary due diligence of the opportunity, which will include:

- Assessing the deal fit to fund strategy
- Review potential returns profile
- Explore risk factors
- Determine manager track record
- Understand transaction dynamics and sponsor alignment
- Conduct fund/company overview

**Reasons to decline**

- Poor-quality assets
- Business/firm franchise issue
- Lack of coverage
- Overly competitive process
- Limited Pantheon edge
- Poor fit with portfolio strategy
- ESG considerations

### Due diligence and underwriting

After Screening, due diligence will be undertaken as part of the Advanced Notice stage, including:

- Review financial model and underlying assumptions
- Review internal and company databases
- Evaluate macro trends and sector themes/outlook and review compatibility with assumptions
- Identify risks and mitigants

**Reasons to decline**

- Asset-related risk factors:
  - High debt levels
  - High purchase price
  - Commodity price risk
  - Concentration risk
  - Quality of assets/Sponsors
  - Lack of embedded value
- Pricing disconnect

If a deal is approved at Advanced Notice stage, it will proceed to the final investment committee stage, Investment Thesis. Transactional and due diligence work undertaken ahead of this includes:

- Benchmark performance
- Extensive asset due diligence
- Assess downside protection
- Finalise financial model
- Onsite manager visits
- ESG and climate change risk assessment
- Tax due diligence
- Conduct background checks/reference calls
- Complete "Investment Thesis" for submission to GIRAC

**Reasons to decline**

- Legal considerations
- Limited downside protection
- Inconclusive references
- Weak governance

# Business model continued

## Pantheon's investment process continued

Sourcing → Screening → **Due diligence** → Approval → Execution

### Due diligence and underwriting continued

For co-investments, the Company is typically entering the acquisition at the same time as the Sponsor which sets the valuation and enters at the same amount, creating alignment with the Company. The Sponsor provides its valuation assumptions for the target asset and the Investment Manager will seek to verify them, and either underwrite the deal at the same return target as the Sponsor, or take a more conservative view on some of the valuation assumptions which may result in a lower underwritten return target. This process involves the Investment Manager conducting its own independent review of the valuation assumptions which includes, but is not limited to, the following analysis as part of the Investment Thesis:

- review of all due diligence material available, including technical, market, legal, financial and tax. Assumptions for the valuation are driven from these third-party independent consultant reports;
- consult with external market contacts to verify key assumptions;
- review financial model driving the valuation; and
- conduct downside and upside sensitivities to prepare a Pantheon base case that can be underwritten and that meets relevant return requirements.

The base case prepared during the underwriting process forms the basis of the final Investment Thesis. The investment return targets can be attributed to several key components of a target business, which may include:

- **Existing business:** returns from the profitability of the target's existing assets/contracts.
- **Organic growth:** returns derived from initiatives to greater utilise existing infrastructure, such as leasing further antennae capacity on an existing tower installation or supplying other energy products to existing clients of a district heating business.
- **Growth capital:** returns generated from additional profitability arising from capital expenditure initiatives, taking the form of expanding and/or upgrading existing or developing new infrastructure. Such initiatives will depend on the target company's ability to source and execute on a pipeline of growth opportunities.
- **Capital structure:** returns generated from optimising the target's debt structure in tandem with its growth trajectory.
- **M&A activity:** returns generated from the increased scale and efficiencies achieved through bolt-on acquisition activity.
- **Operational efficiencies:** increased returns generated from reduced operating costs achievable through greater business scale.
- **Multiple expansion:** returns generated from delivering an exit at an increased earnings multiple relative to the initial entry valuation. An increased exit multiple would be in keeping with the expectations to both increase the scale of the target as well as reducing the risk-profile over time.

The expected holding period for each co-investment is between 5 to 7 years, however this does not form the basis of any guaranteed exit timing or method from the Sponsor. The final timing of a co-investment exit will be a function of business performance and economic conditions, and accordingly this is sensitised during the underwriting process to ensure any delays will not materially compromise expected returns.

Several key financial metrics are used for analytical purposes, including internal rate of return (IRR) and multiple on invested capital (MOIC). IRR is the annual rate of growth that an investment is expected to generate over its life, and MOIC measures investment returns by comparing the total realised value of an investment at the exit date relative to the initial investment amount. The illustrative bridge chart opposite demonstrates the contributions to expected returns of certain assumptions in a typical private market infrastructure co-investment transaction.

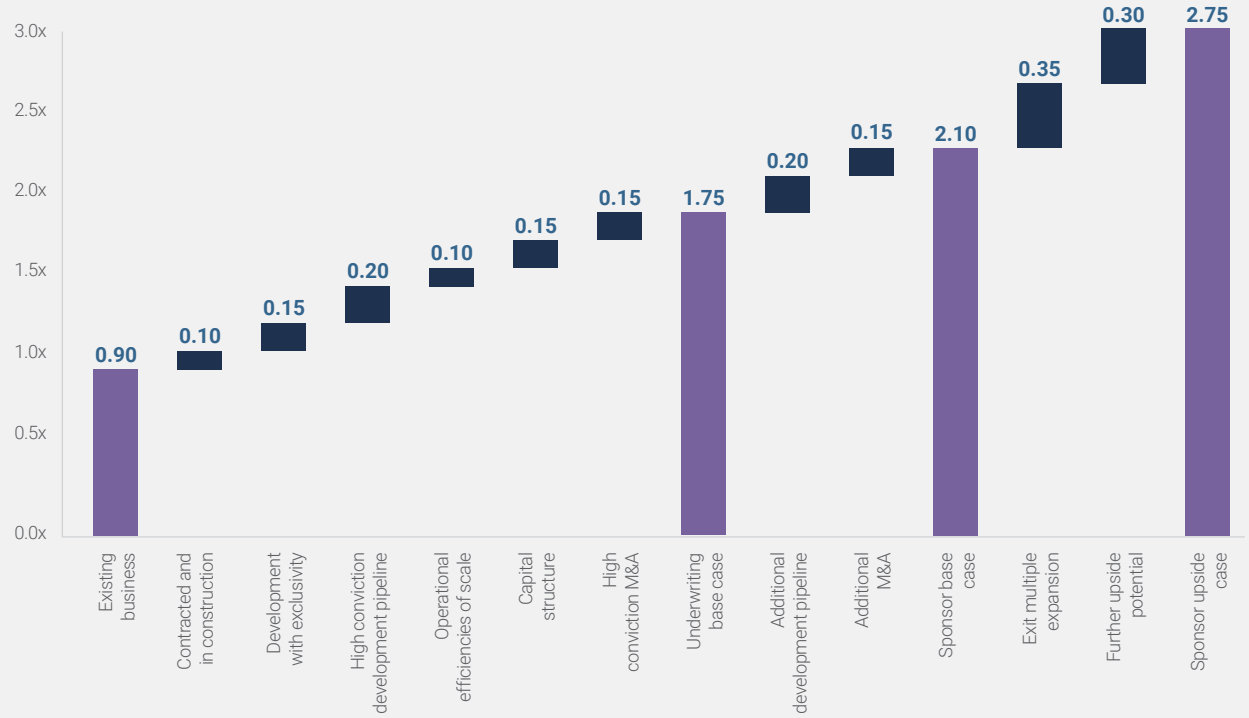
# Business model continued

## Pantheon's investment process continued

Sourcing → Screening → Due diligence → Approval → Execution

### Due diligence and underwriting continued

#### Illustrative MOIC composition[1]




### Approval and execution

The final path approval of a deal includes:

- Presentation of final investment thesis
- Approval by GIRAC
- Allocation between Pantheon clients in line with Allocation policy
- Funding ringfenced pending completion

Once a deal has been approved, it will move in to legal closing and execution, which involves:

- Optimising deal structure
- Review and negotiate agreements
- Finalise reporting requirements
- Negotiate preferential terms and rights
- Execute transfer and payments
- Implement hedging initiatives

1. Figures are based on illustrative returns for a hypothetical transaction.

# Business model continued

The Company invests in infrastructure assets typically through a co-investment programme.

## Valuations

The Company invests in infrastructure assets typically through a co-investment programme. In a typical co-investment the Company partakes in the investment alongside a lead investor or a Sponsor. The Sponsor will typically set up a co-investment vehicle, subject to annual statutory audits, that invests into an underlying infrastructure investment and will issue a NAV and capital accounts on a quarterly basis.

The Sponsor will usually own the majority of equity and have significant or controlling influence in the asset. Accordingly Pantheon considers the Sponsor to be the responsible party for preparing the valuation on behalf of the co-investment vehicle, and may rely upon the valuations prepared by the Sponsor that have been prepared in-line with the relevant accounting standards and IPEV guidelines. In private market investing, the Sponsor is usually considered to be the best party to determine the appropriate valuation due to the following:

- intimate knowledge of the underlying infrastructure asset held in the SPV and its business and the fundamental business environment in which it operates;
- a comprehensive understanding of the underlying infrastructure asset held in the SPV and its financials;
- knowledge of the market environment in which transactions of comparable companies take place; and
- the Company's economic interest in an investment as a co-investor is aligned with that of the Sponsor.

In private market transactions, the purchase cost of the investment is an indication of its initial fair value and is thereafter calibrated for subsequent events and changes in valuation inputs. Infrastructure assets often display particular characteristics allowing long-term financial forecasts to be prepared, which tends to result in a higher prevalence of Discounted Cash Flows (DCF) in the valuation. In such cases fair value is estimated by deriving the present value of the expected cash flows generated by the investment through the use of reasonable assumptions such as appropriate discount rates to reflect the inherent risk of the assets forming the investment.

### Valuation governance

Pantheon operates a valuation committee, which is independent of the investment and investor relations teams, and chaired by Pantheon's Chief Risk Officer, which ensures that there are robust governance, oversight and process frameworks in place, guaranteeing compliance with standards and consistent application of policy.

The valuation committee review and challenges the valuations provided by the Sponsors and reviews the accounting policies and valuations methodologies applied. The valuation committee has responsibility for approving investment valuations which determine the fair value of the Portfolio, with input from the investment team who are responsible for managing the Portfolio.

# Investment strategy

The Company seeks to generate attractive risk-adjusted total returns for shareholders over the long term, comprising both capital growth and a progressive dividend. Through the acquisition of equity or equity-related investments, PINT offers a diversified portfolio of infrastructure assets with a primary focus on developed OECD markets.

| | |
|---|---|
| **Diversification** | Global portfolio with exposure to regions, sectors and sourcing partners and the ability to tilt the Portfolio over time to the best risk/return opportunities. |
| **Capturing long-term growth** | Exposure to growth dynamics within infrastructure sub-sectors including the transition to a net zero carbon economy and the digitalisation of social and economic activity. |
| **Resilient cash flow assets** | Emphasis on direct infrastructure assets with substantial contracted cash flows and conservative leverage creates a portfolio with downside protection. |
| **Value-creation opportunities** | Assets where added value can be created through operational optimisation, incremental expansion of a platform or industry consolidation, utilising the skill-set and track record of Sponsors. |
| **Inflation protection** | Natural hedge against rising inflation with certain assets benefiting from inflation protection. |
| **Strong ESG characteristics** | Robust asset and Sponsor ESG risk assessment through due diligence, ongoing asset monitoring and exclusion of high-risk ESG sectors from the strategy, including coal, oil, gas (upstream), mining and nuclear. |

# Strategy in action

## Diversification

## National Broadband Ireland

In November 2022 PINT committed approximately €52.7 million in Asterion Industrial Partners' interest in National Broadband Ireland (NBI), an Irish fibre to the premises (FTTP) network developer and operator.

NBI was selected by the Irish Department for Environment, Climate and Communications to support the country's National Broadband Plan, a programme that seeks to connect every business, public and residential premises in the country to high-speed broadband by 2027. NBI is responsible for passing and connecting approximately 560,000 premises in rural areas stretching across 96% of the land mass of Ireland, serving around 23% of the population and 69% of the country's farms, making this the largest infrastructural project in rural Ireland since rural electrification.

Deployment is split into 227 Development Areas with the rollout occurring in all counties simultaneously. The Irish government is providing subsidies alongside the capital committed by shareholders and revenue generated to support the design, procurement, construction and maintenance of the network under a 25-year project agreement. The project is expected to help bridge the digital divide between rural and urban areas in Ireland.

The investment is in line with PINT's strategy of building a diversified portfolio of infrastructure assets benefiting from structural growth drivers. Investment in digital infrastructure is essential to ensure everyone benefits from the deployment of high-speed networks. PINT has invested through Asterion Industrial Partners, a leading European infrastructure investment manager specialising in the telecoms, energy & utilities, and mobility sectors, with fellow investor Granahan McCourt retaining its current interest in NBI.

**"This transaction represents a high-quality fibre asset alongside our long-standing partner Asterion. NBI's commitment to providing high-speed broadband to underserved areas in Ireland makes it a compelling investment proposition which has a positive impact on local communities."**

**Richard Sem**
Partner at Pantheon, PINT's Investment Manager

# Responsible investing and ESG

## PINT's ESG characteristics

Following an internal assessment of the application of the Sustainable Finance Disclosure Regulations (SFDR), The Investment Manager has chosen to disclose the Company's ESG characteristics in accordance with Article 8 of the SFDR. As a fund that promotes certain environmental and/or social characteristics, PINT targets investments with strong environmental, social and governance (ESG) credentials, with a focus on companies and projects that can support the transition to a low-carbon economy, and negatively screens for certain sectors.[1]

PINT will not invest in coal, nuclear energy, oil (upstream, midstream, storage), gas (upstream) or mining. If an asset has some element of exposure to the above sectors, then there will be a look-through limitation of <5% of total revenues of the portfolio and <15% of total revenues of the asset, provided there is a planned trajectory to reduce exposure over time to these sectors.

1. Prospective investors in the Company will need to undergo their own internal assessment process to determine if they are satisfied that investing in the Company is compliant with their own investment policies and/or regulatory requirements, including but not limited to the investor's internal ESG policy and any other underlying obligations to its investor.

## Pantheon has strong credentials as a responsible Investment Manager

The Board has appointed Pantheon as its Investment Manager to deliver its Environmental, Social and Governance (ESG) policies, which are reviewed and overseen by an ESG Committee of Pantheon. Pantheon is committed to considering ESG issues in both the operation of its business and in its investments for the benefit of its stakeholders, including clients, the local communities in which the firm operates, and society as a whole. Pantheon, in turn, operates its own group-wide ESG policy, the objective of which is to ensure that, wherever possible, ESG considerations are appropriately reflected in Pantheon's investment process. Pantheon believes this is crucial to harnessing the potential for value creation, as well as in protecting the interests and reputations of its firm and clients. ESG due diligence findings are formally documented in investment recommendations, with potential concerns flagged for consideration by Pantheon investment committees. Following the closing of an investment, Pantheon actively monitors ESG and climate change risk across its infrastructure portfolios, engaging with Sponsors to advocate for improvement in the event of any negative incidents.

## ESG reporting in relation to PINT

The Investment Manager is in the process of collating data regarding the performance of PINT's investments against certain sustainability indicators. This is for the purpose of reporting the extent to which the Company's investments have met its ESG characteristics over the course of the reporting period. The results of PINT's investments' ESG performance will be published in accordance with the requirements of Article 11 of the SFDR (including in accordance with the regulatory technical standards set out in Commission Delegated Regulation (EU) 2022/1288) and as part of PINT's Sustainability Report, which is to be published on the Company's website in the course of Q3 2023.

# Responsible investing and ESG continued

Pantheon's approach to assessing ESG opportunities and risk is multi-faceted and includes a robust assessment of both Sponsor-level and asset-level factors. Given that all of Pantheon's infrastructure co-investments have been completed alongside a core roster of Sponsors, the team conducts extensive diligence at the Sponsor level using several ESG key performance indicators (KPIs). Pantheon's ESG analysis of potential infrastructure co-investments also involves assessment of ESG risk at the Portfolio Company level. Specific areas of ESG assessment conducted include:

## Sponsor ESG KPIs

- Adoption of ESG industry standards
- Established ESG approach in investment process and ongoing portfolio management
- Integration of climate change risk diligence and monitoring
- Significant prior ESG events at the firm
- Reputation checks and referencing
- Diversity and inclusion policies and diversity ratios of investment team
- Corporate governance controls
- Adoption of anti-corruption and anti-bribery policies
- Cyber security and business continuity plans

## Portfolio Company ESG KPIs

- Sector risk
- Company risk
- Country risk
- Prior ESG company incidents
- ESG benefits to company
- Background checks on company/key professionals
- Historical greenhouse gas emissions
- Physical climate change risk
- Transition climate change risk

## Eimear Palmer, The Investment Manager's Head of ESG

In 2022, Pantheon hired Eimear Palmer as Head of ESG. She is responsible for overseeing and developing the firm's established ESG strategy and range of initiatives. Eimear is highly experienced in ESG with a focus on private markets, having worked at ICG and Carlyle Group in similar roles. Pantheon also has an ESG Committee which is responsible for coordinating its internal and external efforts in this area. The Committee sets Pantheon's ESG strategy and policy and provides feedback to the wider firm and externally to its Sponsors and stakeholders on any ESG issues that arise. The ESG Committee comprises senior staff from across Pantheon's investment strategies and operational business functions.

# Responsible investing and ESG continued

## Investment Manager's approach

### Industry partnerships

Pantheon was one of the first private equity investors to sign up to the PRI back in 2007 and has used these principles as a framework to develop its ESG policy across all its investment activities.

Since then, it has been at the forefront of ESG adoption, both through its involvement with associates and industry bodies, and through its integration of ESG analysis into its investment process.

Pantheon has been highly engaged with the PRI Steering Committee since becoming a signatory and has worked directly with the UN PRI in rolling out their framework of principles specific to private markets.

**2007**
Signed up to the Principles for Responsible Investment (PRI)

PRI Principles for Responsible Investment

**2008**
Established an internal ESG working group

**2009**
Joined the PRI Steering Committee

**2010**
Successfully integrated the PRI into investment processes

**2011**
Ranked in the top quartile for all six Principles of the PRI

**2012**
Implemented pioneering reporting to clients on ESG[1]

**2013**
Adopted ESG Disclosure Framework[1]

**2014**
Enhanced ESG reporting for clients[1]

**2015** A+
UN PRI awarded **A+** for Overarching Approach and Private Equity

**2016** A+
RepRisk
Appointed RepRisk as data provider for ESG monitoring[1]

UN PRI awarded **A+** for Private Equity and Infrastructure and **A** for Strategy and Governance

**2017** A+
Joined PRI Private Equity Advisory Committee

UN PRI awarded **A+** for Strategy and Governance and **A** for Private Equity and Infrastructure

**2018** A+
Integration of RepRisk into due diligence processes

UN PRI awarded **A+** for Strategy and Governance, Private Equity and Infrastructure

**2019** A+
UN PRI awarded **A+** for Strategy and Governance, Private Equity and Infrastructure and **A** for Private Equity

Appointed ERM as data provider for climate risk monitoring[1]

ERM

**2020** A+
UN PRI awarded **A+** for Strategy and Governance, Private Equity and Infrastructure

**2021**
Became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD)

Strong scores in PRI's 2021 assessment, including 100/100 for Private Equity and Infrastructure

1. Pantheon is a signatory to the UN PRI and has used these principles as a framework to develop its ESG policy across all its investment activities. As a signatory of the PRI, Pantheon is required to complete an annual assessment which seeks to facilitate learning and development, identify areas for further improvement and facilitate dialogue between asset owners and investment managers on responsible investment activities and capabilities. Please note that this is not intended to meet Article 8 or 9 standards of the SFDR. An investment's ESG profile and risk is only one of a number of factors Pantheon considers when evaluating managers and investments, and such ESG considerations are not solely determinative of any selection of a manager or investment.

# Responsible investing and ESG continued

## Investment Manager's approach

### Consultant partnerships

Pantheon subscribes to **RepRisk** in order to improve its ESG due diligence and ongoing risk monitoring. RepRisk is a global leader in the provision of business intelligence on ESG risk and provides ESG news flow and company ratings based on media reports and other public sources external to Pantheon. As well as enabling an enhanced level of proactive portfolio monitoring and increased engagement opportunities, integration of the RepRisk data set with its in-house systems provides the capability to provide bespoke ESG reporting for its clients.

Sustainability consultancy **ERM** is supporting Pantheon in identifying the physical and transition risks in its infrastructure investments. Mapping of these risks (and opportunities) across the infrastructure sector over different temperature scenarios and time-horizons will enable Pantheon to understand its existing portfolio risk better and support the portfolio planning and monitoring of climate change-related risk in new programmes. Pantheon then plans to report to clients on its approach and on climate change risks and opportunities in client programmes, including greenhouse gas emissions reporting. Pantheon is now collecting greenhouse gas emissions data across its infrastructure assets on an annual basis and has developed detailed transition/physical risks and opportunities, mapping across its top 20 investment sectors in partnership with ERM.

Pantheon also subscribes to the **Refinitiv World Check One** database, a third-party provider which Pantheon typically uses to look for adverse publicity and assorted anti-money laundering issues for the Sponsor and for certain individuals. Refinitiv allows Pantheon to screen reputational risks across individuals and Pantheon screens management and deal teams.

Pantheon has incorporated the **SASB sustainability mapping** tool into its co-investment due diligence process. This tool provides a breakdown of the most material ESG risks that a specific industry sector may face across five dimensions including environment, social capital, human capital, business model and innovation, and leadership and government. SASB identifies a further 26 sustainability-related business issues, which encompass a range of disclosure topics and their associated accounting metrics. Identification and awareness of material issues at the sector level in turn enable Pantheon to focus on ESG risks to Portfolio Companies within the specified industry.

### Modern Slavery Act

PINT is an investment company with no employees and has appointed Pantheon to act as its investment manager. The UK's Modern Slavery Act 2015 requires Pantheon to report annually on the steps taken to ensure that slavery and human trafficking are not taking place anywhere within the business or supply chains. Both PINT and Pantheon's ESG policies are already aligned with a zero tolerance approach to modern slavery and trafficking, and both the policy and the Modern Slavery Statement can be found on Pantheon's website (www.pantheon.com).

### Sustainable Development Goals

As part of its integrated ESG analysis in investment due diligence, Pantheon considers the alignment of each SDG applicable to the assets and presents these to the Investment Committee. Within infrastructure, Pantheon maps to the following SDGs:

# Responsible investing and ESG continued

## Investment Manager's approach

### Pantheon's approach to climate change analysis in investing

Pantheon has been providing ESG reporting to clients since 2012, undertaking fund manager ESG analysis since 2015, and incorporating climate change risk questions into investment due diligence for primary fund investments since 2018. As part of its commitment to the 'E' of ESG, Pantheon believes that investors need clear and comprehensive information on the potential effects of climate change on investments. This includes understanding the implications of rising temperatures and climate-related policy.

