



3 February 2011

## 3i Infrastructure plc – Interim Management Statement

3i Infrastructure plc (“3i Infrastructure” or “the Company”) is an investment company focusing on infrastructure investment opportunities globally. This Interim Management Statement is issued in accordance with FSA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 October 2010 to 2 February 2011.

### Summary

- Investments and commitments totalling £175 million in Eversholt Rail Group and GVK Energy Limited
- Realisation proceeds of £46.8 million generated from the sale of the Viridian debt tranche, held within the junior debt portfolio
- Portfolio assets continue to perform well, with portfolio income in the quarter to 31 December 2010 of £23.8 million
- £200 million, three year, revolving credit facility signed
- Investment Advisory Agreement and exclusivity arrangements with the Company’s Investment Adviser extended

Peter Sedgwick, Chairman of 3i Infrastructure, said: “The portfolio continues to perform well and to deliver good levels of portfolio income. The extension of the Investment Advisory Agreement and exclusivity arrangements with 3i Investments plc and the signing of a new revolving credit facility provide the Company and its shareholders with a solid platform and liquidity for future growth.”

Cressida Hogg, Managing Partner for Infrastructure, 3i Investments plc, added: “We are pleased with the investments completed over the last three months and are now focusing on developing the pipeline for the next financial year.”

## 1. Investments

### **Eversholt Rail Group**

On 4 November 2010 3i Infrastructure, in consortium with Morgan Stanley Infrastructure Partners and STAR Capital Partners, announced it had agreed to acquire Eversholt Rail Group (“Eversholt”) from HSBC Asset Finance (UK) Limited, a wholly owned subsidiary of HSBC Holdings plc. The transaction valued Eversholt’s gross assets at approximately £2.1 billion, and was financed by the consortium through a combination of equity and debt. Full details of this acquisition were included in the Company’s Half-yearly report.

Upon announcement, the Company stated that it would contribute an amount of up to £176 million in equity instruments to part finance the transaction. The final investment amount would be determined at financial close, as the final price was subject to the impact of interest rate movements in the period between signing and financial close. Following a successful £700 million bond issue by Eversholt, the transaction closed on 3 December 2010. The final amount in equity instruments contributed by 3i Infrastructure towards the total consideration for Eversholt was £151 million.

### **GVK Energy Limited**

On 8 November 2010 the 3i India Infrastructure Fund announced it was investing US\$182 million (£114 million) for a substantial minority stake in GVK Energy Limited, a subsidiary of GVK Power and Infrastructure Limited, a Hyderabad-based infrastructure company. 3i Infrastructure’s share of this investment is US\$38 million (£24 million). The 3i India Infrastructure Fund drew US\$24 million (£15 million) to finance the first tranche of this investment. The remainder is expected to be drawn in the Company’s next financial year.

## 2. Realisations

In October 2010, the Company sold the entirety of its holding in one of Viridian’s junior debt facilities (Electricinvest Holding Company Limited £500 million Junior Facility), for £46.8 million, representing a profit over original cost of £4.8 million. The Viridian position, built over the course of 2008 and 2009, was valued at £41.6 million at 30 September 2010.

### 3. Portfolio and returns

3i Infrastructure's portfolio continues to perform well operationally and financially, and is positioned to deliver a robust yield. Portfolio income receivable in the quarter to 31 December 2010 amounted to £23.8 million, including an exceptional income receipt from Eversholt of £6.8 million. Portfolio income for the 9 months to 31 December 2010 totalled £54.3 million.

As usual, an important element of the determination of the results for the period to 31 March 2011 will be the valuation exercise carried out on the portfolio as at that date. 3i Infrastructure will issue a pre-close update in late March 2011 and intends to issue its results for the year to 31 March 2011, including the net asset value as at 31 March 2011, in May 2011.

### 4. Liquidity and Investment Advisory Agreement

On 15 November 2010 3i Infrastructure signed a three-year, £200 million revolving credit facility with a syndicate of five major banks comprising Lloyds TSB Bank, the Royal Bank of Scotland, National Australia Bank, Citigroup Global Markets and Société Générale. This facility replaced the £225 million revolving credit facility signed in March 2008, due to expire in March 2011, and extends the Company's financial flexibility over the medium-term. The Company intends to use this facility as a bridge to equity to finance future transaction activity.

In December 2010 the Company also extended its Investment Advisory Agreement (the "Agreement") with 3i Investments plc, its Investment Adviser. The renegotiation achieved two key objectives: (i) it extended the exclusivity arrangements between the Company and 3i Investments plc by a further £200 million, and (ii) it extended the duration of the Agreement by three years from March 2012 to March 2015.

The amendments to the Agreement were subject to approval from the Jersey Financial Services Commission. In addition, as the Company and 3i Investments plc are related parties, the Company, in accordance with the UK Listing Authority Listing Rules, obtained a fairness opinion on this transaction from an independent adviser.

With the investment exclusivity and the Agreement with the Investment Adviser extended, and with the Company's liquidity secured over the medium-term, the Company has a solid platform from which to invest. In addition to the new facility, at 31 January 2011, the Company had cash balances of £184.5 million.

Ends

For information please contact:

Peter Sedgwick	Chairman, 3i Infrastructure plc	+44 1534 711 444
Silvia Santoro	Investor enquiries	+44 20 7975 3258
Isabel Unsworth	Press enquiries	+44 20 7975 3190

3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company that invests in infrastructure businesses and assets and is regulated by the Jersey Financial Services Commission. The Company listed on the London Stock Exchange in March 2007, raising £703 million in an initial public offering and a further £115 million in a subsequent placing and open offer in July 2008. The Company is a constituent of the FTSE 250 index. It aims to build a diversified portfolio of infrastructure investments across the globe, but with an initial focus on Europe, Asia and North America.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Services Authority and acts as Investment Adviser to 3i Infrastructure plc.

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**This statement aims to give an indication of material events and transactions that have taken place during the period from 1 October 2010 to 2 February 2011 and their impact on the financial position of 3i Infrastructure plc. These indications reflect the Board's current view. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, but are not limited to, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of 3i Infrastructure plc.**