



11 November 2020

## Results for the six months to 30 September 2020

On track to deliver increased FY21 dividend of 9.8 pence per share.

### Performance highlights

<p><b>£84m, 3.8%</b> Total return</p> <p><b>259.4p</b> NAV per share</p>	<p>Resilient portfolio underpinning growth in net asset value ('NAV')</p>
<p><b>£48m</b> Total income and non-income cash</p>	<p>Good level of income and non-income cash to support the dividend</p>
<p><b>£360m</b> Cash balances</p>	<p>Strong liquidity position to make new investments</p>
<p><b>4.9p</b> Interim dividend per share</p>	<p>On track to deliver the FY21 dividend target, 6.5% higher than FY20</p>

### Richard Laing, Chair of 3i Infrastructure plc (the 'Company')

"I am pleased with the resilient performance in the first half which demonstrates the overall strength of our portfolio, particularly in light of the ongoing Covid-19 pandemic. We are on track to deliver our dividend target, which is 6.5% higher than last year."

#### Performance

The Company generated a total return of 3.8% on opening NAV for the first half of the year. The NAV per share increased to 259.4 pence. The portfolio overall is performing in line with expectations, both financially and operationally, with our Investment Manager driving value growth over the period through active asset management of the portfolio.

The Company delivered a Total Shareholder Return ('TSR') of 18.9% in the period (FTSE 250: 16.0%). Since IPO, the Company's annualised TSR is 12.7%, comparing favourably with the broader market (FTSE 250: 6.1% annualised over the same period). The Company has achieved this outperformance with a low correlation to the broader equity market.

## Interim dividend

The Board is announcing the payment of an interim dividend of 4.9 pence per share, scheduled to be paid on 11 January 2021 to holders of ordinary shares on the register on 27 November 2020. The ex-dividend date will be 26 November 2020. As an investment trust, the Company is permitted to designate dividends wholly or partly as interest distributions for UK tax purposes. The Board is designating 3.9 pence of the 4.9 pence interim dividend as an interest distribution.

## Corporate governance

The Company's Annual General Meeting was held on 9 July 2020. All resolutions were approved by shareholders, including the re-election of the existing Directors and the election of Samantha Hoe-Richardson as a Director to the Board.

**Richard Laing**  
Chair

### For further information, please contact:

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## Notes

This report contains Alternative Performance Measures ('APMs'), which are financial measures not defined in International Financial Reporting Standards ('IFRS'). These include Total return on opening NAV, NAV per share, Total income and non-income cash and Total portfolio return percentage. More information relating to APMs, including why we use them and the relevant definitions, can be found in the Financial review section and in the Company's Annual report and accounts 2020.

For further information regarding the announcement of the results for 3i Infrastructure plc, including a live webcast of the results presentation at 10.00am today, please visit [www.3i-infrastructure.com](http://www.3i-infrastructure.com). The analyst presentation will be made available on this website.

### Notes to editors

*3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company, an approved UK Investment Trust, listed on the London Stock Exchange and regulated by the Jersey Financial Services Commission. The Company's purpose is to deliver a long-term sustainable return to shareholders from investing in infrastructure.*

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

*This statement has been prepared solely to provide information to shareholders. It should not be relied on by any other party or for any other purpose. It and the Company's Half-yearly report may contain statements about the future, including certain statements about the future outlook for 3i Infrastructure plc. These are not guarantees of future performance and will not be updated.*

*Although we believe our expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.*

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# 3i Infrastructure plc Half-yearly report 2020

## Review from the Managing Partner

### Portfolio review

The Company is in a strong position with ample liquidity. We have built a well-diversified portfolio providing essential infrastructure services that has proved resilient to the challenges of the Covid-19 pandemic. However, we remain cautious about the speed of the recovery in our markets and conscious of further Covid-19 related risks, particularly in relation to TCR which is the business most directly affected.

Joulz performed ahead of our investment case for the year to date. The carve-out from Stedin is progressing well and the company is integrating the new electric vehicle charging solutions business it acquired in March. We completed a successful refinancing on better terms than envisaged in our previous valuation. We have strengthened the management team with the appointment of Joulz's first CFO, Paul Smits, who was previously the CFO for the Port of Rotterdam.

Ionisos performed well during the first year under our ownership and has benefited from cold sterilisation being an essential service to the healthcare and pharma industries. The Covid-19 pandemic resulted in reduced demand for surgical, cosmetic and veterinary products but this was largely compensated by an increase in demand for medical PPE and packaging. During the period, Ionisos began construction of a new E-beam facility in Bautzen, Germany. We have added a new CFO to the management team, Mohamed El Bounaamani, with the previous CFO transitioning to the role of General Manager, France.