In order to improve and increase reporting on climate-related financial information, the Financial Stability Board (FSB) – an international body formed by the G20 that monitors and makes recommendations about the global financial system – established the Task Force on Climate-related Financial Disclosures (TCFD). This was driven by concerns that the risks associated with the transition to a low-carbon economy were being mispriced by market participants[1]. Pantheon supported this endeavour and for the past three years has been working with a global sustainability-focused consultancy on climate change risk analysis. This analysis has initially been conducted across Infrastructure and Real Assets portfolios, given the assets' physical nature and particularly long investment horizons.

Given the challenges of collating non-standard data, Pantheon believes the TCFD will drive a meaningful improvement in the flow of climate-related financial information. Pantheon therefore made the decision to engage global sustainability-focused consultancy ERM in 2019 to better understand climate change-related risks and opportunities. Additionally, Pantheon became a signatory to the TCFD in 2021.

### Climate change analysis

Pantheon believes that infrastructure is a natural place to start in this process given the physical nature of the assets, the essential role of many of the types of assets typically invested in, such as utilities, and the long-term investment horizons. In addition, infrastructure is expected to play a central role in the transition to a low-carbon economy. The IEA estimates that the majority (~70%) of clean energy investment will need to come from financiers, rather than government funding[2], highlighting the key role that private capital has to play.

In the first instance, Pantheon has conducted the analysis for PINT's Infrastructure portfolio. The objectives were to:

**01** Better understand the investment implications of the transition to a low-carbon environment and how different sectors are likely to be impacted in the future.

**02** Gain an understanding of the investment risks associated with climate change, including the potential impact of the changing intensity and/or frequency of physical climate events.

**03** Assess how investments across current portfolios are likely to be affected by climate-affected risks and the potential implication for future strategy.

1. Task Force on Climate-related Financial Disclosures website, https://www.fsb-tcfd.org/about/
2. Source: International Energy Agency, 'World Energy Outlook 2021 – Mobilising investment and finance', https://www.iea.org/reports/world-energy-outlook-2021/mobilising-investment-and-finance

# Responsible investing and ESG continued

## Investment Manager's approach

### Incorporating the topic into the Investment Manager's ESG due diligence procedures

In order to incorporate its work on climate risk and other ESG considerations into its due diligence process, Pantheon has revised its procedures for deal teams to utilise the results of the work with ERM in the diligence process and investment memos. Deal teams assess the 'climate risk outlook' of each investment, where they note the physical and transition risk and opportunity profile of the target sector and geography. To the extent that the assets face material physical and/or transition risks (particularly in the near term), Pantheon incorporates this into its other ESG due diligence considerations. Pantheon also uses the Sustainable Accounting Standards Board (SASB) guidelines for each sector to identify which potential ESG risks to prioritise in due diligence and to then discuss with the Sponsor. If an item presents material ESG risk, Pantheon devotes further analysis to it in collaboration with the Sponsor and summarises its findings through additional materials in the final investment memo. Pantheon is in the process of incorporating these procedures into an ESG screening and due diligence 'scorecard', which will also provide climate risk ratings for investment opportunities utilising various data sources such as ThinkHazard, Climate Change Performance Index and the World Bank Carbon Pricing dashboard.

### ESG screening

Over the past year, Pantheon has declined a number of transactions solely for ESG reasons:

- **Energy company:** Business revenues derived from fossil fuels.
- **Care home:** Lack of staff vetting process and safeguarding procedures.
- **Healthcare:** Declined addiction clinic and, separately, eating disorder clinic due to concerns over profiting from these issues.

### Looking forward

#### A focus on greenhouse gas (GHG) emissions

Pantheon has engaged an external consultant to support it to estimate and analyse GHG emissions within Pantheon's infrastructure portfolio. As Pantheon generally does not invest directly into assets, it relied on information provided by the managers in its portfolio. Pantheon requested each manager provides Scope 1, 2 and 3 GHG emissions (as per the GHG Protocol) for each individual asset. There has been substantial progress in this area across the industry, something it expects to continue to improve. Pantheon has used estimated data to complement this to provide a more complete coverage. This should help Pantheon to (i) identify the relatively higher emitting assets, funds and Sponsors, (ii) prioritise Pantheon's engagement with these managers to better understand the likely drivers of such emissions, and (iii) identify trends by comparing 2022 results with 2021 results. Pantheon is focused on working with Pantheon's Sponsors to increase the coverage of assets with reported emissions, therefore reducing the number of estimates required, in order to create as accurate a picture for the portfolio as possible. Looking forward, Pantheon expects to enhance its climate-related due diligence and monitoring processes. Pantheon expects these activities will further enhance the efficacy of its engagement with Sponsors and ultimately drive real world action by decreasing the carbon footprint of Pantheon's portfolio.

#### Future plans for climate risk assessment and due diligence integration

Pantheon plans to continue refining its climate risk/opportunity assessment capabilities. A potential next step will be to extend its current sector/geography-level climate risk assessment capabilities down to the asset level. Pantheon also continues to refine its integration of climate risk and other ESG considerations into its due diligence process. Eimear Palmer, Partner and Global Head of ESG, has begun a review of Pantheon's current ESG and climate due diligence procedures following her joining Pantheon in August 2022. This includes developing more comprehensive and standardised questions for Sponsors and management teams around their own ESG analysis and procedures to enable earlier identification of potential ESG and climate risks and opportunities, along with a deeper consideration of how those climate-related risks will be mitigated during the investment period.

# Responsible investing and ESG continued

## Investment Manager's approach

### Pantheon as an investment manager: diversity and inclusion

Pantheon is fully committed to progressing opportunities for all its staff and to optimising diversity within the firm. 43% of its investment teams' heads are women – USA Primaries, European Primaries, USA Infrastructure and Real Assets and European Infrastructure and Real Assets[1].

Pantheon was the first private equity firm to publish gender diversity data, and in 2018, became one of the first private markets firms to sign the UK's government's Women in Finance Charter. In regard to the latter, Pantheon has set an annual target of achieving at least 33% women who are represented on its Executive Committee or are a Global Head of a Department. Pantheon's 2021 representation was 37%[2].

These disclosures demonstrate Pantheon's open and transparent approach to conducting our business, while recognising the increasing focus on diversity within the private markets industry and financial services more broadly. When compared to a recent (2021) industry survey by Level 20 and the BVCA, Pantheon's diversity profile outstripped that of the private equity cohort. For example, the industry survey found that private equity firms' senior female investment professionals represented 10%, while at Pantheon, 43% of its investment team heads are female. The industry survey also reported that 20% of individuals working in private equity and venture capital are from non-white ethnic backgrounds, while close to 37% of Pantheon's global workforce identifies as having a non-white ethnic background.

Pantheon is committed to continuous progress and while it recognises that there is still some way to go, its approach is to be transparent, to be visible, to advocate, to engage with and support carefully selected external partners in Pantheon's key geographic markets. Pantheon is proud to work in collaboration with the following external global partnerships:

### Global partnerships

#10000 BLACK INTERNS

PEWIN

Mindful Business Charter

OUT LGBT+ NETWORK INVESTORS

IMPACT FACTORY

1. Data as of January 2022; data is subject to rounding. Response rate among all global staff was 73%. Investment team includes members of Pantheon's Investment Structuring and Strategy Team.

2. Leadership data response rate is 100%. Data as of January 2022; data may be subject to rounding.

# Responsible investing and ESG continued

Spotlight on

## Fudura

**Provider of energy efficiency solutions, renewable energy and decentralised power to businesses across the Netherlands**

### Future growth driven by electrification

Fudura is the country's largest provider of medium voltage electricity infrastructure and its future growth is driven by:

1. The Netherlands' rapid electrification and Fudura's strong market position. Fudura serves its customers' increasing electricity demand by providing critical infrastructure to secure access to electricity;
2. Aims for Fudura to lever its strong position in its customers' electrical infrastructure system, by further supporting customers' electrification process via added services including EV charging, battery storage, solar PV, heat solutions and energy analytics; and
3. The Dutch government's aims to reduce the Netherlands' greenhouse gas emissions by 49% by 2030 and 95% by 2050 (vs 1990s levels). Fudura's ambition to accelerate electrification and provide renewable and decentralised electricity generation solutions to customers will contribute to the nation's carbon reduction targets.

### $CO_2$ emissions reductions

- Fudura reduced its $CO_2$ footprint by 32% between 2014 and 2020.
- The core product provision of electricity transformers, metering and renewable energy solutions does not emit $CO_2$. Fudura's Scope 1 emissions are derived from the operational running of the company:
  - vehicle fleet to respond to customers/provide maintenance services (c.80% of Scope 1 emissions); and
  - office buildings usage (c.20% of Scope 1 emissions).
- Management objective to annually save 5% $CO_2$ emissions per FTE of direct and indirect emissions compared to the previous year.

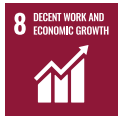
Source: Climate policy | Climate change | Government.nl_actieplan_def.pdf

# Responsible investing and ESG continued

Spotlight on

## National Gas

### The UK's sole gas transmission network



Source: National Gas

### Shaping the future of UK gas markets

- In June 2019, the UK became the first major economy in the world to commit to **reaching net zero by 2050**.
- **Gas represents up to c.40% of the power consumed in the UK**; heating over **80% of UK homes** and providing the energy needs for more than **half of UK industrial activity**. The use of gas is particularly central to the production of steel, glass and chemicals.
- **National Gas is strategically positioned** to host the nation's introduction of and **shift to cleaner gas** through the country with hydrogen which produces water vapour rather than carbon emissions when it is burnt.
- Hydrogen, when produced from a variety of sources such as natural gas with carbon capture and renewable or low-carbon sources of electricity powering electrolysis, **is a cleaner alternative to methane** (also known as natural gas), as well as being one of the most abundant chemical elements available.
- In order for hydrogen to be rolled out at scale, it requires the **existing current infrastructure to be adapted** to transport the gas from source to customer, which National Gas is committing to in order to achieve net zero by 2050.

### Key ESG benefits

- Strong leadership with a corporate strategy aligning with defined ESG ambitions.
- Development of hydrogen transmission pipeline to support the nation's goal to reach net zero.

# Responsible investing and ESG continued

Spotlight on

## Calpine

**US independent power producer**

### Critical and highly efficient natural gas electricity generation assets

- The **young age and high efficiency** of Calpine's combined cycle gas turbine (CCGT) power generation assets enables the provision of efficient and reliable baseload power to communities.
- **Critical to support grid reliability** due to their proximity to load centres.
- With ongoing coal power retirements, Calpine's natural gas generation will remain one of the most effective sources of baseload capacity with **some reliance on gas generation needed to achieve net-zero goals.**

### Strong focus on workforce safety and water management

- Calpine's **safety performance ranks among the best in the industry** based on lost-time and total recordable incident rates, the primary indicators of industrial safety performance.
- Calpine's **water-sourcing methods conserve millions of gallons of cooling water daily**. It uses technologies to limit usage of fresh water, including air cooled (vs. water cooled) equipment and use of recycled water for its gas-fired fleet and geothermal assets.

### Strong focus on continuing to drive decarbonisation efforts

- Calpine's three decarbonisation focus areas include:
  1. sensible **sustainability process offered through its retail business** to help customers achieve renewable energy objectives;
  2. **deploying large-scale energy storage and solar projects** through a 1.3GW development pipeline, largely being developed on Calpine-owned sites with existing interconnections, permitting strong community relationships, and little to no system upgrade costs; and
  3. **advancing carbon capture utilisation and storage (CCUS) technology**. Calpine has received three grants from the Department of Energy to pilot and conduct studies on CCUS projects. Since then, Calpine has launched four projects around the US to commercialise carbon capture technology across all their plants.
- **Calpine's Geysers are the largest renewable geothermal power plants in the US** producing ~6TWh/yr (7% of California's 2020 renewable energy procurement requirements) across 13 operating plants.

Source: Company data

# Responsible investing and ESG continued

Spotlight on

## Cartier

**Platform of eight district energy systems that provide diversified energy services such as steam, electricity, chilled water and hot water to buildings across the higher education, healthcare, commercial, manufacturing, hospitality, government and retail sectors**

### Delivery of reliable, cost-effective and sustainable energy to US customers to support the path to a low-carbon economy

#### Supporting the path to a low-carbon economy through efficiencies

- According to the United Nations Energy Program (UNEP) a transition to **modern district energy systems could contribute to 60% of required energy sector emissions reductions by 2050,** and reduce primary energy consumption by up to 50%.
- District energy systems support the transition to a low-carbon economy through reducing the energy demand in cities. With the right management, **district energy systems are sustainable, resilient and energy-efficient.**
  - On-site heating and cooling of space and water currently presents systemic inefficiencies that account for a significant proportion of energy consumption in many cities. District energy systems, such as Cartier's, contribute to reduce such inefficiencies through the aggregation of diverse load profiles and economies of scale.
  - Opportunity to develop a variety of digital tools to optimise the system from end to end to increase energy efficiency: smart metering, predictive load forecasting, demand response programmes.
- **Cartier assets serve key sectors of the community: healthcare, higher education and government entities.**
- Cartier operates in markets with a supportive regulatory environment and has a **demonstrated history of delivering clean and cost-effective energy** alternatives for critical service providers.

### Leading efforts to accelerate ESG performance through decarbonisation and community impact

#### Active ESG asset management

- Active asset management supported by ESG targets leveraging the Sponsor's track record in European district energy technologies.
- Leveraging leading third parties to adopt the best market practices.

#### Strategic initiatives to reduce the carbon footprint of the platform

- The current system is fuelled with natural gas, but Cartier is looking to implement a **long-term strategy to include renewables in the energy mix** and reduce its carbon footprint, while maintaining affordability.
- Upgrading plants to take advantage of increasingly decarbonised grids and move towards electrically powered heating and cooling systems.

Source: Company data, United Nations Energy Program

Source: "Modernizing district energy systems could reduce heating and cooling energy primary consumption by up to 50% finds new report" – UNEP, 2015

# Responsible investing and ESG continued

Spotlight on

## National Broadband Ireland (NBI)

**Fibre-to-the-premises network developer and operator working with the Irish government to support the rollout of the National Broadband Plan**

### Developing a fibre network across rural Ireland to provide access to affordable, high-speed broadband

- National Broadband Ireland (NBI) is working with the Irish government to deliver the National Broadband Plan, an ambitious plan to connect every premises in the country to affordable, high-speed broadband by 2027.
- NBI was selected to design, build, operate and maintain a network covering 96% of the country's landmass and 23% of its population, supported by subsidies provided by the Irish government.
- This project will involve passing and connecting approximately 560,000 premises across the country, including its remote islands, and represents the largest investment in rural Ireland since electrification.
- The network area will include public facilities such as schools and libraries, improving the services they provide to their local communities.
- NBI will provide wholesale network access to Internet Service Providers, giving consumers and businesses in the region an expanded choice of services and providers and ensuring they can benefit from a competitive supply market.

### Benefit to rural Ireland

- The 'digital divide' has widened the inequality between those that could work remotely during the pandemic and those that could not due to the quality of their connection.
- High-speed broadband is a key pillar of the European Commission's strategy for economic and social development, setting the target that all households should have access to gigabit capable broadband by 2030.
- The unique characteristics of Ireland significantly increase the cost per premises to deploy fibre and would not be commercially viable for the private sector without subsidies.
- Estimated benefits of c.€5.9 billion from delivery of the National Broadband Plan, a significant increase post-pandemic due to the increase in home working.

Source: Welcome to National Broadband Ireland – NBI gov.ie – The National Broadband Plan (www.gov.ie) Connecting Irish rural communities with the National Broadband Plan | EY Ireland

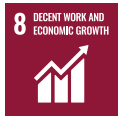
Source: Primafrio

# Responsible investing and ESG continued

Spotlight on

## Primafrio

**European transport and logistics company**



Source: Primafrio

### Primafrio targets to reach net zero emissions by 2030

**1. Smart truck:**
Developing the most advanced and energy efficient road transport fleet to reduce emissions and automate logistics activities.

**2. Smart building:**
Highly automated and energy efficient logistics centres with zero emissions standards, connected in real time with fleet and planning department.

**3. Smart IT:**
Latest technologies to automate processes contributing to the reduction of emissions whilst utilising data mining for daily operations.

**4. Smart training:**
Improved driver training and vehicle monitoring reduces fuel consumption, improves energy efficiency and promotes safer operations and more higher quality services for customers.

### Achievements

**Environmental**

- Invest in sustainability-oriented infrastructure such as building new logistics facilities and operating a fleet of vehicles with the most fuel-efficient engines available on the market.

**Social**

- 40% of Primafrio's executives are female.
- The Sponsor's Board influence can support initiatives to continue to improve diversity and inclusion profile.

**Governance**

- Focus on institutionalising the company, which has been family-owned and private since inception until the investment made by funds managed by Apollo.

# S172(1) statement

The Directors' overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company, as set out in section 172 of the Companies Act 2006.

## Directors' duties

### Overview

The Directors' overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company, as set out in section 172 of the Companies Act 2006. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on the consequences of the decisions they make, as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty supports the Company in achieving its investment strategy and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duties under section 172 below.

To ensure that the Directors are aware of and understand their duties, they are provided with pertinent information when they first join the Board and receive regular and ongoing updates and training on relevant matters. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the terms of reference of its Committees, are reviewed on an annual basis and further describe Directors' responsibilities and obligations, and include any statutory and regulatory duties. The Audit and Risk Committee has responsibility for the ongoing review of the Company's risk management systems and internal controls and, to the extent that they are applicable, risks related to the matters set out in section 172 are included in the Company's risk register and are subject to regular review and monitoring.

### Decision-making

The importance of stakeholder considerations, in particular in the context of decision-making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. Further information on the role of the Board in safeguarding stakeholder interests and monitoring ongoing investment activity can be found on pages 66 to 71 of the strategic report.

### Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all of its discussions and as part of its decision-making. During the period under review, the Board discussed which parties should be considered as stakeholders of the Company and concluded that, as the Company is an externally managed investment company and does not have any employees or customers, its key stakeholders comprise its shareholders, the Investment Manager, Sponsors, Portfolio Companies, service providers, lenders and regulators. The section below discusses why these stakeholders are considered of importance to the Company, and the actions taken to ensure that their interests are taken into account.

# S172(1) statement continued

## Shareholders

### Importance

Continued shareholder support and engagement are critical to the business and the delivery of its long-term strategy. Further details on what PINT offers to its investors can be found on pages 1 to 5 of the strategic report.

### Board engagement

The Board is committed to maintaining open channels of communication and to engaging with shareholders in a manner which they find most meaningful, in order to gain an understanding of their views. These include:

- **AGM**

  The Company will hold its first AGM on 30 March 2023 and welcomes and encourages attendance and participation from shareholders at the AGM. Shareholders will have the opportunity to meet the Directors and the Investment Manager, and to address questions to them directly. Pantheon will attend the AGM and give a presentation on the Company's performance and the future outlook. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM and will take action or make changes, as and when appropriate.

- **Publications**

  The annual report and half-year results are made available on PINT's website (www.pantheoninfrastructure.com) and the annual report is circulated to shareholders. These reports provide shareholders with a clear understanding of the Company's business model, strategy, portfolio and financial position. Feedback and/or questions that the Company receives from shareholders help the Company to evolve its reporting, aiming to render the reports and updates transparent and understandable.

- **Shareholder meetings**

  Unlike trading companies, shareholder meetings often take the form of meetings with the Investment Manager rather than members of the Board. Shareholders are able to meet with Pantheon throughout the year and the Investment Manager provides information on the Company. Feedback from all meetings between the Investment Manager and shareholders is shared with the Board. The Chair, the Senior Independent Director, the Chair of the Audit and Risk Committee and other members of the Board are available to meet with shareholders to understand their views on governance and the Company's performance should they wish to do so. With assistance from the Investment Manager, the Chair seeks meetings with shareholders who might wish to meet with him. As a result, in late 2022 and early 2023, the Chair and the Chair of the Audit and Risk Committee met with a number of shareholders.

- **Shareholder concerns**

  In the event that shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chair at the registered office. Other members of the Board, in particular the Senior Independent Director, are also available to shareholders if they have concerns that have not been addressed through the normal channels.

- **Investor Relations updates**

  At every Board meeting, the Directors receive updates from the Company's broker on the Company's share trading activity and share price performance, as well as an update from the Investment Manager on specific shareholder feedback. Any pertinent feedback is taken into account when Directors discuss investment strategy.

# S172(1) statement continued

## Other stakeholders

### The Investment Manager

**Importance**

Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to PINT's portfolio of infrastructure investment opportunities and Pantheon's relationships with Sponsors. The Investment Manager's performance is critical for the Company to deliver its investment strategy successfully and meet its objective to provide shareholders with attractive and consistent returns over the long term. Further details of the Investment Manager's investment approach can be found on pages 12 to 22 and 46 to 49 of the strategic report.

**Board engagement**

Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager both aim to achieve consistent, long-term returns in line with the Company's investment strategy. The Board is in regular contact with the Investment Manager to receive updates on investment activity. Important components in the collaboration with the Investment Manager, representative of the Company's culture, are:

- encouraging an open discussion with the Investment Manager, allowing time and space for original and innovative thinking;
- recognising that the interests of shareholders and the Investment Manager are, for the most part, well aligned, adopting a tone of constructive challenge, balanced with robust negotiation of the Investment Manager's terms of engagement if those interests should not be fully united;
- the regular review of underlying strategic and investment objectives;
- drawing on Directors' individual experience and knowledge to support and challenge the Investment Manager in its monitoring of Portfolio Companies and engagement with Sponsors; and
- willingness to make the Directors' experience available to support and challenge the Investment Manager in the sound long-term development of its business and resources, recognising that the long-term health of the Investment Manager's business is in the interests of shareholders in the Company.

### Sponsors/Portfolio Companies

**Importance**

Part of PINT's investment strategy is focused on co-investing with Sponsors who create sustainable value in the underlying Portfolio Companies.
The Investment Manager has extensive networks and relationships with Sponsors globally, which gives the Company access to the best investment opportunities.

**Board engagement**

Day-to-day engagement with Sponsors is undertaken by Pantheon. The Board receives updates at each scheduled Board meeting from the Investment Manager on specific investments, including regular valuation reports and detailed portfolio and returns analyses. Pantheon's engagement with Sponsors and due diligence of Portfolio Companies through the investment process and its investment strategies can be found in the strategic report on pages 12 to 22 and pages 46 to 49 and in the Investment Manager's report.

# S172(1) statement continued

## The Administrator, the Company Secretary, the Registrar, the Depositary and the Broker

### Importance

In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisers for support in meeting all relevant obligations.

### Board engagement

The Board maintains regular contact with its key external providers and receives regular reporting from them, both through Board and committee meetings, as well as outside the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account.

The Board (through the Management Engagement Committee) formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit and Risk Committee reviews and evaluates the financial reporting control environment in place at each service provider.

## The environment and society

### Importance

The Board regards ESG credentials as an important component of the Company's investment processes, portfolio construction considerations and overall strong governance. The Board and the Investment Manager are fully committed to managing the business and its investment strategy responsibly.

### Board engagement

The Board receives regular updates on Pantheon's ESG strategy and provides feedback on its approach, which in turn can lead to changes in Pantheon's investment approach.

Full details on the Investment Manager's ESG practices, including examples of interaction with Sponsors, can be found on pages 53 to 65.

# S172(1) statement continued

## Revolving credit facility provider

### Importance

Availability of funding is crucial to PINT's ability to take advantage of investment opportunities as they arise, as well as to meet future unfunded commitments.

### Board engagement

The Company aims to demonstrate to its facility provider, Lloyds Bank Corporate Markets plc ('Lloyds') that it is a well-managed business, capable of consistently delivering long-term returns. Regular dialogue between the Investment Manager and lenders is crucial to supporting the Company's relationship with its lenders. Further details of the Board's decision to enter into the RCF during the year can be found on page 71.

## Regulators

### Importance

The Company can only operate as an investment trust if it conducts its affairs in compliance with such status. Interaction through the Company Secretary with regulators such as the Financial Conduct Authority (FCA) and Financial Reporting Council (FRC), who have a legitimate interest in how the Company operates in the market and treats its shareholders, as well as industry bodies such as the AIC, is overseen by the Board.

### Board engagement

The Company regularly considers how it meets various regulatory and statutory obligations and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer term. The Board receives reports from the Company Secretary on the Company's compliance and from the Investment Manager and Auditor on their respective regulatory compliance and any inspections or reviews that are commissioned by regulatory bodies.

# S172(1) statement continued

The mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. Examples of the Board's principal decisions during the year, how the Board fulfilled its duties under section 172, and the related engagement activities, are set out below:

| Principal decision | Long-term impact | Stakeholder considerations and engagement |
|---|---|---|
| To enter into a new multi-currency RCF. | Following extensive discussions by the Board throughout the period, on 20 December 2022, PINT announced that it had agreed a new multi-currency RCF for an aggregate commitment of £62.5 million with Lloyds. The RCF, which is secured on the assets of the Company, includes an uncommitted accordion feature, which will be accessible, subject to approval, by additional lenders, and is intended to increase over time in line with the Company's NAV and its borrowing policy.<br><br>The RCF is denominated in GBP, with the option to be utilised in other major currencies. PINT will pay an initial margin of 2.85% per annum over the relevant currency benchmark rate or compounded reference rate on drawn amounts, reducing to 2.65% per annum once certain expansion thresholds have been met. A commitment fee of 1.00% per annum is payable on undrawn amounts, and the tenor of the RCF is three years, with the option to extend this further subject to lender approval. | Effective engagement by the Investment Manager with Lloyds was key to agreeing the new facility. The Board considers that the additional liquidity available for working capital, and to support further investment in high-quality infrastructure assets from PINT's near-term investment pipeline, will help support the Company's growth opportunities while also maintaining a robust balance sheet. |

# Principal risks and uncertainties

Integrity, objectivity and accountability are embedded in the Company's approach to risk management.

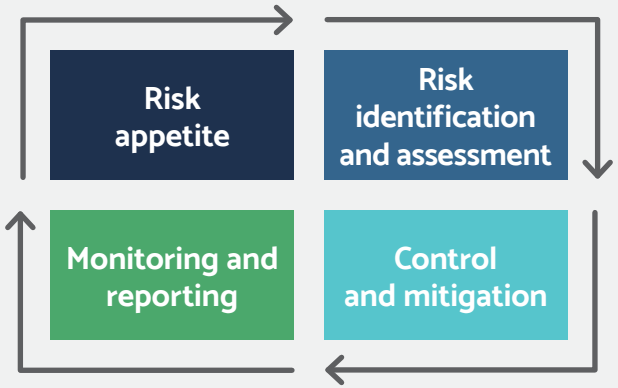
**Patrick O'Donnell Bourke**
Chair of the Audit and Risk Committee

The Company is exposed to a variety of risks and uncertainties and the Board is ultimately responsible for the risk management of the Company. It seeks to achieve an appropriate balance between mitigating risk and generating long-term sustainable risk-adjusted returns for shareholders. Integrity, objectivity and accountability are embedded in the Company's approach to risk management. The Board exercises oversight of this framework, through its Audit and Risk Committee, and has undertaken a robust assessment and review of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Company is reliant on the risk management frameworks of the Investment Manager and other key service providers, as well as on the risk management operations of each Portfolio Company. The Board manages risks through reports from the Investment Manager and other service providers and through regular updates on the operational and financial performance of Portfolio Companies.

For each risk, and emerging risks, the likelihood and consequences are identified, and the management controls and frequency of monitoring are confirmed and reviewed during Audit and Risk Committee meetings. Please see on the next page a summary of the principal risks and their mitigation.

## Risk management procedure



# Principal risks and uncertainties continued

## Infrastructure asset risks

**Key:** Higher | Level | Reducing

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Market conditions** | • Macroeconomic or market volatility, as the result of the Russian invasion of Ukraine and the recovery from Covid-19, presents a significant threat to the global economy, resulting in a combination of rising inflation, interest rates and uncertain supply chains, which flows through to pricing, valuations and portfolio performance.<br>• Recession in Europe, the US or the UK could impact the growth prospects of one or more of the Portfolio Companies.<br>• Rising inflation and interest rates may lead to higher financing costs for a Portfolio Company which could adversely impact its profits.<br>• Discount rate pressures in light of the rising interest rate environment. | • The Company targets a diversified infrastructure programme with exposures across sectors and geographies; historically, infrastructure sub-sectors have exhibited low to moderate correlation of returns relative to one another.<br>• Portfolio Companies could put in place inflation protection by seeking to include inflation adjustment mechanisms in their contracts.<br>• Certain Portfolio assets already provide inflation protection via contracted revenues linked to inflation.<br>• Portfolio Companies could also put in place interest rate hedges. |
| **Political and regulatory changes** | • Political actions and regulatory changes may adversely impact the operating and revenue structure of Portfolio Companies.<br>• Complexity of government regulatory standards may result in litigation/disputes over interpretation and enforceability. | • The Company predominantly targets investments in North America, Europe and Australasia which have broadly stable legal, political and regulatory regimes.<br>• The Investment Manager conducts due diligence on the regulatory risks of a prospective Portfolio Company to ensure protections in the underlying contracts are in place. |
| **Falls in demand** | • A fall in demand for the Portfolio Companies' services or products. A Portfolio Company's revenue is exposed to market supply and demand forces. Falls in demand that are below the levels used in underlying valuation assumptions could lead to adverse financial performance of the Portfolio Company. | • The Investment Manager conducts sensitivity analysis and demand stress testing in its due diligence for assets.<br>• The investment strategy is to target assets that have the majority of their cash flows protected through contractual structures, which limits demand risk. |

# Principal risks and uncertainties continued

## Investment strategy risks

**Key:** Higher | Level | Reducing

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Returns target** | • The Company may not meet its investment objective; this could result in returns being materially lower than targeted and dissatisfied investors. | • The Investment Manager adheres to the investment policy and criteria when making investment decisions.<br>• The Board reviews the investment performance of the Company on a quarterly basis to ensure adherence to the investment policy. |
| **Investor sentiment** | • Investor sentiment could lead to the Company share price falling below its NAV, which if it persisted for a long time, would inhibit new equity capital raises. An inability to raise new equity capital could be inhibitive to scaling the Portfolio and disrupt liquidity levels. | • Alternative forms of capital such as debt could be considered.<br>• Opportunistic sale of targeted existing assets.<br>• The Company has the ability to buy back shares.<br>• The Investment Manager constantly targets new shareholders. |
| **Lack of suitable investment opportunities** | • Unavailability of appropriate investments to acquire due to unfavourable deal terms.<br>• Re-investment risk which could arise from delayed redeployment of any proceeds from the sale of assets. | • The Board reviews investment guidelines and will make appropriate recommendations to shareholders if it believes changes are needed.<br>• The Investment Manager seeks to continue actively sourcing appropriate investments by engaging with its Sponsors and negotiate co-investment rights when committing capital to the Sponsors' underlying funds.<br>• The demand and need for infrastructure should ensure continuing deal flow. |
| **Liquidity management including level and cost of debt** | • Failure to manage the Company's liquidity position, including cash and credit facilities, could result in insufficient liquidity to pay dividends and operating expenses or to make new or support investments.<br>• Excessive cash balances, introducing cash drag on the Company's returns.<br>• High levels and cost of debt within the Company and/or the special purpose vehicles which invest in the Portfolio Companies could result in covenant breaches and/or increased volatility in the Company's NAV. | • Regular reporting of current and projected liquidity, under both normal and stress conditions.<br>• Liquidity availability is assessed during the allocation of new investment opportunities.<br>• The Board and Investment Manager review Company debt levels and covenants, on a quarterly basis, to ensure they stay within the leverage cap that has been established to limit exposure to debt-related risks.<br>• Debt levels within Portfolio Companies are reviewed by the Investment Manager as part of due diligence. |

# Principal risks and uncertainties continued

## Investment strategy risks continued

**Key:** Higher | Level | Reducing

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Portfolio concentration risk** | • Portfolio concentration risk in relation to exposure to individual assets, operators, geographies and asset types. This could impact NAV and ultimately affect the Company's targeted rate of return. | • The Board conducts quarterly reviews of the investment portfolio against the Company's investment policy and criteria.<br>• Investment restrictions outlined in the investment policy are designed to reduce portfolio concentration risk. |

## Operational risks

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Investment Manager** | • An over-reliance on the Investment Manager. A failure of the Investment Manager to retain or recruit appropriately qualified personnel may have a material adverse effect on the Company's overall performance. | • The Board performs an ongoing review of the Investment Manager's performance in addition to a formal annual review.<br>• Pantheon continues to invest in its talent and regularly considers succession planning. |
| **Tax status and legislation** | • Failure to observe requirements to maintain investment trust tax status in the UK.<br>• Failure to understand tax risks when investing or divesting could lead to tax exposure or financial loss. | • The Board, through the Company Secretary, ensures that the Company meets the criteria to maintain the current investment trust status of the Company.<br>• The Board has engaged a third party to provide taxation advice and Pantheon's investment process incorporates the assessment of tax. |
| **Third-party providers** | • Poor performance by third-party service providers could result in inability to perform key functions (e.g. reporting, record keeping etc.) effectively. This could result in loss of Company information, errors in published information or damage to its reputation. | • The Board reviews and signs off contractual arrangements with all key service providers.<br>• The Board reviews the performance of key service providers annually. |

# Principal risks and uncertainties continued

## Operational risks continued

**Key:** Higher | Level | Reducing

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Cyber security** (Level) | • Cyber security risk which could arise from reputational damage from theft or loss of confidential data through cyber hacking. | • The Audit and Risk Committee reviews service providers' cyber security arrangements, controls and business continuity processes to ensure any data loss is mitigated and reputational damage is minimised. |

## Other risks

| Risk | Description of risk | Mitigation |
|---|---|---|
| **Geopolitical turbulence** (Higher) | • Geopolitical turbulence (e.g. Ukraine/Russia conflict): medium and long-term impact of global economies, including energy prices and interest rates, and individual companies to which the Company has exposure. | • This risk is considered on an asset-by-asset basis.<br>• The Company also monitors the impact of geopolitical trends on the overall Portfolio as well as on individual sectors and companies. |
| **Climate change** (Level) | • Climate change causing physical and transition risks could impact the financial performance of the Portfolio. Physical risks arising from extreme weather events could impact the operations of a Portfolio Company. In addition, transition risk in terms of policy, legal, technological, market and reputation risks could negatively impact the operations of the assets. | • The Investment Manager conducts due diligence in relation to climate change matters before making investment decisions.<br>• The Company invests in assets with strong management teams that have a long track record of actively managing physical risks such as maintenance schedules.<br>• The Company has in place an ESG policy, including taking account of sector exclusions. |

# Viability statement

Pursuant to provision 31 of the UK Corporate Governance Code 2018, and the AIC Code of Corporate Governance, the Board has assessed the viability of the Company over a three-year period from 31 December 2022. The Directors consider that a three-year period to December 2025 is appropriate for assessing the Company's viability. There is greater predictability of the Company's cash flows over that time period and increased uncertainty surrounding economic, political and regulatory changes over the longer term.

The Company has a diverse Portfolio of infrastructure investments, expected to produce good and reasonably predictable levels of income which cover the costs, and expected to cover the Company's dividend target as the Portfolio matures. The defensive nature of the Portfolio and of the essential services that the businesses in which the Company invest provide to their customers are being demonstrated in the current climate, with infrastructure assets providing strong downside protection across market cycles given the regulated and contracted nature of cash flows, which typically offer strong inflation protection.

Against this background, in making their assessment, the Directors reviewed the reports of the Investment Manager in relation to the resilience of the Company, taking account of its current position, the principal risks facing it in a downside scenario due to the geopolitical uncertainties as a result of the Russia-Ukraine conflict, including disruption to the supply chain and increases in the cost of living as a result of this conflict, inflationary expectations, interest rate rises and, the impact of climate change on the Company's portfolio. As discussed in Note 1 to the financial statements, the effectiveness of any mitigating actions and the Company's risk appetite were also considered as part of the various downside liquidity scenario modelling carried out, after which the Directors came to their conclusion as to the Company's viability over the three year period.

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 and debt 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 three year period based on a working capital model prepared by the Investment Manager. The working capital model forecasts key cash flow drivers such as capital deployment rate, investment returns and operating expenses. In connection with the preparation of the working capital model, capital raises, realisations and distribution payments were assumed not to occur during the three-year period, unless already predetermined. The working capital model also considered other scenarios including an increase in the cost of debt and restriction in debt availability, and an inability for the Company to raise equity.

The results of stress testing showed that the Company would be able to withstand the impact of various scenarios occurring over the three-year period. The Directors also considered the Company's position with reference to its investment trust structure, its business model, its business objectives, the principal risks and uncertainties as detailed on pages 72 to 76 of this report and its present and projected financial position. As part of the overall assessment, the Directors took into account the Investment Manager's culture, which emphasises collaboration and accountability, the Investment Manager's conservative approach to balance sheet management, and its emphasis on investing with underlying Sponsors that are focused on generating outperformance.

To support their statement, the Directors also took into account the nature of the Company's business, including the available liquidity, 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. Based on the above assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2025.

On behalf of the Board

**Vagn Sørensen**
Chair

1 March 2023

# Governance

## What's in this section


| | |
|---|---|
| Chair's introduction to Corporate Governance | 79 |
| Board of Directors | 80 |
| Investment Manager | 82 |
| Statement on Corporate Governance | 85 |
| Audit and Risk Committee report | 92 |
| Nomination Committee report | 95 |
| Directors' remuneration report | 96 |
| Directors' report | 100 |
| Directors' responsibility statement | 104 |

# Chair's introduction to Corporate Governance

**Vagn Sørensen**
Chair

I am pleased to introduce the Company's first Corporate Governance Statement. In this statement, we report on our compliance with the AIC Code of Corporate Governance (the 'AIC Code') and set out how the Board has operated during the past year. The AIC Code, as published in 2019, sets out principles and provisions regarding matters including stakeholder engagement and the culture of the Company, against which the Company reports in the strategic report. The Company is committed to maintaining the highest standard of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

## Statement of compliance

This statement, together with the statement of Directors' responsibilities on page 104 forms part of the Directors' Report and indicates how the Company has applied the principles of recommended governance of the Financial Reporting Council's (FRC) 2018 UK Corporate Governance Code (the 'UK Code'). The AIC Code complements the UK Code and provides a framework of best practice for investment trusts.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders and that by reporting against the AIC Code the Company meets its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (www.frc.org.uk). The AIC Code is available on the AIC website (www.theaic.co.uk) and includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Throughout the period ended 31 December 2022, the Company complied with the principles and provisions of the AIC Code which incorporates the UK Code. The Board attaches great importance to the matters set out in the UK Code and strives to observe its principles in a manner that would enable shareholders to evaluate how the principles have been applied. However, it should be noted that where the principles and provisions are related to the role of the Chief Executive, executive directors' remuneration and the establishment of a Remuneration Committee, the Board considers these principles and provisions not relevant as Pantheon Infrastructure Plc is an externally managed Company with an entirely non-executive Board and no employees or internal operations.

## The principles of the AIC Code

The AIC Code is made up of 17 principles split into five sections covering:

- board leadership and purpose;
- division of responsibilities;
- composition, succession and evaluation;
- audit, risk and internal control; and
- remuneration.

Details of how the Company has applied the principles of the AIC Code are set out in this report.

## Viability statement

The viability statement can be found on page 77.

# Board of Directors

## Vagn Sørensen C C

Chair and Nomination Committee Chair

**Appointed to the Board 4 October 2021**

Mr Vagn Sørensen is an experienced non-executive chair and director of listed and private companies.

After attending Aarhus Business School and graduating with a MSc degree in Economics and Business Administration, Mr Sørensen began his career at Scandinavian Airlines Systems in Sweden, rising through numerous positions in a 17-year career before becoming Deputy CEO with special responsibility for Denmark. Between 2001 and 2006, Mr Sørensen was President and Chief Executive Officer for Austrian Airlines Group in Austria, a business with approximately €2.5 billion of turnover, 8,000 employees and listed on the Vienna Stock Exchange. Mr Sørensen also served as Chair of the Association of European Airlines in 2004. Since 1999, Mr Sørensen has been a Tier 1 senior industrial adviser to EQT, a private equity sponsor, and has been a non-executive director or Chair of a number of their Portfolio Companies. Since 2008, Mr Sørensen has been a senior adviser to Morgan Stanley Investment Bank.

Mr Sørensen is currently Chair of Air Canada (since 2017) and a non-executive director of CNH Industrial and Royal Caribbean Cruises. Notable previous non-executive appointments have included Chair of SSP Group (2006 to February 2020), Chair of Scandic Hotels AB (2007-2018), Chair of TDC A/S (2006-2017) and Chair of FLSmidth & Co (2009-2022).

## Patrick O'Donnell Bourke C

Audit and Risk Committee Chair

**Appointed to the Board 4 October 2021**

Mr Patrick O'Donnell Bourke is an experienced board member with more than 25 years of experience in energy and infrastructure.

After graduating from Cambridge University, Mr O'Donnell Bourke started his career at Peat Marwick, Chartered Accountants (now KPMG) and qualified as a Chartered Accountant. After that he held a variety of investment banking positions at Hill Samuel and Barclays de Zoete Wedd. In 1995, he joined Powergen Plc, where he was responsible for mergers and acquisitions before becoming Group Treasurer. In 2000, Mr O'Donnell Bourke joined Viridian Group Plc as Group Finance Director and later became Chief Executive, appointed by the private equity shareholder following take-over in 2006. In 2011, he joined John Laing Group, a specialist international investor in, and manager of, greenfield infrastructure assets where he served as CFO until his retirement in 2019. While at John Laing, he was part of the team which launched the John Laing Environmental Assets Fund on the London Stock Exchange in 2014.

Mr O'Donnell Bourke currently serves as Chair of Ecofin US Renewables Infrastructure Trust Plc and as Chair of the Audit Committee of Harworth Group Plc (a leading UK regenerator of land and property for development and investment). Mr O'Donnell Bourke was previously Chair of the Audit and Risk Committee at Calisen Plc (an owner and operator of smart meters in the UK) and Chair of the Audit Committee at Affinity Water.

Audit and Risk Committee | Management Engagement Committee | Nomination Committee | Remuneration Committee | Disclosure Committee | C Committee Chair

# Board of Directors continued

## Anne Baldock

C

Remuneration Committee Chair and Senior Independent Director

**Appointed to the Board 4 October 2021**

Ms Anne Baldock is an experienced board member and lawyer with over 30 years' experience in the infrastructure sector.

Ms Baldock graduated in law from the London School of Economics and was a qualified Solicitor in England and Wales from 1984 to 2012. Ms Baldock was a Partner at Allen & Overy LLP between 1990 and 2012, during which time she was Managing Partner, Projects Group London (1995-2007), member of the firm's Global/Main Strategic Board (2000-2006) and Global Head of Projects, Energy and Infrastructure (2007-2012). Notable transactions included the Second Severn Crossing, Eurostar, the securitisation of a major UK water utility and several major PPP projects in the UK and abroad.

Ms Baldock's current roles include Senior Independent Director for the Restoration and Renewal Delivery Authority Limited (the delivery body created by parliament to deal with the restoration of the Houses of Parliament), Senior Independent Director and Chair of Audit and Risk Committee for East West Railways Limited (the Government-owned company constructing the new Oxford to Cambridge railway) and non-executive director of Electricity North West Limited. Amongst previous roles, Ms Baldock was non-executive director of Thames Tideway Tunnel, non-executive director of Hydrogen Group (AIM-listed) and Trustee of Cancer Research UK.

## Andrea Finegan

C

Management Engagement Committee Chair

**Appointed to the Board 4 October 2021**

Ms Andrea Finegan is an experienced infrastructure asset management professional with over 30 years of sector experience.

After graduating from Loughborough University, Ms Finegan held investment banking roles at Deutsche Bank and Barclays Capital, before joining Hyder Investments as Head of the Deal Closing Team. Between 1999 and 2007, Ms Finegan worked at Innisfree Limited, the investment manager of an £8 billion infrastructure asset portfolio, latterly as Board Director and Head of Asset Management. Ms Finegan was subsequently Chief Operating Officer, ING Infrastructure Funds and Fund Consultant to Climate Change Capital.

In 2012, Ms Finegan joined Greencoat Capital LLP for the set up and launch of Greencoat UK Wind Plc, the renewable infrastructure investment trust, in 2013, then became Chief Operating Officer until 2018, a position that included structuring and launching another renewable energy infrastructure fund listed on the London Stock Exchange and Euronext Dublin (Greencoat Renewables Plc) and a number of private markets solar energy funds.

Ms Finegan is currently Chair of the Valuation Committee of Schroders Greencoat LLP, a role she has held since 2015, and independent consultant to the board of Sequoia Economic Infrastructure Income Fund Limited, working closely with the ESG & Stakeholder Committee and the Risk Committee.

Audit and Risk Committee | Management Engagement Committee | Nomination Committee | Remuneration Committee | Disclosure Committee | C Committee Chair

# Investment Manager

## Global Infrastructure and Real Assets Investment Committee

### Key Pantheon personnel

**Richard Sem**
Partner and manager of PINT (joined 2017, 26 years of private markets experience)

Richard is a Partner and Head of Europe in Pantheon's Global Infrastructure and Real Assets Investment Team where he leads its European investment activity and team. Richard is a member of the Global Infrastructure and Real Assets Committee. Richard has 25 years of experience in infrastructure private equity, corporate finance and project finance at leading institutions including InfraRed Capital Partners, HSBC, ABN AMRO, and BNP Paribas. Richard's experience spans investing in primary, secondary, co-investments and direct-investments across all infrastructure sub-sectors and global OECD markets. Richard holds a BSc and MBA from Imperial College of Science, Technology and Medicine. Richard is based in London.

**Kathryn Leaf**
Partner (joined 2008, 24 years of private markets experience)

Kathryn is a Partner and Global Head of Real Assets, which includes infrastructure, real estate and other real assets. Kathryn is a member of Pantheon's Partnership Board, International Investment Committee, Global Infrastructure and Real Assets Committee and Real Estate Investment Committee. Prior to joining Pantheon, Kathryn was with GIC Special Investments, before which she was responsible for direct investments at Centre Partners, a New York-based private equity firm. Kathryn began her career in Morgan Stanley's Investment Banking Division where she pursued real estate investments. Kathryn has a bachelor's and a master's degree in modern languages from Oxford University, and is based in San Francisco.

**Andrea Echberg**
Partner (joined 2012, 26 years of private markets experience)

Andrea is a Partner and Head of Pantheon's Global Infrastructure and Real Assets Team. Andrea is responsible for global infrastructure and real assets investments covering primary, secondary and co-investments. Andrea is a member of the International Investment Committee and Global Infrastructure and Real Assets Committee. Andrea has an engineering industry background followed by 21 years' experience in the infrastructure finance and investment sectors. Prior to joining Pantheon, Andrea led infrastructure direct and co-investment teams for Société Générale, Macquarie Capital and ABN AMRO delivering successful investments in both brownfield operating and greenfield PPP assets. Andrea has a BEng in mechanical engineering from Imperial College of Science, Technology and Medicine. Andrea is based in London.

**Paul Barr**
Partner (joined 2021, 20 years of private markets experience)

Paul is a Partner in Pantheon's Global Infrastructure and Real Assets Investment Team and a member of the Global Infrastructure and Real Assets Committee. Paul worked previously at GIC, from 2012, where he was Senior Vice President, Infrastructure with a global remit focusing on primary, secondary and co-investment opportunities. Paul also has expertise in infrastructure direct investing and infrastructure debt transactions. Prior to GIC, Paul worked at Challenger Infrastructure and Macquarie Capital. Paul is currently based in London but will relocate to San Francisco.

# Investment Manager continued

## Global Infrastructure and Real Assets Investment Committee

### Key Pantheon personnel continued

**Evan Corley**
Partner (joined 2004, 17 years of private markets experience)

Evan is a Partner in Pantheon's Global Infrastructure and Real Assets Investment Team and a member of Pantheon's Global Infrastructure and Real Assets Investment Committee. Prior to joining Pantheon, Evan held positions at Polaris Venture Partners in Boston and JP Morgan in London. Evan received a BS from Boston University's School of Management with a concentration in finance and a minor in economics. Evan is based in San Francisco.

**Jérôme Duthu-Bengtzon**
Partner (joined 2007, 19 years of private markets experience)

Jérôme is a member of Pantheon's Global Infrastructure and Real Assets Investment Team where he focuses on the analysis, evaluation and completion of infrastructure and real assets transactions in Europe. Jérôme is a member of Pantheon's Global Infrastructure and Real Assets Investment Committee and ESG Committee. Jérôme joined from Paris-based placement agent Global Private Equity, where he worked for over three years. Jérôme holds an MSc in telecommunications from ESIGELEC engineering school and a Master in Business from the ESCP-EAP European School of Management. Jérôme is based in London.

**Matt Garfunkle**
Partner (joined 1999, 24 years of private markets experience)

Matt is a Partner in Pantheon's US Investment Team where he is actively involved in both the US private equity secondary investment activity as well as the US Infrastructure and Real Assets investment activity. Matt is a member of the Global Secondary Investment Committee and the Global Infrastructure and Real Assets Committee. Matt joined Pantheon in July 1999, having worked the previous three years with Cambridge Associates in their Boston and Menlo Park offices. Matt received a BA in history and economics from Brown University, and is a CFA Charterholder. Matt is based in San Francisco.

**Dinesh Ramasamy**
Partner, Global Infrastructure and Real Assets

Dinesh is a Partner in Pantheon's Global Infrastructure and Real Assets Investment Team where he focuses on the analysis, evaluation and completion of infrastructure and real asset investment opportunities in the US. Prior to joining Pantheon, Dinesh was a Vice President in Goldman Sachs' Global Natural Resources group where he executed on a variety of M&A and capital markets transactions across the infrastructure, power and utilities sectors. Previously, Dinesh was in the Power & Utilities group in the Investment Banking Division at RBC in New York. Dinesh holds a BS in Electrical and Computer Engineering from Cornell University and MBA from NYU's Stern School of Business. Dinesh is based in San Francisco.

# Investment Manager continued

## Other key personnel

### Alex Denny

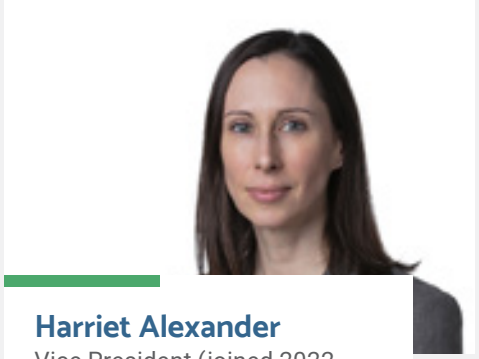
Managing Director (joined 2022, 19 years of market experience)

Alex is a Managing Director, European Private Wealth focusing on the distribution of Pantheon's investment trusts and other retail-focused products. He was previously Head of Investment Trusts at Fidelity International and is Non-Executive Director of the Association of Investment Companies. He has undergraduate degrees in Chemistry and Law from the University of Bristol. Alex is based in London.

### Ben Perkins

Principal (joined 2022, 15 years of market experience)

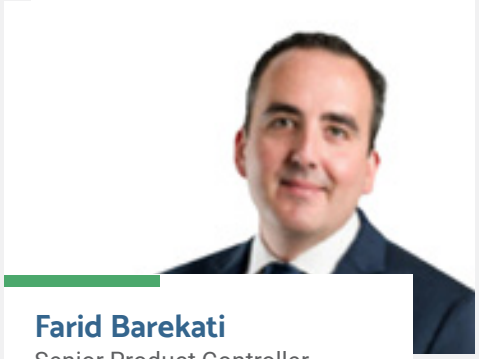
Ben is a Principal in Pantheon's Global Infrastructure & Real Assets team, where he is focused on portfolio management for PINT. Ben has previously worked in investment management roles at Gravis Capital Management, Hadrian's Wall Capital and John Laing. Ben holds a BEng (Hons) in Manufacturing and Mechanical Engineering from the University of Warwick and has completed all three levels of the CFA qualification. Ben is based in London.



### Harriet Alexander

Vice President (joined 2022, 13 years of market experience)

Harriet is a Vice President in Pantheon's Global Infrastructure & Real Assets team, where she is responsible for investor relations and marketing activities focusing on PINT. Harriet previously worked in the Infrastructure team at Federated Hermes in business development. Harriet has also held roles at King Street, Värde, Ashmore and UBS. She holds a bachelor's degree in International Management with French from the University of Bath. Harriet is based in London.



### Farid Barekati

Senior Product Controller, (joined 2020, 12 years of market experience)

Farid is a Senior Product Controller within Pantheon's Product Control Team, where he has operational oversight for the reporting, valuation and external audit of Pantheon's UK listed products including PINT. Prior to joining Pantheon, Farid was the Financial Controller for John Laing Capital Management, responsible for their listed funds. He also spent time in various finance and operations roles within 3i Group plc, before moving to their listed infrastructure fund. Farid holds a BSc (Hons) in Accounting & Computing from Oxford Brookes University and is a qualified chartered accountant. Farid is based in London.

# Statement on Corporate Governance

## The Board of Directors

The Board consists of four non-executive Directors (two male and two female) and the Company has no employees. The Board is responsible for all matters of direction and control of the Company and no one individual has unfettered powers of decision.

The Board seeks to ensure that it has the appropriate balance of skills, experience, ages and lengths of service among its members. The Directors possess a wide range of business, financial and infrastructure expertise relevant to the direction of the Company. During the period, the Board satisfied itself that all Directors were and remain able to commit sufficient time to discharge their responsibilities effectively having given due consideration to their other significant commitments.

An external search consultancy, Nurole Limited ('Nurole'), was used to provide a shortlist of Directors as part of the recruitment process for the non-executive Directors at IPO and Investec Bank plc ('Investec') were also involved in the process. Neither Nurole nor Investec have any connection to any of the non-executive Directors.

Biographies of the Directors, including details of their other directorships and significant commitments, can be found on pages 80 and 81.

In accordance with the Board Diversity Policy, the appointment of any new Director will always be made on the basis of a candidate's merits and the skills/experience identified by the Board as being desirable to complement those of the existing Directors. The Board acknowledges the benefits of greater diversity, including diversity of social and professional background, cognitive and personal strengths, sexual orientation, disability status, gender and ethnicity, and the Board remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives.

A formal process will be established for the selection of new Directors to the Company and the level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company.

Further details on the Company's Board composition and diversity can be found on page 87.

The terms and conditions of the appointment of the non-executive Directors are set out in letters of appointment, copies of which are available for inspection at the registered office of the Company and will be available at the AGM. None of the Directors has a contract of service with the Company.

Further details on the Company's purpose, culture and values can be found in the strategic report on pages 66 to 71.

## Board and Committee meeting attendance

The Board has at least four scheduled meetings a year, with additional meetings if necessary. Directors' attendance at scheduled Board and Committee meetings held during the period to 31 December 2022 is set out in the table below.

## Performance evaluation

During the year, in order to review the effectiveness of the Board as a whole, its Committees and individual Directors, including the independence of each Director, the Directors undertook an internal Board evaluation. Led by the Chair, the evaluation was conducted using tailored questionnaires structured to analyse the focus of Board composition and effectiveness, the efficiency of Board and Committee meetings, and to assess whether the operation of such meetings was appropriate, as well as whether any additional information may be required to facilitate better Board discussions. The Board was also asked to consider Board support, strategic operational oversight, culture, shareholder engagement and succession planning, and responses were collated by the Company Secretary and the Chair and discussed between the Board members. The independence of the Directors and their ability to commit sufficient time to the Company's activities was considered as part of the evaluation process. The performance of the Chair was similarly evaluated by the other Directors, led by the Senior Independent Director (SID).

### Board and Committee meeting attendance

| | Scheduled Board meetings | Audit and Risk Committee meetings | Management Engagement Committee meetings | Nomination Committee meetings | Remuneration Committee meetings | Disclosure Committee meetings |
|---|---|---|---|---|---|---|
| Vagn Sørensen | 6/6 | 3/3 | 1/1 | 1/1 | 1/1 | 2/2 |
| Andrea Finegan | 6/6 | 3/3 | 1/1 | 1/1 | 1/1 | 2/2 |
| Patrick O'Donnell Bourke | 6/6 | 3/3 | 1/1 | 1/1 | 1/1 | 2/2 |
| Anne Baldock | 6/6 | 3/3 | 1/1 | 1/1 | 1/1 | 2/2 |

# Statement on Corporate Governance continued

## Performance evaluation continued

To complement the external evaluation, the Chair also held follow-up discussions with each Director to review their individual performance and the issues that arose from the Board evaluation.

The results of the evaluation process indicated that the Board continues to work well and there are no significant concerns among the Directors about the Board's effectiveness. The resulting actions agreed by the Directors will be monitored during the 2023 financial year.

As a result of the evaluation, the Board is satisfied that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company.

The Directors' biographical details are set out on pages 80 and 81 of this Report. These demonstrate the wide range of skills and experience that they bring to the Board. All Directors will retire and stand for re-election at the Company's AGM on 30 March 2023. The individual performance of each Director standing for election has been evaluated and it is recommended that shareholders vote in favour of their election at the AGM.

## Insurance and indemnity provisions

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense. The Company has arranged a Directors' and Officers' liability insurance policy which includes cover for legal expenses.

Under the terms of appointment of each Director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each Director against all costs, expenses, losses and liabilities incurred in execution of his/her office as Director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment, there are no qualifying third-party indemnity provisions in force.

## Chair and Senior Independent Director

The Board appointed Vagn Sørensen as Chair of the Company on 4 October 2021. Vagn Sørensen is deemed by his fellow independent Board members to be independent. He considers himself to have sufficient time to commit to the Company's affairs. His other commitments are disclosed in his biography on page 80.

Anne Baldock was appointed SID of the Company on 4 November 2022. She provides a channel for any shareholder concerns regarding the Chair and leads the Chair's annual performance evaluation.

## Division of responsibilities

The following sets out the division of responsibilities between the Chair and the SID.

### Role of the Chair

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair:

- demonstrates objective judgement;
- promotes a culture of openness and debate;
- facilitates constructive board relations and the effective contribution of all Non-Executive Directors;
- ensures that Directors receive accurate, timely and clear information;
- in addition to formal general meetings, offers regular engagement with major shareholders in order to understand their views on governance and performance against the Company's investment objective and investment policy;
- ensures that the Board as a whole has a clear understanding of the views of shareholders; and
- acts on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors by recognising the strengths and addressing any weaknesses of the Board.

### Role of the SID

The role of the SID is to provide a sounding board to the Chair and to serve as an intermediary for the other directors and shareholders. Led by the SID, the non-executive directors meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary.

# Statement on Corporate Governance continued

## Directors' independence

In accordance with the Listing Rules that apply to closed-ended investment entities, and taking into consideration the AIC Code, the Board has reviewed the status of its individual Directors and the Board as a whole. All Directors are considered to be independent in both character and judgement.

## Chair and Director tenure/re-appointment of Directors

In accordance with the AIC Code, the Board has determined that its policy on the tenure of the Chair and the Directors is that the Chair and all Directors will be subject to annual re-election at each AGM. Accordingly, resolutions to elect all Directors are contained within the 2023 AGM Notice of Meeting.

## Board diversity

The Board acknowledges the new Financial Conduct Authority (FCA) amendments to the Listing Rules which apply for financial years starting on or after 1 April 2022 and which set positive diversity targets for listed companies and build on the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review regarding ethnic representation on boards. The Directors are pleased to report that as at the reference date of 31 December 2022 and as at the latest practicable date, 50% of the Company's Non-Executive Directors are women, and the SID is a woman. None of the Directors identify as an ethnic minority individual. The information presented in the following tables was collected on a self-reporting basis.

The Directors were provided with the prescribed table and asked to confirm based on how they identify. Although not yet applicable to the Company, the Board is mindful of the FCA's new diversity targets and while pleased that it has met most of them, notes that it does not yet meet the requirement to have at least one Director from an ethnic minority background.

Whilst the Board does not feel that it would be appropriate to set targets as all appointments must be made on merit, the Board supports the recommendation to have ethnic representation on the Board and will include this as a key consideration in its succession planning. Please refer to the Nomination Committee report on page 95.

### Board composition and diversity[1,2]

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (SID and Chair) |
|---|---|---|---|
| Men | 2 | 50% | 1 |
| Women | 2 | 50% | 1 |
| Not specified/prefer not to say | — | — | — |

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (SID and Chair) |
|---|---|---|---|
| White British | 2 | 50% | 1 |
| Other White (including minority-white groups) | 2 | 50% | 1 |

1. The composition of the Board is shown at the latest practicable date.
2. As an investment trust, the additional reporting relating to executive management under the Listing Rules is not applicable.

# Statement on Corporate Governance continued

## Board responsibilities and relationship with the Investment Manager

There is a clear division of responsibilities between the Chair, the Directors, the Investment Manager and the Company's other third-party service providers. The Directors are responsible for the determination and implementation of the Company's investment policy and for monitoring compliance with the Company's objectives. The Company has contracted with the Investment Manager to implement its strategy. At each Board meeting, the Directors follow a formal agenda to review the Company's investments and other important issues, such as asset allocation, gearing policy, corporate strategic issues, cash management, peer group performance, marketing, investor relations, governance and investment outlook, to ensure that control is maintained over the Company's affairs.

The Directors regularly consider its overall strategy and monitor the share price and level of premium or discount.

The Directors are responsible for the investment policy and strategic and operational decisions of the Company and for ensuring that the Company is run in accordance with all regulatory and statutory requirements. These procedures have been formalised in a schedule of matters reserved for decision by the full Board, which has been adopted for all meetings. This includes establishing the investment policy, long-term objectives, commercial strategy and benchmarks, the level of permitted gearing and borrowing and the Company's policies on treasury and share buybacks.

Decisions to invest in, and management of, the Company's assets are delegated to Pantheon. At each Board meeting, representatives of Pantheon are in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Investment Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made and contacts the Board as required for specific guidance on particular issues. Pantheon has discretion to manage the assets of the Company in accordance with the Company's investment objectives and policies, subject to certain additional investment restrictions (which may be amended by the Company from time to time with the consent of the Investment Manager).

The Board determines the parameters of investment strategy and risk management policies within which the Investment Manager can exercise judgement and sets the investment and risk management strategies in relation to currency exposure. The Company Secretary and Investment Manager prepare briefing notes for Board consideration on matters of relevance, for example changes to the Company's economic and financial environment, statutory and regulatory changes and Corporate Governance best practice.

## Institutional investors – use of voting rights

The Company has delegated the exercise of its voting rights to the Investment Manager. Pantheon consults with the Directors of the Company in the case of any corporate action where either there is a conflict of interest between PINT and other Pantheon clients, or where for any reason the proposed voting is inconsistent with the advice given to Pantheon's other clients.

## Conflicts of interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations. The process in place for authorising potential conflicts of interest has operated effectively during the period.

The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances. A register of potential conflicts is maintained by the Company Secretary and is reviewed at each Board meeting, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

# Statement on Corporate Governance continued

## Committees of the Board

The Board has formed a number of Committees, as set out below, to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference approved by the Board, which clearly define its responsibilities and these can be inspected at the registered office of the Company and viewed on the Company's website (www.pantheoninfrastructure.com).

### Audit and Risk Committee

The Audit and Risk Committee comprises all Board members. Mr O'Donnell Bourke, who is the Chair of the Audit and Risk Committee, is a qualified Chartered Accountant and contributes his knowledge and experience to the Audit and Risk Committee. It is felt by the Committee that he is sufficiently qualified for the position of Chair of the Audit and Risk Committee given he has recent and relevant financial experience.

Mr Vagn Sørensen is an experienced non-executive Chair and director of listed and private companies and it is considered appropriate for the Chair of the Company to be a member of the Audit and Risk Committee as he provides a valuable contribution to the deliberations of the Committee. The size of the Board and the dual function of the Committee in audit and risk matters are also noted as factors.

The Audit and Risk Committee meets at least twice a year at appropriate intervals in the financial reporting and audit cycle and to review the Company's internal financial controls and internal control and risk management systems. The Committee met on three occasions during the period ended 31 December 2022. It is intended that the Committee will continue to meet at least two times a year, to review the half-yearly report and to approve the Company's annual report and accounts, and otherwise as required.

The report of the Audit and Risk Committee can be found on pages 92 to 94.

### Nomination Committee

The Nomination Committee comprises all the Directors and is chaired by Mr Vagn Sørensen, except when considering succession of the Chair. It is considered appropriate that all Directors are members of the Nomination Committee given the size of the Board and that all Directors are independent. The Nomination Committee meets at least once a year or more often if required.

Please refer to the Nomination Committee report on page 95.

### Remuneration Committee

The Remuneration Committee meets at least once a year, comprises the whole Board, and is chaired by Ms Anne Baldock, who also serves as the SID. The Company has no employees and the Board is composed solely of non-executive Directors. It is the responsibility of the Remuneration Committee as a whole to determine and approve Directors' fees, following proper consideration and having regard to the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Company's affairs and remuneration levels generally within the investment trust sector. The Chair's remuneration is decided and approved by the Board under the leadership of the SID.

Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' remuneration report on pages 96 to 99.

### Disclosure Committee

The Disclosure Committee comprises the whole Board and is chaired by Mr Vagn Sørensen. The Disclosure Committee meets as required. The Board has delegated to the Disclosure Committee the responsibility for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the FCA's Listing Rules and the Disclosure and Transparency Rules.

### Management Engagement Committee

The Management Engagement Committee (MEC) comprises all Board members and is chaired by Ms Andrea Finegan. The MEC meets at least once a year or more often if required. The Board has delegated to the MEC responsibility for monitoring and evaluating the performance of the Investment Manager and the Investment Manager's compliance with the Investment Management Agreement, as well as assessing the performance and services provided by the Company's other service providers (including the Administrator, Depositary, Registrar and Secretary). The MEC is also responsible for reasonably satisfying itself that the systems put in place by the Investment Manager are adequate to meet relevant legal and regulatory requirements and for reviewing the composition and performance of the key personnel performing the services on behalf of the Investment Manager and ensuring the continuing appointment of the Investment Manager is in the interests of the shareholders as a whole.

# Statement on Corporate Governance continued

## Internal control review

The Directors acknowledge that they are responsible for the Company's risk management and systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the guidance provided by the FRC on risk management, internal control and related finance and business reporting has been established for identifying, evaluating and managing the risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place throughout the period and up to the date the financial statements were approved. Full details of the principal risks and uncertainties faced by the Company can be found on pages 72 to 76.

The risk management process and systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

## Internal control assessment process

Regular risk assessments and reviews of internal controls and the Company's risk appetite are undertaken by the Board in the context of the Company's overall investment objective. The Board, through delegation to the Audit and Risk Committee, has undertaken a robust assessment and review of the emerging and principal risks facing the Company. The review covers the key business, operational, compliance and financial risks facing the Company.

In arriving at its judgement as to the risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which third parties operate the relevant controls.

Against this background, the Board has split the review into four sections reflecting the nature of the risks being addressed.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the Directors obtain information from key third-party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- details of the control environment;
- identification and evaluation of risks and control objectives;
- assessment of communication procedures; and
- assessment of control procedures operated.

There were no significant matters of concern identified in the Board's review of the internal controls of its third-party suppliers. The key procedures which have been established to provide effective internal financial controls are as follows:

- BNP Paribas Trust Corporation UK Limited (previously BNP Paribas Securities Services, London Branch) has been appointed as Depositary;
- the provision of administration and accounting is the responsibility of Link Alternative Fund Administrators Limited;
- the provision of company secretarial duties is the responsibility of Link Company Matters Limited;
- investment management is provided by Pantheon. The Board is responsible for the implementation of the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- the Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of key agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board, via the MEC, monitors their ongoing performance and contractual arrangements;
- the duties of investment management and accounting are segregated. The procedures of the individual parties are designed to complement one another; and
- the Board reviews detailed financial information produced by the Investment Manager and the Administrator on a regular basis.

The Company does not have an internal audit function. All of the Company's management functions are delegated to independent third parties whose controls are reviewed by the Board. It is therefore felt that there is no need for the Company to have an internal audit function. This need is reviewed periodically.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the various systems of internal controls as operated by the Company's main service providers during the year including financial, operational and compliance controls and found there to be no matters of concern.

# Statement on Corporate Governance continued

## Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Link Company Matters Limited, who is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with.

The Company Secretary is also responsible to the Board for ensuring the timely delivery of information and reports and for ensuring that statutory obligations of the Company are met.

## Dialogue with shareholders

Communication with shareholders is given a high priority by the Board and the Investment Manager, and all Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at the AGM, during which the Board and the Investment Manager will be available to discuss issues affecting the Company, and shareholders will have the opportunity to address questions to the Investment Manager, the Board and the Chairs of the Board's Committees.

At each AGM, a presentation will be given by the Investment Manager to all shareholders present.

There is regular dialogue with institutional shareholders and a structured programme of shareholder presentations by the Investment Manager to institutional investors will take place following publication of the annual and half-yearly results. A detailed list of the Company's shareholders is reviewed at each Board meeting.

The half-yearly and annual reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance.

Copies are dispatched to shareholders by mail or electronically as requested and are also available on the Company's website: www.pantheoninfrastructure.com. The Company always responds to communications from shareholders. Shareholders wishing to communicate directly with the Board should contact the Company Secretary, by email to pint_cosec@linkgroup.co.uk or by writing to the registered office shown on page 136, who will arrange for the relevant Board member to contact them.

Further details of our engagement with the Company's stakeholders and how the Board has regard to those stakeholders in the Board's decision-making processes are set out in the strategic report on pages 66 to 71.

On behalf of the Board

**Vagn Sørensen**
Chair

1 March 2023

# Audit and Risk Committee report

**Patrick O'Donnell Bourke**
Audit and Risk Committee Chair

I am pleased to present the Audit and Risk Committee report for the period ended 31 December 2022.

The Audit and Risk Committee comprises myself, as Chair, and the other members of the Board.

Further details about the composition of the Audit and Risk Committee are set out on pages 80 and 81.

Audit and Risk Committee members consider that, individually and collectively, they are independent and appropriately experienced to fulfil the role required within the sector in which the Company operates. The constitution and performance of the Audit and Risk Committee is reviewed on a regular basis.

## Role of the Audit and Risk Committee

Clearly defined terms of reference, which were reviewed and updated during the period, have been established by the Board. The primary responsibilities of the Audit and Risk Committee are:

- to monitor the integrity of the financial statements, the financial reporting process and the accounting policies of the Company;
- to provide advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable; whether suitable and appropriate estimates and judgements have been made in respect of areas which could have a material impact on the financial statements; and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review the effectiveness of the internal control environment of the Company, including its service providers, and its reporting processes and to monitor adherence to best practice in Corporate Governance and compliance with applicable regulatory and legal requirements;
- to advise the Board on the Company's overall risk appetite, tolerance and strategy and the principal and emerging risks the Company is willing to take in order to meet its long-term objectives;
- to assess the Company's emerging and principal risks and monitor the Company's risk management and internal financial controls and to seek assurance regarding the risk exposures of the Company and the effectiveness of risk management and internal control systems;
- to make recommendations to the Board in relation to the tender process, the appointment, re-appointment and removal of the external Auditor and to approve the Auditor's remuneration and terms of engagement, including scope of work;
- to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process; and
- to provide a forum through which the Company's Auditor reports to the Board.

The Audit and Risk Committee also reviews the Investment Manager's compliance, whistleblowing and fraud procedures.

The Audit and Risk Committee has direct access to the Auditor, Ernst & Young (EY), and representatives of EY attend each Audit and Risk Committee meeting.

## Matters considered during the period

We met on three occasions during the period ended 31 December 2022 and once since the period end. The Board and Committee meeting attendance table can be found on page 85. At those meetings, the Audit and Risk Committee:

- reviewed and agreed the half-year and year-end portfolio valuation and the Company's NAVs;
- reviewed the Company's financial statements for the half-year and year-end and made formal recommendations to the Board;
- reviewed the Company's going concern and viability statements;
- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- agreed the audit plan and fees with the Auditor, including the principal areas of focus, as well as the reporting by the Auditor on its review and audit of the Company's 30 June and 31 December financial statements respectively;
- reviewed the risk matrix covering the Company's key investment and operating risks including how they are classified and mitigated;
- reviewed the whistleblowing policy together with the data protection, fraud prevention and anti-money laundering policies of the Investment Manager (no incidents or risk areas were reported during the period); and
- reviewed compliance with the AIC code and its own terms of reference.

# Audit and Risk Committee report continued

## Matters considered during the period continued

The principal issues considered by the Committee were:

### A. Valuation of assets

The Committee reviewed the basis of valuation of each investment held by the Company at 31 December 2022 prepared by the Investment Manager from information provided by each relevant Sponsor. Questions raised by the Committee were addressed by the Investment Manager. The Committee also reviewed the Auditor's reporting on its testing of investment valuations using its specialists as part of the year end audit. As a result, the Committee satisfied itself that the Company's Portfolio was held at fair value.

### B. Going concern and long-term viability

The Committee considered the Company's financial requirements and viability for the twelve months from the date of these financial statements, and over the subsequent two years. This assessment included the review of various downside cases with varying degrees of decline in investment valuations on financial statement disclosures including those relating to principal risks. As a result of this assessment, the Committee concluded that the Company had adequate resources to continue in operation and meet its liabilities as they fall due both for the twelve months from the date of these financial statements, and over the subsequent two years. Related going concern and long-term viability disclosures are set out on pages 77, 93 and 102 and Note 1 on page 116.

### C. Maintenance of investment trust status

The Investment Manager and Administrator reported to the Committee to confirm continuing compliance with the requirements for maintaining investment trust status. These requirements are also discussed with the Auditor as part of the audit process.

### D. Internal controls

The Audit and Risk Committee reviewed and updated, where appropriate, the Company's risk matrix. This document is reviewed by the Audit and Risk Committee every six months. It is satisfied with the extent, frequency and quality of the reporting of the Investment Manager's monitoring to enable the Audit and Risk Committee to assess the degree of control of the Company and the effect with which risk is managed and mitigated. The Audit and Risk Committee also received reports on internal controls from each of the Company's service providers.

No incidents of significant control failings or weaknesses were identified during the period ended 31 December 2022, within the Company or its third-party suppliers. It is noted that the Company Secretary does not ordinarily produce internal control reports due to the non-financial nature of services it provides to the Board and does not provide services outsourced by the Investment Manager. Notwithstanding this, the Secretary has provided a letter to the Committee as part of the annual report process, which confirms that there have been no significant control failings or weaknesses identified during the period.

The Company does not have an internal audit function as substantially all of its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Audit and Risk Committee discussed whether it would be appropriate to establish an internal audit function, and agreed that the existing system of monitoring and reporting by third parties remained appropriate and sufficient.

## External audit

The Audit and Risk Committee monitors and reviews the effectiveness of the external audit process for the publication of the annual report and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor.

## Audit fees

The audit fees incurred were £135,000 for the audit of the 2022 financial statements and £25,000 for the audit of the initial accounts to 30 June 2022 to support the first dividend distribution. The Audit and Risk Committee will continue to monitor the level of audit fees closely.

## Non-audit fees/independence and objectivity of the Auditor

The Audit and Risk Committee reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. The Board's policy is that non-audit services may be carried out by the Company's Auditor unless there is a conflict of interest or someone else is considered to have more relevant experience.

Non-audit services amounting to £35,000 were provided during the period ended 31 December 2022, relating to the review of the half-year report and the year-end NAV calculations. The Company also paid EY fees of £70,000 prior to its launch for acting as Reporting Accountant in respect of the Company's IPO and for advice relating to the C share issue proposed for September 2022, the latter of which did not proceed due to market conditions. The ratio of non-audit to audit fees is 66%.

The Audit and Risk Committee believes that it is appropriate for the Company's Auditor to provide such services to the Company as these services are audit related and (subsequent to the Company's launch) are considerably less than the annual statutory audit fee.

The Audit and Risk Committee has received assurances from the Auditor that its independence is not compromised by the supply of these services.

# Audit and Risk Committee report continued

## Effectiveness of external audit process

The Audit and Risk Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the annual audit, a report on the annual audit and a report on its review of the half-year financial statements. The Audit and Risk Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, at least once a year, the Audit and Risk Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager. After each audit, the Audit and Risk Committee reviews the audit process and considers its effectiveness.

## Appointment of the Auditor

The Board of PINT appointed EY as PINT's first auditors in 2021. A resolution to re-appoint EY as the Company's Auditor will be proposed at the Company's AGM.

A competitive tender must be carried out by the Company at least every ten years. The Company is therefore required to carry out a tender no later than in respect of the financial period ending 31 December 2033. The current lead audit partner, Mr Matthew Price, has been in place since the IPO in 2021. Ethical standards generally require the rotation of the lead audit partner every five years for a listed client.

The Committee monitors the Company's relationship with the Auditor and has discussed and considered its independence and objectivity. The Auditor also provides confirmation that it is independent within the meaning of all regulatory and professional requirements and that objectivity of the audit is not impaired. The Committee is therefore satisfied that EY is independent, especially considering the term of appointment to date, and will continue to monitor this position.

Taking into account the performance and effectiveness of the Auditor and the confirmation of its independence, the Committee has recommended to the Board that a resolution to re-appoint EY as Auditor be put to shareholders at the forthcoming AGM. EY has confirmed its willingness to continue in office.

## Fair, balanced and understandable

As a result of the work performed, the Audit and Risk Committee has concluded that the annual report for the period ended 31 December 2022, 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 has reported on these findings to the Board.

**Patrick O'Donnell Bourke**
Audit and Risk Committee Chair

1 March 2023

# Nomination Committee report

**Vagn Sørensen**
Nomination Committee Chair

The Nomination Committee comprises all the Directors and is chaired by Mr Vagn Sørensen, except when considering succession of the Chair. It is considered appropriate that all Directors are members of the Nomination Committee given the size of the Board and that all Directors are independent. The Nomination Committee meets at least once a year or more often if required.

The role of the Nomination Committee is to undertake the formal process of reviewing the balance, effectiveness and diversity of the Board and to consider succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company and the individuals who might best provide them.

The Nomination Committee, as and when necessary, makes recommendations to the Board with regard to criteria for future Board appointments and the methods of selection. It also considers and reviews the appointment of a SID, membership of the Board's Committees, and the re-appointment of those Directors standing for re-election at AGMs.

In addition, the Nomination Committee is responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to undertake them, and for reviewing the Directors' performance appraisal process.

As part of ongoing succession planning, the Nomination Committee ensures that all Board appointments are subject to a formal, rigorous and transparent procedure. The Company seeks to ensure that any Board vacancies are filled by the most qualified candidates based on objective criteria and merit in the context of the skills, knowledge and experience that are needed for the Board to be effective.

The Board supports diversity and inclusion at Board level and acknowledges the benefits of diversity, including diversity of gender, socio-economic and ethnic background, sexual orientation, disability and cognitive and personal strengths. The Board remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board.

The Board welcomes the recent changes to the Listing Rules which incorporate the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review regarding ethnic representation on boards, into law.

The UK Listing Rules require listed companies to disclose annually their position against the following board diversity targets:

- at least 40% of women on the Board;
- at least one of the senior Board positions to be held by a woman (such as Chair, SID, Chief Executive or Chief Financial Officer); and
- at least one Director from an ethnic minority background.

At 31 December 2022, PINT met two of the three targets above, with 50% women on the Board and Ms Anne Baldock in the position of SID.

During the year, the Nomination Committee met once and all Committee members were in attendance. The Committee agreed and recommended to the Board a Diversity Policy and reviewed the balance of skills and diversity on the Board. Further information on the Diversity Policy is set out on page 87. It was agreed that whilst the current structure, size and composition of the Board was appropriate and balanced and that it was too early to begin succession planning for the Chair or the non-executive Directors in 2022, the Nomination Committee would review this position during 2023 and any potential additions to the Board would include a preference for candidates from an ethnic minority background.

The Nomination Committee is also responsible for conducting an annual performance evaluation of the Board, the Board's Committees and individual Directors and for reviewing the results of the performance evaluation that relate to the composition of the Board and succession planning. The Nomination Committee will also review the effectiveness of the performance evaluation process as a whole and ensure its ongoing suitability. Details of the performance evaluation of the Board undertaken shortly after the year end and the rationale for re-election of the Directors are provided on pages 85 and 86.

**Vagn Sørensen**
Nomination Committee Chair

1 March 2023

# Directors' remuneration report

**Anne Baldock**
Remuneration Committee Chair

The Board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's report on pages 105 to 111.

## Statement from the Chair

I am pleased to present the Directors' remuneration report for the period ended 31 December 2022. The Remuneration Committee comprises myself, as Chair, and the other members of the Board. It is considered appropriate for all Directors to be members of the Remuneration Committee given the size of the Board and it is felt that members are, individually and collectively, independent and appropriately experienced to fulfil the role required within the sector in which the Company operates.

Directors' remuneration is determined by the Remuneration Committee, at its discretion within an aggregate limit of £500,000 per annum, set out in the Company's Articles of Association and in accordance with the AIC Code of Corporate Governance. No Director is involved in deciding his or her own remuneration.

During the period the Remuneration Committee held one meeting. Individual attendance by the Directors is included in the table on page 85.

The Remuneration Committee's main functions include: (i) agreeing the policy for the remuneration of the Directors and reviewing and proposing changes to the policy, as necessary; (ii) agreeing the policy for authorising claims for expenses from Directors; and (iii) establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee (currently none).

Companies are required to ask shareholders to approve the annual remuneration report, which includes the annual remuneration paid to Directors each year, and formally to approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy requires shareholder approval. The vote on the Directors' remuneration report is an advisory vote, while the Directors' Remuneration Policy is subject to a binding vote.

The Board consists entirely of non-executive Directors and the Company has no employees. There is, therefore, nothing to report on those aspects of remuneration that relate to executive Directors.

In accordance with the Remuneration Policy, the fees payable to Directors were set at the rate of £55,000 for the Chair, £45,000 for the Chair of the Audit and Risk Committee and £40,000 for the other Directors.

## Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy') will be put to shareholders' vote at least once every three years, and in any year that a change in the Policy is proposed. A resolution to approve the Policy will be put to shareholders at the Company's first AGM which is scheduled for 30 March 2023. The results of the votes cast at the 2023 AGM relating to the remuneration report and Remuneration Policy will be included in the subsequent annual report for reference.

# Directors' remuneration report continued

## The policy

The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors, and the value and amount of time committed to the Company's affairs.

The Chair does not participate in any discussions relating to his own fee, which is determined by the other Directors. Directors are entitled to be paid all travelling, hotel or other expenses properly incurred by them in connection with their attendance at Director or shareholder meetings or otherwise in connection with the discharge of their duties as Directors. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. Under the Company's Articles, the Board and a Non-executive Director may agree that any fee payable to the Non-executive Director may consist (wholly or partly) of payments by way of pension contributions or premiums to secure pension benefits, whether in accordance with a pension scheme or otherwise. The Directors do not currently receive pension benefits, nor do they receive long-term incentive schemes or share options.

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. There are no service contracts in place. Each directorship may be terminated by either party on three months' prior written notice. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, or any greater sum that may be determined by ordinary resolution of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

## Directors' remuneration components

The Directors are entitled only to the fees as set out in the table below from the date of their appointment. No component of Directors' remuneration is subject to performance factors.

Fees will be reviewed annually in accordance with the policy below.

The fee for any new Director appointed to the Board will be determined on the same basis. The Company is committed to ongoing Shareholder dialogue and any views expressed by Shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

| Remuneration type | Description and approach to determination |
|---|---|
| **Fixed fees** | Annual fees are set for each of the Directors, reflect the experience of the Board as a whole and are determined with reference to comparable organisations and appointments.<br>When making recommendations for any changes in fees, the Committee will consider wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).<br>The total amount of the fees paid to all of the Non-Executive Directors excluding any remuneration for special or additional services paid as set out below shall not exceed £500,000 in each year or any higher amount decided by the Company by ordinary resolution.<br>The Chair does not participate in any discussions relating to his own fee, which is determined by the other Directors. |
| **Additional fees** | The Board may decide to award extra fees (whether by way of salary, commission, percentage of profits or otherwise) to a Director (holding either an executive or a non-executive office) who serves on a committee, acts as chair or deputy chair, devotes special attention to the Company's business or who otherwise performs services which the Board decides are outside the scope of his or her ordinary duties; or goes or lives abroad in connection with the Company's business. |
| **Expenses** | Directors are entitled to be paid all travelling, hotel or other expenses properly incurred by them in connection with their attendance at Director or shareholder meetings or otherwise in connection with the discharge of their duties as Directors. |
| **Other** | The Board and a Non-executive Director may agree that any fee payable to the Non-executive Director may consist (wholly or partly) of payments by way of pension contributions or premiums to secure pension benefits, whether in accordance with a pension scheme or otherwise. The Directors do not currently receive pension benefits, nor do they receive long-term incentive schemes or share options. |

# Directors' remuneration report continued

## The policy continued

### Directors' service contracts

None of the Directors have a contract of service with the Company. Each Director has entered into terms of appointment as a non-executive Director of the Company. There has been no other contract or arrangement between the Company and any Director at any time during the year. Under the Articles of Association, each Director shall retire and be subject to re-appointment at the first AGM following appointment, and at least every three years thereafter. After nine years' service, Directors are subject to annual re-appointment. In accordance with the AIC Code, all Directors are subject to annual re-election at each AGM. There are no agreements between the Company and its Directors concerning compensation for loss of office or which could give rise to, or impact on, remuneration payments.

### Directors' fee levels per annum (effective from 1 January 2023)

| | Expected fees for year to 31 December 2023 £ | **Fees for period to 31 December 2022[4] £** |
|---|---|---|
| Chair[1] | 55,000 | **67,128** |
| Audit and Risk Committee Chair[2] | 45,000 | **54,923** |
| Non-executive Director | 40,000 | **48,821** |
| Expenses[3] | 2023 Q1 expense 141 | **55** |

1. The Chair of the Board is paid a higher fee than the other Directors to reflect the more onerous role.
2. The Chair of the Audit and Risk Committee is paid a higher fee than the other Directors to reflect the more onerous role.
3. Reimbursement of expenses incurred in the performance of duties as a Director.
4. From 12 October 2021 to 31 December 2022.

## Annual report on Directors' remuneration

### Directors' remuneration for the period ended 31 December 2022 (audited)

The Directors who served during the period received the amounts set out in the table opposite for services as non-executive Directors for the period ended 31 December 2022 as well as reimbursements for expenses necessarily incurred.

An additional non-taxable reimbursement of expenses of £141 was paid in the first quarter of 2023 in respect of Directors' expenses. No other additional fees are payable for membership of the Board's Committees.

No sums were paid to any third parties in respect of Directors' services and no sums were paid to any third parties in respect of advice from remuneration advisers.

Fees for any new Director appointed will be made on the above basis. Fees payable in respect of subsequent years will be determined following market reviews to ensure fees remain appropriate.

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board.

| | Period ended 31 December 2022 | | |
|---|---|---|---|
| **Director** | **Remuneration £** | **Taxable benefits £** | **Total £** |
| Vagn Sørensen | **67,128** | **–** | **67,128** |
| Patrick O'Donnell Bourke[1] | **54,923** | **55** | **54,978** |
| Andrea Finegan | **48,821** | **–** | **48,821** |
| Anne Baldock | **48,821** | **–** | **48,821** |
| | **219,693** | **55** | **219,748** |

1. A reimbursable expense of £55 was claimed during the period. An additional reimbursable expense of £141 was claimed in Q1 2023.

### Company performance

In setting Directors' remuneration, consideration is given to the relative size and performance of the Company. The table below sets out PINT's total NAV and share price returns to ordinary shareholders since launch, compared with the S&P Global Infrastructure Index over the same period. The S&P Global Infrastructure Index is used as a benchmark as the constituents are comparable in asset type with the Company's investments portfolio. For the year ended 31 December 2022, total shareholder return was (10.0%), compared with the S&P Global Infrastructure Index which was 6.4%.

| **Period** | **Three months** | **Six months** | **One year** | **Since launch (Nov-21)** |
|---|---|---|---|---|
| NAV per share | (0.4%) | 3.1% | 1.9% | (0.1%) |
| Share price | (1.3%) | (10.8%) | (11.7%) | (10.0%) |
| S&P Global Infrastructure Index (TR) | 5.7% | (3.5%) | 0.8% | 6.4% |

# Directors' remuneration report continued

## Annual report on Directors' remuneration continued

### Relative importance of spend on pay

The table below shows the proportion of the Company's income spent on pay.

| | 12 October 2021 to 31 December 2022 | |
|---|---|---|
| | £ | % |
| Directors' fees | 219,693 | 2.7 |
| Management fee and other expenses | 3,194,000 | 38.9 |
| Dividend payments | 4,800,000 | 58.4 |
| Share buybacks | – | – |

### Annual percentage change in Directors' remuneration

Directors' fees were unchanged in the period from inception to 31 December 2022.

### Directors' interests (audited)

The Company's Articles of Association do not require a Director to own shares in the Company. The interests of the Directors and any connected persons in the Ordinary Shares of the Company at 31 December 2022 and at 31 December 2021 are shown in the table below:

| Director | Number of shares 31 December 2022 | Number of shares 31 December 2021 |
|---|---|---|
| Richard Sem[1] | N/A | – |
| Andrea Echberg[2] | N/A | – |
| Vagn Sørensen | 120,000 | 100,000 |
| Anne Baldock | 30,000 | 25,000 |
| Andrea Finegan | 30,000 | 25,000 |
| Patrick O'Donnell Bourke | 60,000 | 50,000 |

1. Mr Sem retired from the Board on 4 October 2021.
2. Ms Echberg retired from the Board on 4 October 2021.

All the holdings of the Directors are beneficial. None of the Directors or any person connected with them had a material interest in the Company's transactions, arrangements or agreements during the period.

There have been no changes in the Directors' interests between 31 December 2022 and the date of this report.

## Approval

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above report on remuneration summarises, as applicable, for the period to 31 December 2022:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the period; and
- the context in which the changes, if any, occurred and decisions have been taken.

The Directors' remuneration report was approved by the Board of Directors and signed on its behalf by:

**Anne Baldock**
Remuneration Committee Chair

1 March 2023

# Directors' report

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the period ended 31 December 2022.

In accordance with the Companies Act 2006 (as amended), the Listing Rules and the Disclosure Guidance and Transparency Rules, the Corporate Governance Statement, Directors' remuneration report, report from the Audit and Risk Committee and the statement of Directors' responsibilities should be read in conjunction with one another and the strategic report. As permitted by legislation, some of the matters normally included in the Directors' report have instead been included in the strategic report, as the Board considers them to be of strategic importance. Therefore, a review of the business of the Company, recent events and outlook can be found on pages 1 to 52 and information regarding ESG issues can be found on pages 53 to 65.

Particulars of important events affecting the Company which have occurred since 31 December 2022 are contained in Note 25 to the financial statements.

Information required to be part of this Directors' report can be found elsewhere in the annual report and is incorporated into this report by reference, as indicated below:

- events subsequent to 31 December 2022 can be found in Note 25 to the financial statements;
- board engagement with key stakeholders can be found on pages 66 to 70; and
- principal decisions taken during the period can be found on page 71.

## Directors

The Directors during the period were:

| | Appointed | Resigned |
|---|---|---|
| Richard Sem | 9 September 2021 | 4 October 2021 |
| Andrea Echberg | 9 September 2021 | 4 October 2021 |
| Vagn Sørensen | 4 October 2021 | |
| Anne Baldock | 4 October 2021 | |
| Andrea Finegan | 4 October 2021 | |
| Patrick O'Donnell Bourke | 4 October 2021 | |

The names and full biographies of the Directors can be found on pages 80 and 81. As at 31 December 2022 and as at the latest practicable date prior to publication of this report, the Board comprised two male Directors and two female Directors.

All Directors will retire and stand for election at the AGM on 30 March 2023. Further details regarding the selection and appointment of Directors, including the Company's policy on diversity, can be found on page 87.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association and in the Companies Act 2006. There are no agreements between the Company and its Directors concerning any compensation for their loss of office that occurs because of a takeover bid.

## Articles of Association

Any amendments to the Articles of Association must be made by special resolution at a general meeting of the shareholders.

## Share capital

The rights attaching to the Company's shares are set out in the Company's Articles of Association. Further details can be found in Note 16 of the financial statements.

As at 31 December 2022 and as at the date of this report, the Company had shares in issue as shown in the table overleaf, all of which were listed on the official list maintained by the FCA and admitted to trading on the London Stock Exchange. No shares were held in treasury at the year end.

There are no restrictions on the free transferability of the Shares, subject to compliance with applicable securities laws and provisions in the Articles entitling the Board to decline to register certain transfers in a limited number of circumstances, such as where the transfer might cause the Company to be subject to or operate in accordance with ERISA and other US laws.

The powers given to the Directors are contained within the Company's articles, are subject to relevant legislation and, in certain circumstances (including in relation to the issuing or buying back by the Company of its shares), are subject to the authority being given to the Directors by shareholders.

Prior to the Company's listing on 13 October 2021, the Directors were authorised in accordance with the Articles to allot up to a maximum of two billion Ordinary and/or C Shares and to disapply pre-emption rights in respect of those Ordinary and/or C shares, such authority to expire on 13 October 2024. To date, no Shares have been allotted under this authority.

# Directors' report continued

## Share capital continued

An authority to repurchase up to 14.99% of the Company's issued share capital to be held in treasury or for cancellation was also granted to the Directors on 12 October 2021, however this will expire at the conclusion of the 2023 AGM when a resolution for its renewal will be proposed, as explained in the separate 2023 AGM Notice. To date, no Shares have been repurchased by the Company under this existing authority.

| Share capital and voting rights | Number of shares in issue | Voting rights attached to shares | Number of shares held in treasury |
|---|---|---|---|
| **At Initial Public Offering** | | | |
| Ordinary Shares of 0.01p each | 400,000,000 | 400,000,000 | – |
| Subscription Shares of 0.01p each | 80,000,000 | 80,000,000 | – |
| **At 31 December 2022** | | | |
| Ordinary Shares at 0.01p each | **480,000,000** | **480,000,000** | **–** |

## Dividends

The Board is declaring a second interim dividend of 1p per share for the period ended 31 December 2022, payable on 31 March 2023. A first interim dividend of 1p per Ordinary Share for the period ended 30 June 2022 was paid on 28 October 2022.

## Financial risk management

Details in relation to the Company's use of derivative financial instruments, financial risk management objectives and policies, including policies for hedging each major type of forecasted transaction for which hedge accounting is used; as well as the Company's exposure to price, credit, liquidity, or cash flow risk are set out in Note 23 to the financial statements.

## Management

The Company entered into an Investment Management Agreement with the Company's Investment Manager, Pantheon, on 13 October 2021, under which Pantheon was appointed as the Company's Alternative Investment Fund Manager (AIFM). Pantheon, which is part of the Pantheon Group, has been approved as an AIFM by the FCA.

Pantheon is one of the world's foremost private equity fund investors and has acted as Investment Manager to the Company since the Company's inception in 2021.

Affiliated Managers Group, Inc. (AMG), alongside senior members of the Pantheon team, acquired the Pantheon Group in 2010. The ownership structure, with Pantheon senior management owning a meaningful share of the economics in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Under the terms of the Investment Management Agreement, Pantheon has been appointed as the sole and exclusive discretionary manager of all the assets of the Company and to provide certain additional services in connection with the management and administration of the Company's affairs, including monitoring the performance of, and giving instructions on behalf of the Company to, other service providers to the Company.

The Investment Manager is entitled to a monthly management fee at an annual rate of:

i. 1.0% of the part of the Company's NAV up to and including £750 million; and

ii. 0.9% of the part of such NAV in excess of £750 million.

The Management Agreement is capable of being terminated (without penalty to the Company) by either party giving not less than twelve months' notice in writing at any time on or after the fourth anniversary of the admission of the Ordinary Shares of the Company on the Main Market of the London Stock Exchange and on the Official List of the FCA as contemplated by the Company's Prospectus dated 13 October 2021 (or at the Company's option, by making a payment in lieu of such notice).

The Management Agreement is capable of being terminated by the Company (without penalty to the Company) immediately if, among other things, the Investment Manager materially breaches its obligations (and cannot or does not remedy the breach) or goes into liquidation. The Investment Manager has the benefit of an indemnity from the Company in respect of liabilities arising out of the proper performance by the Investment Manager of its duties and compliance with instructions given to it by the Board and an exclusion of liability save to the extent of any fraud, gross negligence, wilful default, bad faith or knowing violation of applicable laws.

# Directors' report continued

## Management continued

Pantheon sources, evaluates and manages investments on the Company's behalf, allocating investments to the Company, in accordance with Pantheon's investment allocation policy, that are in line with the strategy agreed with the Board and the Company's investment objective and policy.

## Related party transactions

Related party transactions for the period can be found in Note 24 to the financial statements.

## Continuing appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the MEC carries out an annual review of the Investment Manager's performance and the terms of the Management Agreement. The ongoing review of the Investment Manager includes activities and performance over the course of the year and review against the Company's peer group. The Board is of the opinion that it is in the interests of shareholders as a whole to continue the appointment.

The reasons for this view are that the investment performance is satisfactory and the Investment Manager is well placed to continue to manage the assets of the Company according to the Company's strategy. Further details of the Board's engagement with the Investment Manager are set out on page 68.

## Service providers

BNP Paribas Trust Corporation UK Limited (previously BNP Paribas Securities Services, London Branch) acts as the Company's Depositary in accordance with the AIFM Directive, subject to the terms and conditions of a Depositary Agreement, as updated in 2022 by a Deed of Novation and Amendment, entered into between the Company, the AIFM and the Depositary. Full details of the Board's engagement with service providers are set out on page 69.

## Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the strategic report and Investment Manager's report. The Directors have made an assessment of going concern, taking into account both the Company's financial position at the balance sheet date and the expected performance of the Company, using the information available up to the date of issue of the financial statements.

Total available financing as at 31 December 2022 stood at £245.4 million, comprising £182.9 million in available cash balances and £62.5 million through the Company's RCF, which matures in December 2025. The Company maintains a policy to hold liquidity sufficient to cover all future operating and financial commitments due in the next twelve months. This includes all forecast operating costs, dividend payments, foreign exchange hedge settlements due (based on mark-to-market valuations), and all unfunded investment commitments which could be called during the period as detailed in the Cash and liquidity management section on page 19.

The Directors considered downside liquidity modelling scenarios with varying degrees of decline in investment valuations and key drivers such as deployment rate, investment returns and operating expenses. In connection with the preparation of the model, capital raises, realisations and distribution payments were assumed not to occur during the assessment period. In the event of a downside scenario, the Company can take steps to limit or mitigate the impact on the balance sheet, including drawing on its RCF, which includes the provision of additional liquidity for working capital.

After due consideration of the activities of the Company, its assets, liabilities, commitments and financial resources, the Directors concluded that the Company has adequate resources to continue in operation for at least twelve months from the approval of the financial statements as at 31 December 2022. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

## Political donations

The Company made no political donations during the period to 31 December 2022. The Company has in place an anti-bribery and charitable & political donations policy which was approved by the Board in May 2022.

# Directors' report continued

## Substantial shareholdings

As at 31 December 2022, the Company had received notification of the following disclosable interests in the voting rights of the Company:

| Shareholders | Number of shares held | % of total voting rights |
|---|---|---|
| Investec Wealth & Investment Limited | 90,563,698 | 18.87% |
| Evelyn Partners Limited | 59,914,479 | 12.48% |
| Close Asset Management Limited | 20,870,685 | 4.78% |
| Quilter PLC | 41,171,287 | 8.58% |

It should be noted that these holdings may have changed since notified to the Company and may not therefore be wholly accurate statements of actual holdings as at 31 December 2022. However, notification of any change is not required until the next applicable threshold is crossed.

- On 2 February 2023, Evelyn Partners Limited notified the Company that it had reduced its shareholding to 11.99%.
- On 23 February 2023, Investec Wealth & Investment Limited notified the Company that it had reduced its shareholding to 17.99%.

## Greenhouse gas emissions and Task Force on Climate-related Financial Disclosures (TCFD)

All the Company's activities are outsourced to third parties. As such, it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions or consume any energy reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK government's policy on Streamlined Energy and Carbon Reporting. Under Listing Rule 15.4.29(R), the Company, as a closed-ended investment fund, is currently exempt from complying with the TCFD.

Further details of the Investment Manager's approach to responsible investment practices and ESG standards can be found in the strategic report on pages 53 to 59.

## Modern Slavery Act

As an investment trust, the Company does not provide goods or services in the normal course of business, and does not have employees, customers or turnover. Accordingly, the Company is not in scope of the Modern Slavery Act (the 'Act') and is therefore not required to make any slavery or human trafficking statement under the Act. The Company's own supply chain, which consists predominantly of professional advisers and service providers in the financial services industry, is considered to be low risk in relation to this matter. However, the Company has a zero-tolerance approach to modern slavery and as such has adopted its own Modern Slavery and Human Trafficking Statement which was approved by the Board of Directors in May 2022. Details of the Company's approach to modern slavery can be found in the strategic report on page 56.

## Future developments

The outlook for the Company is set out in the Chair's statement on page 10.

## Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

## Annual General Meeting (AGM)

The Company's AGM will be held on 30 March 2023. The business to be proposed at the AGM will be set out in a separate Notice of Meeting which will be published shortly.

## Audit information

The Directors who held office at the date of approval of the Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

## Approval

The Directors' report has been approved by the Board.

On behalf of the Board

**Vagn Sørensen**
Chair

1 March 2023

# Directors' responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 as at the end of each financial year and of the profit or loss of the Company for that period.

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

- present a true and fair view of the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with FRS 102 and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 also responsible for preparing the strategic report, the Directors' report, the Directors' remuneration report, the Corporate Governance Statement and the report of the Audit and Risk Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Company's corporate and financial information included on the Company's website (www.pantheoninfrastructure.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 80 and 81, confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the strategic report contained in the annual report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The UK Corporate Governance Code requires Directors to ensure that the annual report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Risk Committee advises on whether it considers that the annual report and financial statements fulfil these requirements. The process by which the Audit and Risk Committee has reached these conclusions is set out in its report on pages 92 to 94. As a result, the Board has concluded that the annual report and financial statements for the period ended 31 December 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by

**Vagn Sørensen**
Chair

1 March 2023

1. Rebranded Evelyn Partners from 14 June 2022.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc

## Opinion

We have audited the financial statements of Pantheon Infrastructure Plc (the 'Company') for the period ended 31 December 2022 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement, and the related notes 1 to 25 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

## Independence

We are 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 Financial Reporting Council's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of Company in conducting the audit.

## 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:

- confirming our understanding of the Company's going concern assessment process and engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- inspecting the Directors' assessment of going concern, including the portfolio cash flow forecast, for the periods to 1 March 2024 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the portfolio cash flow forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- reviewing the factors and assumptions, including the impact of the Covid-19 pandemic and the Russia/Ukraine conflict, applied to the portfolio cash flow forecast and the liquidity assessment of the investment portfolio. We considered the appropriateness of the methods used to calculate the portfolio cash flow forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company;
- inspecting the Directors' assessment of the risk of breaching the loan facility covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with loan facility covenants in the scenarios assessed by the Directors, who also performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants;
- considering the mitigating factors included in the portfolio cash flow forecasts and covenant calculations that are within the control of the Company; and
- reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 1 March 2024.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc continued

## Conclusions relating to going concern continued

In relation to the Company's 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## Overview of our audit approach

| | |
|---|---|
| Key audit matters | • Risk of inaccurate valuation of investments. |
| Materiality | • Overall materiality of £4.7 million which represents 1% of shareholders' funds. |

## An overview of the scope of our audit

### Tailoring the scope

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

### Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from changes in regulations that may adversely affect its underlying portfolio investments. Its approach to managing climate and other ESG risks as part of managing investment risk is explained on pages 72 to 76 of the strategic report, which form part of the 'Other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1 and conclusion that there was no material impact from climate change on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc

continued

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

| Risk | Our response to the risk |
|---|---|
| **Risk of inaccurate valuation of investments (£301.4 million)**<br>Refer to the Audit and Risk Committee report (page 93); Accounting policies (page 116); and Note 10 of the financial statements (page 123).<br><br>Investments represent 63% of the net asset value (NAV) of the Company and consist of unlisted investments in infrastructure assets.<br><br>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment valuation could have a significant impact on the return generated for shareholders.<br><br>We attribute a higher risk of estimation uncertainty to a portfolio of this nature and deem the valuation of unlisted investments at fair value to be a fraud and significant audit risk. | **We performed the following procedures:**<br>We obtained an understanding of the Company's processes and controls surrounding investment valuation by performing walkthroughs to assess the design and implementation of controls in place and attending the Investment Manager's period end valuation committee as an observer.<br><br>With the assistance of our valuation specialists, we obtained and reviewed the valuation models used to calibrate the purchase price for a sample of investments in order to validate that the cost of investment represents fair value consistent with the requirement of FRS 102 and the IPEV guidelines.<br><br>We held discussions with the Investment Manager and attended its period end valuation committee to understand the key movements in the valuation models and with the assistance of our valuation specialists, assess their appropriateness based on the nature of the asset and our understanding of the relevant markets in which they operate.<br><br>We checked the clerical accuracy of the valuation models, agreed key inputs to supporting documents and substantiated unrealised FX gains/losses which were a principal driver of fair valuation movements during the period.<br><br>Where applicable, we corroborated key performance metrics relevant to the underlying infrastructure investments during 2022 to supporting documentation and reporting provided by the General Partners to the Investment Manager.<br><br>For a sample of investments, our specialists reviewed the market data of comparable companies and observable transactions to provide a benchmarking analysis of the implied movements in Enterprise Value and Transaction Multiples as at 31 December 2022, which was then compared to the movement in fair value applied to the investments sampled subsequent to their purchase up to the period end. |

## Key observations communicated to the Audit and Risk Committee

The results of our procedures identified no material misstatement in relation to the risk of inaccurate valuation of investments.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc

continued

## Our application of materiality

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

### Materiality

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

We determined materiality for the Company to be £4.7 million, which is 1% of shareholders' funds. We believe that shareholders' funds provide us with materiality aligned to the key measure of the Company's performance.

During the course of our audit, we reassessed initial materiality and made no changes to the basis of calculation from our original assessment at the planning stage.

### Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £2.4 million. We set performance materiality at this percentage due to this being the first annual report and financial statements of the Company.

### Reporting threshold

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

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.2 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc

continued

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Corporate Governance Statement

We have reviewed 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 by the Listing Rules.

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:

- the Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 102;
- the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 77;
- the Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 102;
- the Directors' statement on fair, balanced and understandable set out on page 94;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 104;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 93; and
- the section describing the work of the Audit and Risk Committee set out on page 92.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc

continued

## Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 104, 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.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management. We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

# Independent Auditor's report

to the members of Pantheon Infrastructure Plc continued

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud continued continued

We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and the Company Secretary and a review of Board minutes and the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the key risks impacting the financial statements. We identified a fraud risk with respect to management override in relation to investments and investment income. Further discussion of our approach is set out in the section on the key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to confirm compliance with the reporting requirements of the Company.

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

## Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 4 August 2022 to audit the financial statements for the period ended 31 December 2022 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the period ended 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

**Matthew Price (Senior statutory auditor)**
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

1 March 2023

# Income statement

For the period from 9 September 2021 to 31 December 2022

| | Note | 9 September 2021 to 31 December 2022 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|
| Gain on investments at fair value through profit or loss[1] | 10 | – | 19,592 | 19,592 |
| Losses on derivative financial instruments at fair value through profit or loss | 13 | – | (8,520) | (8,520) |
| Foreign exchange gains on cash and cash equivalents | | – | 5 | 5 |
| Investment management fees | 2 | (3,194) | – | (3,194) |
| Other expenses | 3 | (1,360) | (555) | (1,915) |
| **(Loss)/profit before financing and taxation** | | (4,554) | 10,522 | 5,968 |
| Finance income | 5 | 2,096 | – | 2,096 |
| Interest payable and similar expenses | 6 | (36) | – | (36) |
| **(Loss)/profit before taxation** | | (2,494) | 10,522 | 8,028 |
| Taxation recovered/(paid) | 7 | – | – | – |
| **(Loss)/profit for the period, being total comprehensive income for the period** | | (2,494) | 10,522 | 8,028 |
| **Earnings per share – basic and diluted** | 8 | (0.58p) | 2.45p | 1.87p |

1. Includes foreign exchange movements on investments.

The Company does not have any income or expense that is not included in the return for the period, therefore the return for the period is also the total comprehensive income for the period. The supplementary revenue and capital columns are prepared under guidance published in the Statement of Recommended Practice (SORP) issued by the Association of Investment Companies (AIC). The total column of the statement represents the Company's statement of total comprehensive income prepared in accordance with FRS 102.

All revenue and capital items in the above statement relate to continuing operations.

The Notes on pages 116 to 131 form part of these financial statements.

# Statement of changes in equity

For the period from 9 September 2021 to 31 December 2022

| | Note | Share capital £'000 | Share premium £'000 | Capital redemption reserve[1] £'000 | Capital reserve[1] £'000 | Revenue reserve[1] £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 9 September 2021** | | — | — | — | — | — | — |
| Share issue costs | | – | (9,267) | — | — | — | (9,267) |
| Ordinary Shares issued | 16 | 4,800 | 395,200 | — | — | — | 400,000 |
| Subscription shares issued (subsequently converted to Ordinary Shares) | 16 | — | 80,800 | — | — | — | 80,800 |
| Cancellation of share premium | | — | (387,284) | 387,284 | — | — | — |
| Interim dividend paid | 9 | — | — | (4,800) | — | — | (4,800) |
| Profit/(loss) for the period | | — | — | — | 10,522 | (2,494) | 8,028 |
| **Closing equity shareholders' funds** | | 4,800 | 79,449 | 382,484 | 10,522 | (2,494) | 474,761 |

1. The capital redemption reserve, capital reserve and revenue reserve are all the Company's distributable reserves. The capital redemption reserve has arisen from the cancellation of the Company's share premium account and is a distributable reserve.

The Notes on pages 116 to 131 form part of these financial statements.

# Balance sheet

As at 31 December 2022

| | Note | 31 December 2022 £'000 |
|---|---|---|
| **Non-current assets** | | |
| Investments at fair value | 10 | **301,382** |
| Debtors | 11 | **740** |
| **Current assets** | | |
| Debtors | 11 | **959** |
| Cash and cash equivalents | 12 | **182,937** |
| | | **183,896** |
| **Creditors: Amounts falling due within one year** | | |
| Other creditors | 14 | **(2,737)** |
| | | **(2,737)** |
| **Net current assets** | | **181,159** |
| **Total assets less current liabilities** | | **483,281** |
| **Creditors: Amounts falling due after one year** | | |
| Derivative financial instruments | 13 | **(8,520)** |
| **Net assets** | | **474,761** |
| **Capital and reserves** | | |
| Called-up share capital | 16 | **4,800** |
| Share premium | 17 | **79,449** |
| Capital redemption reserve | 17 | **382,484** |
| Capital reserve | 17 | **10,522** |
| Revenue reserve | 17 | **(2,494)** |
| **Total equity shareholders' funds** | | **474,761** |
| **NAV per Ordinary Share** | 18 | **98.9p** |

The financial statements were approved by the Board of Pantheon Infrastructure Plc on 1 March 2023 and were authorised for issue by:

**Vagn Sørensen**
Chair

Company Number: 13611678

The Notes on pages 116 to 131 form part of these financial statements.

# Cash flow statement

For the period from 9 September 2021 to 31 December 2022

| | 9 September 2021 to 31 December 2022 £'000 |
|---|---|
| **Cash flow from operating activities** | |
| Investment management fees paid | (1,994) |
| Operating fees paid | (1,581) |
| Other cash payments | (110) |
| **Net cash outflow from operating activities** | (3,685) |
| **Cash flow from investing activities** | |
| Purchase of investments | (281,790) |
| **Net cash outflow from investing activities** | (281,790) |
| **Cash flow from financing activities** | |
| Share issue proceeds | 480,800 |
| Share issue costs | (9,267) |
| Dividends paid | (4,800) |
| Bank charges | (1) |
| Finance income | 1,675 |
| **Net cash inflow from financing activities** | 468,407 |
| **Increase in cash in the period** | 182,932 |
| **Cash and cash equivalents at the beginning of the period** | – |
| **Foreign exchange gains on cash and cash equivalents** | 5 |
| **Cash and cash equivalents at the end of the period** | 182,937 |

The Notes on pages 116 to 131 form part of these financial statements.

# Notes to the financial statements

## 1. Accounting policies

Pantheon Infrastructure Plc (the 'Company') is a listed closed-ended investment company incorporated in England and Wales on 9 September 2021, with registered "company number" 13611678. The Company began trading on 15 November 2021 when the Company's shares were admitted to trading on the London Stock Exchange. The registered office of the Company is Link Company Matters Limited, 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

### A. Basis of preparation

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the period from 9 September 2021 to 31 December 2022. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Company's audited financial statements are presented in GBP and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

The financial statements have been prepared in accordance with the SORP for the financial statements of investment trust companies and venture capital trusts issued by the AIC in July 2022.

The financial statements comprise the results of the Company only. The Company has control over a number of subsidiaries, further details of which are given in Note 20. Where the Company owns a subsidiary that is held as part of the investment portfolio and its value to the Company is through the fair value rather than as the medium through which the Group carries out business, the Company excludes it from consolidation. The subsidiaries have not been consolidated in the financial statements under FRS 102. These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

These are the Company's first annual financial statements, for the period 9 September 2021 to 31 December 2022. Consequently, there are no comparatives for a previous period.

### B. Going concern

The financial statements have been prepared on the going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

The Directors have made an assessment of going concern, taking into account the Company's current performance and financial position as at 31 December 2022.

In addition, the Directors have assessed the outlook, which considers the ongoing geopolitical uncertainties as a result of the Russia-Ukraine conflict including disruption to global supply chains and increases in the cost of living as a result of this conflict, persistent inflation, interest rate rises and the impact of climate change on the Company's Portfolio using the information available up to the date of issue of the financial statements.

In reaching this conclusion, the Board considered budgeted and projected results of the business, including projected cash flows, various downside modelling scenarios and the risks that could impact the Company's liquidity.

Having performed their assessment, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity, is well placed to manage business risks in the current economic environment, and can continue operations for a period of at least twelve months from the date of issue of these financial statements.

### C. Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment in infrastructure to generate investment returns while preserving capital. The financial information used by the Directors and Investment Manager to allocate resources and manage the Company presents the business as a single segment comprising a homogeneous portfolio.

### D. Investments

The nature of the Company's underlying assets comprises unlisted investments, the majority of which are held through its subsidiary, Pantheon Infrastructure Holdings LP (PIH LP) with one held directly. While the Company operates a robust and consistent valuation process, there is significant estimation uncertainty in the underlying asset valuations which are estimated at a point in time. Accordingly, while relevant information relating to but received after the measurement date is considered, the Directors will only consider an adjustment to the financial statements if it were to have a significant impact and is indicative of conditions present at the measurement date.

The Company has fully adopted sections 11 and 12 of FRS 102. All investments held by the Company are classified as 'fair value through profit or loss'. The Company's business is investing in infrastructure assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value. The investments are recognised at fair value on initial recognition represented by the cost of acquisition and the Company manages and evaluates the performance of its investments on a fair value basis.

# Notes to the financial statements

continued

## 1. Accounting policies continued

### D. Investments continued

Upon initial recognition investments held by the Company are classified 'at fair value through profit or loss'. All gains and losses are allocated to the capital column within the Income Statement as 'Gains on investments held at fair value through profit or loss'. When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date. Subsequent to initial recognition, investments are valued at fair value through profit or loss. The fair values for the Company's investments are established by the Directors after discussion with the Investment Manager using valuation techniques in accordance with the International Private Equity and Venture Capital (IPEV) guidelines. Valuations are based on the net asset value of those funds ascertained from periodic valuations provided by the Sponsors of the investments and recorded up to the measurement date. Such valuations are necessarily dependent upon the reasonableness of the valuations by the Sponsor of the underlying assets. In the absence of contrary information the values are assumed to be reliable. These valuations are reviewed periodically for reasonableness and recorded up to the measurement date.
The Sponsor is usually the best placed party to determine the appropriate valuation. The annual and quarterly reports received from the Sponsors are reviewed by the Investment Manager to ensure consistency and appropriateness of approach to reported valuations.

The basis of valuation for infrastructure assets provided by the Sponsors depends on the nature of the underlying assets and will typically involve a fair value approach in line with recognised accounting standards and industry best practice guidelines such as IPEV. Infrastructure assets often display particular characteristics which will affect the valuation approach tending to result in a higher prevalence of discounted cash flows in the valuation, where the fair value is estimated by deriving the present value of the expected cash flows generated by the investment through the use of reasonable assumptions such as appropriate discount rate(s) to reflect the inherent risk of the asset(s) forming the investment.

The discounted cash flow basis requires assumptions to be made regarding future cash flows, terminal value and the discount rate to be applied to these cash flows. There is also consideration given to the impact of wider megatrends such as the transition to a lower-carbon economy and climate change.

The fair value will generally reflect the latest valuations available from the Sponsor which may not coincide with the Company's reporting date. In such cases the Investment Manager performs a roll forward from the latest available valuation to the relevant reporting date. The roll forward process takes consideration of the following factors:

i. transactions and foreign-exchange movements in the intervening period; and
ii. adjustments for expected performance of the investment in the intervening period.

This may also include, but is not limited to, in consultation with the Sponsor, changes in multiples/discount rates, asset fundamentals (for instance operating performance) and the macroeconomic environment.

On an annual basis the Investment Manager receives the annual audited financial statements from the Sponsors of the asset. The Investment Manager utilises the audited accounts to gain comfort that the underlying infrastructure asset is fair valued in line with recognised accounting standards and audited by a recognised auditor. This is in addition to the analysis performed by the Investment Manager to determine the reasonableness of the valuation and that it is appropriate to the investment and performance thereof.

If the Sponsor does not provide audited financial statements, to the extent that the Board of the Company or the Investment Manager deem it appropriate, and it is possible to do in conjunction with the Sponsor, the valuation of the underlying infrastructure asset is independently verified. The scope of this verification is determined on a case-by-case basis and, dependent on the asset, could include an independent valuation report from a valuation provider engaged by the Investment Manager. The Investment Manager then analyses the independent valuation report to determine the reasonableness of the valuation and that it is appropriate to the investment and performance thereof before presenting to the Investment Manager's Valuation Committee and the Board for approval.

# Notes to the financial statements

continued

## 1. Accounting policies continued

### E. Financial instruments

The Company makes investments and has commitments in currencies other than GBP, its reporting currency, and accordingly, a significant proportion of its investments and cash balances are in currencies other than GBP. The Company uses forward foreign currency exchange contracts to hedge foreign exchange risks associated with its underlying investment activities. The contracts entered into by the Company are denominated in the currency of the geographic area in which the Company has significant exposure against its reporting currency.

Forward foreign currency exchange contracts are initially recognised and subsequently measured at fair value, the amount for which an asset, liability or equity instrument could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction. Premiums payable under such arrangements are initially capitalised on the Balance Sheet.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. The Company has elected not to apply hedge accounting and therefore changes in the fair value of forward foreign currency exchange contracts are recognised within the capital column of the Income Statement in the period in which they occur.

### F. Income

Distributions receivable are recognised on the ex-dividend date. Where no ex-dividend date is quoted, distributions are recognised when the Company's right to receive payment is established. UK distributions are shown net of tax credits and foreign dividends are gross of the appropriate rate of withholding tax, with any withholding tax suffered being accounted for separately.

Other income is accounted for on an accruals basis.

Gains or losses resulting from the movement in fair value of the Company's investments held at fair value through profit or loss are recognised in the Income Statement at each valuation point.

### G. Expenses

All expenses are accounted for on an accruals basis. Expenses, including investment management fees, are charged through the revenue account, except expenses which are incidental to the acquisition or disposal of an investment. These are treated as capital costs, separately identified, and charged to the capital account of the Income Statement.

### H. Finance income

Finance income comprises interest received on funds invested into deposit accounts. Finance income is accounted for on an accruals basis.

### I. Finance costs

Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings. Finance costs also include the amortisation charge of arrangement or other costs associated with the set-up of borrowings; these are amortised over the period of the loan. All other finance costs are expensed in the period in which they occur.

### J. Taxation

Corporation tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the period end date.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an investment trust company, pursuant to sections 1158 and 1159 of the CTA.

Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted.

# Notes to the financial statements

continued

## 1. Accounting policies continued

### K. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less at the date of placement, free of any encumbrances, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

### L. Debtors

Trade and other debtors are initially recognised at transaction value. Subsequent measurement is at the initially recognised value less any cash payments from the debtor, and less provision or write off for doubtful debts. A provision is made where there is objective evidence that the Company will not be able to recover balances in full. Any adjustment is recognised in profit or loss as an impairment gain or loss.

### M. Creditors

Trade and other creditors are initially recognised at fair value and subsequently held at amortised cost.

### N. Interest-bearing loans and liabilities

All bank borrowings are initially recognised at transaction value net of attributable transaction costs. After initial recognition, all bank borrowings are measured at amortised cost using the effective interest method.

### O. Dividends payable to shareholders

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by shareholders at an Annual General Meeting.

### P. Share premium

The share premium account represents the accumulated premium paid for shares issued above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

### Q. Capital redemption reserve

The capital redemption reserve represents cancelled share premium less dividends paid from this reserve. This is a distributable reserve. This reserve also includes the cost of acquiring the Company's Ordinary Shares if the Company is in a position to buy back shares.

### R. Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- unrealised gains and losses on investments;
- gains and losses on foreign exchange forward contracts;
- realised foreign exchange differences of a capital nature; and
- expenses, together with related taxation effect, charged to this reserve in accordance with the above policies.

### S. Revenue reserve

The revenue reserve represents the surplus of accumulated profits from the revenue column of the Income Statement and is distributable.

### T. Foreign exchange

The functional and presentational currency of the Company is GBP because it is the primary currency in the economic environment in which the Company operates and, as a UK listed company, GBP is also its capital raising currency. Transactions denominated in foreign currencies are recorded in the local currency at actual foreign exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of foreign exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the revenue or capital column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature. For non-monetary assets these are recognised as fair value adjustments.

# Notes to the financial statements

continued

## 1. Accounting policies continued

### U. Significant judgements, estimates and assumptions

The preparation of financial statements requires the Company and Investment Manager to make judgements, estimates and assumptions that affect the reported amounts of investments at fair value at the financial reporting date and the reported fair value movements during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the investments at fair value in future years. Details of how the fair values of infrastructure assets are estimated and any associated judgements applied are provided in section (D) of this note and also within the 'market price risk' section in Note 23.

## 2. Investment management fees

| | Period ended 31 December 2022 | | |
|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment management fees | 3,194 | – | 3,194 |
| | 3,194 | – | 3,194 |

The Investment Manager is entitled to a quarterly management fee as at an annual rate of:

- 1.0% of the part of the Company's Net Asset Value up to and including £750 million and
- 0.9% of the part of such Net Asset Value in excess of £750 million.

As at 31 December 2022, £1,199,679 was owed for investment management fees.

The Investment Manager does not charge a performance fee.

# Notes to the financial statements

continued

## 3. Other expenses

| | Period ended 31 December 2022 | | |
|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 |
| Secretarial and accountancy services | 201 | – | 201 |
| Depositary services | 74 | – | 74 |
| Fees payable to the Company's Auditor for audit-related assurance services | | | |
| – Initial accounts | 25 | – | 25 |
| – Annual financial statements | 135 | – | 135 |
| Fees payable to the Company's Auditor for non-audit-related assurance service[1] | 35 | – | 35 |
| Directors' remuneration (see Note 4) | 220 | – | 220 |
| Employer's National Insurance (see Note 4) | 24 | – | 24 |
| Legal and professional fees | 186 | 534 | 720 |
| Other fees | 460 | 21 | 481 |
| | 1,360 | 555 | 1,915 |

1. The non-audit fees payable to the Auditor relate to the review performed by EY of the Company's Half-Yearly Report for the period ended 30 June 2022. In addition, the Company paid EY £70,000 for acting as the Reporting Accountant in respect of the Company's IPO and the C share issue proposed for September 2022, which did not proceed due to market conditions. This fee has been included within the share issue costs charged to share premium.

## 4. Directors' remuneration

| | Period ended 31 December 2022 £'000 |
|---|---|
| Directors' fees | 220 |
| Employer's National Insurance | 24 |
| **Total remuneration** | 244 |

As at 31 December 2022, there were no outstanding liabilities in relation to Directors' fees and Employer's National Insurance. A breakdown is provided in the Directors' remuneration report on pages 96 to 99.

# Notes to the financial statements

continued

## 5. Finance income

| | Period ended 31 December 2022 £'000 |
|---|---|
| Finance income | 73 |
| Bank Interest | 2,023 |
| **Total** | 2,096 |

## 6. Interest payable and similar expenses

| | Period ended 31 December 2022 £'000 |
|---|---|
| Commitment fees payable on borrowings | 22 |
| Amortisation of loan arrangement fee | 13 |
| Bank interest expense | 1 |
| | 36 |

## 7. Taxation

### Tax charge

The tax credit/(charge) for the period differs from the standard rate of corporation tax in the UK (19%). The differences are explained below:

| | Period ended 31 December 2022 | | |
|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 |
| (Loss)/profit before tax | (2,494) | 10,522 | 8,028 |
| Tax at UK corporation tax rate of 19% | (474) | 1,999 | 1,525 |
| Non-taxable investment, derivative and foreign exchange gains | – | (1,999) | 1,999 |
| Carry forward management expenses | 474 | – | 474 |
| | – | – | – |

### Factors that may affect future tax charges

The Company is an investment trust and is therefore not subject to tax on capital gains. Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to meet for the foreseeable future) the conditions for approval as an investment trust company. No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue.

As at 31 December 2022, the Company had no unprovided deferred tax liabilities.

As at 31 December 2022, excess management expenses are £3.05 million as at 31 December 2022.

The UK Government has announced that it intends to increase the main rate of corporation tax from 19% to 25% from April 2023. As the Company is an investment trust it is not anticipated that the change in the corporation tax rate will impact the Company.

# Notes to the financial statements

continued

## 8. Earnings per share

Earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue since IPO. As there are no dilutive instruments outstanding, basic and diluted earnings per share are shown below:

| | Revenue | Capital | Total |
|---|---|---|---|
| Earnings from 9 September 2021 to 31 December 2022 (£'000) | (2,494) | 10,522 | 8,028 |
| Weighted average Ordinary Shares (number) | – | – | 428,272,575 |
| **Basic earnings per share** | (0.58)p | 2.45p | 1.87p |
| **Diluted earnings per share** | (0.58)p | 2.45p | 1.87p |

There were no meaningful shareholders or corporate activity between incorporation of the Company on 9 September 2021 and 16 November 2021, the IPO date, and therefore this period has not been included for the purpose of calculating the weighted average number of shares.

## 9. Dividends paid

| | Period ended 31 December 2022 £'000 |
|---|---|
| Interim dividends paid during the period | 4,800 |
| | 4,800 |

On 22 September 2022 the Company announced its first interim dividend of 1p per Ordinary Share for the period ended 30 June 2022. The dividend was paid on 28 October 2022 and was marked as ex-dividend on 6 October 2022.

## 10. Investments

| | 31 December 2022 £'000 |
|---|---|
| Cost brought forward | – |
| Opening unrealised appreciation on investments held | |
| – Unlisted investments | – |
| Valuation of investments brought forward | – |
| Movement in period: | |
| Acquisitions at cost | 281,790 |
| Appreciation on investments held | 19,592 |
| **Valuation of investments at period end** | 301,382 |
| Cost at period end | 281,790 |
| Closing unrealised appreciation on investments held | |
| – Unlisted investments | 19,592 |
| **Valuation of investments at period end** | 301,382 |

# Notes to the financial statements

continued

## 11. Debtors

| | 31 December 2022 £'000 |
|---|---|
| Other debtors – non-current[1] | 740 |
| Other debtors – current | 486 |
| Prepayments and accrued income | 473 |
| | 1,699 |

1. Relates to the RCF arrangement fees which are to be released to the Income Statement until the loan maturity date of 18 December 2025.

## 12. Cash and cash equivalents

| | 31 December 2022 £'000 |
|---|---|
| Cash | 26,670 |
| Cash equivalents | 156,267 |
| | 182,937 |

Cash equivalents of £156,267,000 were held in a money market fund at 31 December 2022.

## 13. Derivative financial instruments

| | 31 December 2022 £'000 |
|---|---|
| Financial Liabilities: derivatives at fair value | 8,520 |
| | 8,520 |

The Company uses forward foreign currency exchange contracts to minimise the effect of fluctuations in the investment portfolio from movements in exchange rates.

The fair value of these contracts is recorded in the Balance Sheet. No contracts are designated as hedging instruments and consequently all changes in fair value are taken through profit or loss.

As at 31 December 2022, the notional amount of the forward foreign currency exchange contracts held by the Company was £278.9 million.

## 14. Other creditors

| | 31 December 2022 £'000 |
|---|---|
| Investment management fees payable | 1,200 |
| Other creditors and accruals | 1,537 |
| | 2,737 |

## 15. Interest-bearing loans and borrowings

| | 31 December 2022 £'000 |
|---|---|
| Interest-bearing loans and borrowings | – |
| | |
| Loan arrangement fee incurred in the period | 1,100 |
| Amortised loan arrangement fee for the period | (13) |
| **Loan arrangement fee carried forward** | 1,087 |
| **Total credit facility payable** | – |

The Company entered into a £62.5 million revolving credit facility (RCF) with Lloyds Bank Corporate Markets in December 2022. The RCF remained undrawn as at 31 December 2022.

The RCF is denominated in GBP, with the option to be utilised in other major currencies. The rate of interest will be the relevant currency benchmark plus an initial margin of 2.85% per annum. A commitment fee of 1.00% per annum is payable on undrawn amounts, and the tenor of the RCF is three years. The facility is secured against the assets held in the Company's subsidiary, Pantheon Infrastructure Holdings LP.

Borrowing costs associated with the RCF are shown as interest payable and similar expenses in Note 6 to these financial statements.

# Notes to the financial statements

continued

## 16. Called-up share capital

| Allotted, called up and fully paid: | 31 December 2022 Shares | £'000 |
|---|---|---|
| **Ordinary Shares of £0.01** | | |
| Opening balance | – | – |
| Ordinary Shares issued in the period | 400,000,000 | 4,000 |
| Conversion of subscription shares to Ordinary Shares in the period | 80,000,000 | 800 |
| **Closing balance** | 480,000,000 | 4,800 |
| **Total called-up share capital** | 480,000,000 | 4,800 |

On 11 November 2021, the Company raised gross proceeds of £400.0 million through the issue of 400 million Ordinary Shares at IPO for an issue price of 100p per Ordinary Share. Each holder of Ordinary Shares is entitled, on a show of hands, to one vote and, on a poll, to one vote for each Ordinary Share held.

Subscription Shares were issued to subscribers as part of the Company's IPO on the basis of one Subscription Share for every five Ordinary Shares subscribed for. Each Subscription Share conferred the right (but not the obligation) to subscribe for one Ordinary Share on exercise of the rights attaching to the Subscription Shares. The subscription price per Ordinary Share payable on the exercise of the subscription rights was 101p, exercisable on either 30 June 2022, 29 July 2022 or 31 August 2022.

The Company announced on 5 July 2022 that 36,509,658 Subscription Shares had been converted into 36,509,658 Ordinary Shares which were admitted to trading on the Main Market of London Stock Exchange plc on 13 July 2022.

The Company announced on 3 August 2022 that 13,188,554 Subscription Shares had been converted into 13,188,554 Ordinary Shares which were admitted to trading on the Main Market of London Stock Exchange plc on 11 August 2022.

The Company announced on 2 September 2022 that 24,117,160 Subscription Shares had been converted into 24,117,160 Ordinary Shares. In addition, the Final Subscription Trustee exercised the Subscription Rights attaching to the 6,184,628 outstanding Subscription Shares on the same terms. Therefore, in aggregate, 30,301,788 new Ordinary Shares were admitted to trading on the Main Market of London Stock Exchange plc on 9 September 2022. There remain no Subscription Shares in issue and the Subscription Share line was cancelled on 9 September 2022.

# Notes to the financial statements

continued

## 17. Reserves

| | Share premium £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|
| Opening balance | – | – | – | – | – |
| Ordinary Shares issued | 395,200 | – | – | – | 395,200 |
| Subscription shares issued (subsequently converted to Ordinary Shares) | 80,800 | – | – | – | 80,800 |
| Share issue costs | (9,267) | – | – | – | (9,267) |
| Cancellation of share premium | (387,284) | 387,284 | – | – | – |
| Losses on derivative financial instruments at fair value through profit or loss | – | – | (8,520) | – | (8,520) |
| Gain on investments at fair value through profit or loss | – | – | 19,592 | – | 19,592 |
| Foreign exchange gains on cash and cash equivalents | – | – | 5 | – | 5 |
| Legal and professional expenses charged to capital | – | – | (534) | – | (534) |
| Other fees | – | – | (21) | – | (21) |
| Profit/(loss) for the period | – | – | – | (2,494) | (2,494) |
| Interim dividend paid | – | (4,800) | – | – | (4,800) |
| **Closing balance** | 79,449 | 382,484 | 10,522 | (2,494) | 469,961 |

On 17 June 2022, the Company announced that the share premium account had been cancelled in accordance with the provisions of the Companies Act 2006 in order to create a distributable reserve, the capital redemption reserve, that is capable of being applied in any manner in which the Company's profits available for distribution are lawfully able to be applied.

The Company is able to distribute realised gains from the capital reserve. As at 31 December 2022 there were £nil reserves available for distribution from this reserve.

# Notes to the financial statements

continued

## 18. Net asset value per share

NAV per share is calculated by dividing net assets in the Balance Sheet attributable to ordinary equity holders of the Company by the number of Ordinary Shares outstanding at the end of the period. As there are no dilutive instruments outstanding, both basic and diluted NAV per share are shown below:

| | 31 December 2022 |
|---|---|
| Net assets attributable (£'000) | 474,761 |
| Ordinary Shares | 480,000,000 |
| **NAV per Ordinary Share** | **98.9p** |

## 19. Reconciliation of loss before financing costs and taxation to net cash flows from operating activities

| | 9 September 2021 to 31 December 2022 £'000 |
|---|---|
| Profit before financing costs and taxation | 5,968 |
| Gains on investments | (19,592) |
| Foreign exchange gains on cash and non-portfolio assets | (5) |
| Increase in debtors | (182) |
| Increase in creditors | 1,606 |
| Losses on derivative financial instruments at fair value through profit or loss | 8,520 |
| **Net cash flows from operating activities** | **(3,685)** |

## 20. Subsidiaries

The Company has formed two wholly owned subsidiaries. The Company has ownership and control over these two entities and as such they have been deemed to be subsidiaries by the Board.

i. PIH LP was incorporated on 5 November 2021 with a registered address in the State of Delaware, National Registered Agents, Inc., 209 Orange Street, Wilmington, Delaware, 19801, USA and is wholly owned by the Company.

   The Company holds an investment in PIH LP. In accordance with FRS 102, the Company has not consolidated the subsidiary on the grounds it does not carry out business through the subsidiary and that it is held exclusively with a view to subsequent resale. It is therefore considered part of an investment portfolio.

   Several of the investments in the Portfolio are held through PIH LP and are valued based on the fair value of the investments held in those entities.

   The Company holds a 99.9% investment in PIH LP, with the remaining holding held by Pantheon Infrastructure Holdings GP LLC (PIH GP).

ii. PIH GP was incorporated on 5 November 2021 with a registered address in the State of Delaware, National Registered Agents, Inc., 209 Orange Street, Wilmington, Delaware, 19801, USA and is wholly owned by the Company.

The Company has not consolidated PIH GP as it is immaterial. This treatment is supported by the Companies Act 2006, section 405 (2), whereby a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view.

## 21. Contingencies, guarantees and financial commitments

At 31 December 2022, there were capital commitments outstanding of £57.9 million in respect of investments in infrastructure assets. The Company expects 100% of the capital commitments outstanding to be called within the next twelve months. These commitments will be funded using the Company's cash resources.

# Notes to the financial statements

continued

## 22. Fair value

### Fair value hierarchy

Financial assets are carried in the Balance Sheet at their fair value or approximation of fair value. The fair value is the amount at which the asset could be sold in an orderly transaction between market participants, at the measurement date, other than a forced liquidation sale.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

### Financial assets and liabilities at fair value through profit or loss at 31 December 2022

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Investments | – | – | 301,382 | 301,382 |
| Derivatives – financial instruments | – | (8,520) | – | (8,520) |
| | – | (8,520) | 301,382 | 292,862 |

The fair value of these investments and Derivatives – financial instruments is recorded in the Balance Sheet as at the period end.

There have been no transfers between Level 1 and Level 2 during the period, nor have there been any transfers between Level 2 and Level 3 during the period.

The carrying amount of all assets and liabilities, detailed within the Balance Sheet, is considered to be the same as their fair value.

The majority of the assets held within Level 3 are valued on a discounted cash flow basis, hence, the valuations are sensitive to the discount rate assumed in the valuation of each asset. Other significant unobservable inputs include the inflation rate assumption and the interest rates assumption used to project the future cash flows and the forecast cash flows themselves. Increasing the discount rate used in the valuation of each asset by 0.5% would reduce the value of the Portfolio by £10.5 million. Decreasing the discount rate used in the valuation of each asset by 0.5% would increase the value of the Portfolio by £11.2 million. The WADR of the Portfolio at 31 December 2022 is 14.2%.

The majority of assets held within Level 3 have revenues that are linked, partially linked or in some way correlated to inflation. The impact of increasing the inflation rate assumption by 0.5% would increase the value of the Portfolio by £3.7 million. Decreasing the inflation rate assumption used in the valuation of each asset by 0.5% would decrease the value of the Portfolio by £2.6 million.

The valuations are sensitive to changes in interest rates. These comprise a wide range of interest rates from short-term deposit rates to longer-term borrowing rates across a broad range of debt products. Increasing the cost of borrowing assumption for each asset by 0.5% would reduce the value of the Portfolio by £5.9 million. Decreasing the interest rate assumption borrowings used in the valuation of each asset by 0.5% would increase the value of the Portfolio by £6.0 million. This calculation does not take account of any offsetting factors which may be expected to prevail if interest rates changed, including the impact of inflation discussed above.

# Notes to the financial statements

continued

## 23. Analysis of financial assets and liabilities

The primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in equity or equity-related investments in a diversified portfolio of infrastructure assets. Investments are not restricted to a single market and are made when opportunities arise and on an international basis.

The Company's financial instruments comprise infrastructure investments and derivatives.

The principal risks the Company faces in its portfolio management activities are:

- liquidity risk;
- interest rate risk;
- credit risk;
- market price risk; and
- foreign exchange risk.

The Investment Manager monitors the financial risks affecting the Company on a regular basis and the Directors regularly receive financial information, which is used to identify and monitor risk.

In accordance with FRS 102, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

### Liquidity risk

Due to the nature of the Company's investment policy, the largest proportion of the Portfolio is invested in infrastructure assets through the Company's subsidiary, which are generally less readily marketable than listed equities. The Directors believe that the Company, as a closed-end fund with no fixed wind-up date, is ideally suited to making long-term investments in instruments with limited marketability. The investments are monitored by the Board on a regular basis.

As a result, the Company may not be able to quickly liquidate its investments at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash available to meet other short-term financial needs.

As at 31 December 2022, liquidity risk was considered low given the cash and cash equivalents available to the Company.

| | 31 December 2022 £'000 |
|---|---|
| Cash and cash equivalents | 182,937 |
| Other creditors | (2,737) |

As at 31 December 2022, the capital commitments outstanding totalled £57.9 million, therefore liquid resources available after commitments were £184.8 million.

### Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and interest payable on variable rate borrowings. Cash deposits generally comprise overnight call or short-term money market deposits and earn interest at floating rates based on prevailing bank base rates. Increases in interest rates may also ultimately impact the discount rates used to value investments.

Interest rate movements may affect the interest rate paid on financial liabilities. Interest on the RCF is payable at variable rates determined subject to drawdown. As at 31 December 2022, the RCF had not been drawn down.

Changes in interest rates may have an impact on consolidated earnings over the longer term. The table below provides indicative sensitivity data.

| | 31 December 2022 £'000 | |
|---|---|---|
| Effect on profit before tax | Increase in interest rates by 1% | Decrease in interest rates by 1% |
| Increase/(decrease) | 2,422 | (1,205) |

# Notes to the financial statements

continued

## 23. Analysis of financial assets and liabilities

continued

### Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Company by failing to discharge its obligations to the Company when they fall due. Cash deposits are placed with approved counterparties, all of whom have a credit rating of A- or above.

At the period end, the Company's financial assets exposed to credit risk amounted to the following:

| | 31 December 2022 £'000 |
|---|---|
| Cash and cash equivalents | 182,937 |

### Market price risk

The fair value of future cash flows of an investment held by the Company may fluctuate. This market risk may comprise: foreign exchange risk, and/or fair value risk. The Board of Directors reviews and agrees policies for managing these risks. The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk across the Company's investments on an ongoing basis.

The nature of the Company's investments means that they are valued by the Directors after due consideration of the most recent available information.

If the Portfolio fell by 20% from its 31 December 2022 valuation, with all other variables held constant, this would have led to a reduction of £64.5 million in the return before taxation. An increase of 20% would increase the return before taxation by £53.9 million.

### Foreign exchange risk

Since it is the Company's policy to invest in a diverse portfolio of investments based in a number of countries, the Company is exposed to the risk of movement in foreign exchange rates. The Company enters into forward foreign currency exchange contracts to hedge the foreign exchange risks associated with its investment portfolio. The contracts entered into by the Company are denominated in the currency of the geographic areas in which the Company has significant exposure against its reporting currency.

The contracts are measured at fair value and are recorded in the balance sheet as Derivatives – financial instruments. The Company has not elected to apply hedge accounting therefore the fair value changes are taken to the capital reserve.

The table below sets out the Company's foreign exchange exposure:

| Foreign exchange risk | GBP £'000 | USD[1] £'000 | EUR[1] £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 December 2022** | | | | |
| Cash and cash equivalents | 181,987 | 828 | 122 | 182,937 |
| Investments held at fair value through profit or loss | – | 217,282 | 84,100 | 301,382 |
| Other debtors | 1,699 | – | – | 1,699 |
| Other payables | (2,737) | – | – | (2,737) |
| Derivatives – financial liabilities | (8,520) | – | – | (8,520) |

1. These values are expressed in GBP.

If there had been an increase/(decrease) in the GBP/USD exchange rate of 10% it would have the effect of (decreasing)/increasing equity shareholders' funds by £(6.8) million/£8.3 million which includes the impact of the foreign currency exchange contracts to partially offset the movement in value. The calculations are based on the financial assets and liabilities and the foreign exchange rate as at 31 December 2022 of 1.2029 GBP/USD.

If there had been an increase/(decrease) in the GBP/EUR exchange rate of 10% it would have the effect of (decreasing)/increasing equity shareholders' funds by £3.1 million/£(3.7) million which includes the impact of the foreign currency exchange contracts to partially offset the movement in value. The calculations are based on the financial assets and liabilities and the foreign exchange rate as at 31 December 2022 of 1.1271 GBP/EUR.

# Notes to the financial statements

continued

## 23. Analysis of financial assets and liabilities

continued

### Managing capital

The Company's equity comprises Ordinary Shares as described in Note 17. Capital is managed so as to maximise the return to shareholders while maintaining a capital base that allows the Company to operate effectively in the marketplace and sustain future development of the business.

The Company considers its capital to comprise called-up share capital and reserves. As at 31 December 2022, the Company had entered into an RCF to increase the Company's liquidity. Details of available borrowings at the period end can be found earlier in this note.

The Company's assets and borrowing levels and the Company's capital requirements are reviewed regularly by the Board of Directors.

## 24. Transactions with the Investment Manager and related parties

The amounts payable to the Investment Manager, together with the details of the Investment Management Agreement, and outstanding amounts are disclosed in Note 2. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Investment Manager is not considered to be a related party.

The Company's related parties are its Directors and the fees paid to the Company's Board are disclosed in Note 4 alongside the outstanding amounts payable as at 31 December 2022. There are no other identifiable related parties at the period end.

## 25. Subsequent events

### Commitments

In the period to 31 December 2022, the Company committed to £346 million across ten investments. At 31 December the Company had undrawn commitments of £57.9 million outstanding.

On 31 January 2023 the Company completed an investment in GD Towers, a leading digital infrastructure company, committing £43.4 million.

# AIFMD disclosures

The Company is an Alternative Investment Fund (AIF) for the purposes of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (AIFMD), and the Investment Manager was appointed as its Alternative Investment Fund Manager (AIFM) for the purposes of the AIFMD. The Investment Manager is a 'full scope' AIFM for the purposes of the AIFMD. The AIFMD requires certain disclosures to be made in the annual report of the Company. Many of these disclosures are already required by the Listing Rules and/or UK Accounting Standards, and these continue to be presented in other sections of the annual report, principally the strategic report (pages 1 to 77), the Investment Manager's report (pages 12 to 22) and the financial statements (pages 105 to 131). This section completes the disclosures required by the AIFMD.

## Assets subject to special arrangements

The Company holds no assets subject to special arrangements arising from their illiquid nature.

## Remuneration disclosure

The total number of staff of the Investment Manager as at 31 December 2022, including staff remunerated by affiliates of the Investment Manager, was approximately 465, of whom 22 were senior management or other members of staff whose actions have a material impact on the risk profile of the Company ('identified staff'). The total remuneration paid by the Investment Manager and its affiliates to staff of the Investment Manager in respect of the period ended 31 December 2022 attributable to work relating to the Company was as follows:

| | 12 months to 31 December 2022 | | |
|---|---|---|---|
| £'000 | Fixed | Variable | Total |
| Senior management | 70 | 96 | 166 |
| Staff | 190 | 143 | 333 |
| **Total staff** | 260 | 238 | 499 |
| Identified staff | 44 | 61 | 105 |

No carried interest was paid in respect of the Company during the period.

The above disclosures reflect only that element of the individuals' remuneration which is attributable to the activities of the Investment Manager relating to the Company. It is not possible to attribute remuneration paid to individual staff directly to income received from any fund and hence the above figures represent a notional approximation only calculated by reference to the assets under management of the Company as a proportion of the total assets under management of the Pantheon Group.

In determining the remuneration paid to its staff, the Investment Manager takes into account a number of factors including the performance of the Company, the Investment Manager and each individual member of staff. These factors are considered over a multi-year framework and include whether staff have met the Investment Manager's compliance standards. In addition, the Investment Manager seeks to ensure that its remuneration policies and practices align financial incentives for staff with the risks undertaken and results achieved by investors, for example by ensuring that a proportion of the variable income received by identified staff is deferred for a period of at least three years.

Full details of the Pantheon Group's remuneration policies and practices for staff (which includes the Investment Manager's staff) can be found at http://pantheonms.wpenginepowered.com/wp-content/uploads/2021/10/Pillar-3-disclosure-Pantheon-2020.pdf.

The AIFMD requires the Investment Manager of the Company to set leverage limits for the Company. For the purposes of the AIFMD, leverage is any method by which the Company's exposure is increased, whether through the borrowing of cash or by the use of derivatives or by any other means. The AIFMD requires leverage to be expressed as a ratio between the Company's exposure and its NAV and prescribes two methodologies, the gross method and the commitment method (as set out in Commission Delegated Regulation No. 231/2013), for calculating such exposure.

The following leverage limits have been set for the Company:

i. the maximum leverage of the Company calculated in accordance with the gross method (under Article 7 of Commission Delegated Regulation No.231/2013 is 450%; and

ii. the maximum leverage of the Company calculated in accordance with the commitment method (under Article 8 of the AIFMD Regulation) is 450%.

# AIFMD disclosures

continued

## Remuneration disclosure continued

Using the methodologies prescribed under the AIFMD, the Company's leverage as at 31 December 2022 is shown below:

| | Gross method | Commitment method |
|---|---|---|
| Leverage ratio | 121% | 160% |

There have been no changes to the maximum level of leverage which the Investment Manager may employ on behalf of the Company during the period to 31 December 2022. There are no collateral or asset reuse arrangements in place as at the period end.

## Risk profile and risk management

The principal risks to which the Company is exposed and the approach to managing those risks are set out in the strategic report (pages 72 to 76) and also in Note 23 to the financial statements (pages 129 to 131). The investment restrictions which seek to mitigate some of those principal risks in relation to the Company's investment activities are set out in the investment policy (page 25) and under 'Board responsibilities and relationship with the Investment Manager' in the Statement on Corporate Governance (page 85 to 91). Additionally, the individual counterparty exposure limit for deposits with each of the Company's bank counterparties has been set at c.£135 million or the equivalent in foreign currencies. The Investment Manager's risk management system incorporates regular review of the principal risks facing the Company and the investment restrictions applicable to the Company. The Investment Manager has established appropriate internal control processes to mitigate the risks, including those described in the 'Mitigation' column in the 'Risk management and principal risks' section of the strategic report (pages 72 to 76). These investment restrictions were not exceeded in the period to 31 December 2022.

## Article 23(1) disclosures to investors

The AIFMD requires certain information to be made available to investors in the Company before they invest and requires that material changes to this information be disclosed in the annual report of the Company. The information required to be disclosed is contained in the document 'Information for Investors', which is available on the Company's website at www.pantheoninfrastructure.com. There have been no material changes to this information requiring disclosure.

# Glossary

## AIC
The Association of Investment Companies.

## AIC Code
The AIC Code of Corporate Governance.

## Approved investment trust company
An approved investment trust company is a corporate UK tax resident which fulfils particular UK tax requirements and rules which include that for the company to undertake portfolio investment activity it must aim to spread investment risk. In addition, the company's shares must be listed on an approved stock exchange. The 'approved' status for an investment trust must be authorised by the UK tax authorities and its key benefit is that a portion of the profits of the company, principally its capital profits, are not taxable in the UK.

## AUM
Assets Under Management are the total market value of investments held under management by an individual or institution. When referring to Pantheon's AUM, this figure includes assets managed on a fully discretionary basis.

## Carried interest
Portion of realised investment gains payable to a Sponsor as a profit share.

## Cloud
Cloud computing is the on-demand availability of computer system resources, especially data storage (cloud storage) and computing power, without direct active management by the user.

## Co-investment
Direct shareholding in a company by invitation alongside a Sponsor.

## Commitment
The amount of capital that the Company agrees to contribute to an investment when and as called by the Sponsor.

## Company
Pantheon Infrastructure Plc or 'PINT'.

## Exit
Realisation of an investment, usually through trade sale, sale by public offering (including IPO), or sale to a financial buyer.

## Funds under management
Funds under management includes both assets under management and assets under advisory (assets managed on a non-discretionary basis and or advisory basis).

## GIRAC
Global Infrastructure and Real Assets Committee.

## Initial public offering (IPO)
The first offering by a company of its own shares to the public on a regulated stock exchange.

## Internet of things
This term describes the network of physical objects (things) that are embedded with technologies such as sensors or software for the purpose of connecting and exchanging data with other devices and systems via the internet.

## Investment thesis
Pantheon's final stage of approval for infrastructure co-investments.

## Investment Manager
Pantheon Ventures (UK) LLP.

## IRR
Internal Rate of Return is the annual rate of growth that an investment is expected to generate over its life.

## Latency
The delay before a transfer of data begins following an instruction for its transfer.

## Market capitalisation
Share price multiplied by the number of shares outstanding.

## Multiple of invested capital (MOIC or cost multiple)
A common measure of private equity performance, MOIC is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital.

## Net asset value (NAV)
Amount by which the value of assets of a company exceeds its liabilities.

# Glossary

continued

### Portfolio or operating company
A company that PINT invests in. These portfolio or operating companies in turn own and operate infrastructure assets.

### Portfolio investment return
Total movement in the valuation of the underlying assets comprising the Portfolio, expressed as a percentage of opening portfolio value. Foreign exchange effects and other expenses are excluded from the calculation.

### Primaries
Commitments made to private equity funds at the time such funds are formed.

### Private equity
Privately negotiated investments typically made in non-public companies.

### Secondaries
Purchase of existing private equity fund or company interests and commitments from an investor seeking liquidity in such funds or companies.

### Share price premium (discount)
Occurs when a company's share price is higher (lower) than the NAV per share.

### Sponsor or general partner
The entity managing a private equity fund that has been established as a limited partnership, also commonly referred to as the Sponsor.

### Total return
This is expressed as a percentage. The denominator is the opening NAV, net of the final dividend for the previous year, and adjusted (on a time weighted average basis) to take into account any equity capital raised or capital returned in the year. The numerator is total NAV growth and dividends paid.

### Total shareholder return
Return based on interim dividends paid plus Share Price movement in the period, divided by the opening share price.

### WADR
Weighted average discount rate based on each investment's relative proportion of Portfolio valuation.

# Directors and advisers

## Directors

Vagn Sørensen
Anne Baldock
Andrea Finegan
Patrick O'Donnell Bourke

## Investment Manager

### Pantheon Ventures (UK) LLP

Authorised and regulated by the FCA

10 Finsbury Square
4th Floor
London
EC2A 1AF

Email: pint@pantheon.com

PINT website: www.pantheoninfrastructure.com

Pantheon website: www.pantheon.com

## Secretary and registered office

### Link Company Matters Limited

6th Floor, 65 Gresham Street
London
EC2V 7NQ

Telephone: +44 (0)333 300 1950

## Auditor

### Ernst & Young LLP

25 Churchill Place
London
E14 5EY

## Broker

### Investec Bank plc

30 Gresham Street
London
EC2V 7QP

## Depositary

### BNP Paribas Trust Corporation UK Limited

10 Harewood Avenue
London
NW16 6AA

## Registrar

### Link Group

10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

## Solicitors

### Hogan Lovells International LLP

Atlantic House
Holborn Viaduct
London
EC1A 2FG

## Disclosure 1 – Investments

This annual report provides information about certain investments made by PINT. They should NOT be regarded as a recommendation. Pantheon makes no representation or forecast about the performance, profitability or success of such investments. You should not assume that future investments will be profitable or will equal the performance of past recommendations. The statements made reflect the views and opinions of Pantheon as of the date of the investment analysis.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

Designed and produced by
lyonsbennett
lyonsbennett.com

This report is printed on Nautilus which is made from 100% FSC® recycled certified post-consumer waste pulp which is PCF (Process Chlorine Free). The FSC® label on this report ensures responsible use of the world's forest resources. Printed sustainably in the UK by Pureprint, a CarbonNeutral® company with FSC® chain of custody who recycle 100% of all dry waste. Both the mill and Pureprint are ISO 14001 certified (environmental management system). If you have finished with this document and no longer wish to retain it, please pass it on to other interested readers or dispose of it in your recycled waste.

**Pantheon Infrastructure Plc**
10 Finsbury Square
4th Floor
London EC2A 1AF
United Kingdom

**Telephone**
+44 (0)20 3356 1800

**Email**
pint@pantheon.com

**Website**
www.pantheoninfrastructure.com

Registered in England
number: 13611678

A member of the Association
of Investment Companies

PANTHEON
INFRASTRUCTURE
PLC