Tampnet's success in signing an agreement to acquire BP's fibre assets in the Gulf of Mexico represents an important milestone for our investment, securing ownership of a key piece of subsea infrastructure and enabling Tampnet to replicate its North Sea business model in the Gulf of Mexico. The transaction is subject to certain third party and regulatory consents and approvals and is expected to be funded from Tampnet's internal resources and existing credit facilities. During the period, performance in Tampnet's roaming business was affected by the pandemic as operators reduced some personnel-related activities, and across the business we saw certain growth projects delayed. We were pleased with the appointment of Ulf Bonnevier as the new CFO. Ulf brings significant large corporate experience from his previous role as CFO at Humana Group.

TCR has performed broadly in line with our expectations during the first half of the year, as flights resumed slightly earlier than we had anticipated and operating costs were managed well. However, travel restrictions and the ongoing effects of the pandemic on demand for air travel are now expected to endure for longer than we had previously assumed, with a more prolonged period of gradual recovery to previous air traffic levels by 2024 and consequential impacts on TCR's customers. This has led to a reduction in our valuation of TCR at the period end.

Attero continues to perform well operationally. Waste production in the Netherlands had largely recovered by the end of the period. However, waste imports from the UK are still materially below pre-pandemic levels. Attero's EfW plants were nevertheless able to continue operating at full capacity during the period by drawing waste from Attero's buffer. The significant reduction in power prices was partly mitigated by the company's hedging programme but our valuation at the period end reflects both lower current power prices and lower medium to long-term forecasts.

Oystercatcher's terminals enjoyed a good first half of the year, outperforming expectations and prior year, on the back of more favourable market conditions for oil storage and lower costs. The negative impact of Covid-19 has been limited to lower throughput levels as a result of lower end-user demand and refineries continuing to operate below their normal output levels.

Infinis performed ahead of expectations in the period, primarily due to outperformance in its captured landfill methane business. As a result of its progressive near-term hedging strategy, Infinis has suffered limited financial impact from low power prices but medium to long-term forecasts have been revised down.

The impact of the Covid-19 pandemic and the significant fall in the oil price has not affected ESVAGT's Service Operation Vessels ('SOVs') fleet which services the offshore wind market, but has impacted its ERRV fleet which operates in the oil and gas segment, where we are seeing lower utilisation levels. Overall performance improved compared to the same period last year. During the period we committed further funding to support ESVAGT's continued growth in the wind sector, with three new SOVs due to commence operations in the coming year.

Valorem performed well in the first half of the year, benefiting from favourable wind conditions, good availability and a partial refinancing. All assets continued to operate as normal during the lockdown period and a number of new projects became operational, while some construction projects suffered only limited delays, mainly due to supply chain issues. The management team has been strengthened with the appointment of a new CFO, Tristan Maes.

The availability-based Projects portfolio has performed in line with expectations. We were pleased with the significant progress made towards realising the remaining assets in the India Fund, with an agreement to sell the Fund's stake in Krishnapatnam Port. The valuation of the Company's investment in the Fund reflects the terms of the sale agreement.

The portfolio is analysed below.

#### **Portfolio - Breakdown by value** at 30 September 2020

Infinis	16%
Tampnet	13%
Joulz	12%
Ionisos	12%
TCR	11%
ESVAGT	9%
Oystercatcher	9%
Valorem	6%
Attero	6%
Projects	4%
India Fund	2%

#### **Portfolio - Breakdown by country** at 30 September 2020

Netherlands	21%
France	19%
UK	16%
Norway	13%
Belgium	11%
Luxembourg	9%
Denmark	9%
India	2%

### **Investment activity**

In October we agreed to acquire further stakes in our Dutch PPP projects from our co-shareholders Fluor Infrastructure and Heijmans Nederland for a total equity investment of c.€25 million.

During the period we invested £15 million in ESVAGT out of a total commitment of £27 million to support the build of three new SOVs.

The investment pipeline contains a broad range of potential investment opportunities for the Company, including through our existing platform investments. We remain selective, pursuing opportunities that will enhance the portfolio while seeking to limit abort cost risk in highly competitive sales processes.

### **Sustainability**

We continue to work closely with our portfolio company management teams to respond to the opportunities and challenges presented by sustainability. Our work over the first half of the year has focused on developing or enhancing each company's sustainability strategy and objectives, as well as reviewing and, where necessary, building their ability to monitor and report on their environmental impacts including carbon emissions.

### **Outlook**

The uncertainty created by the Covid-19 pandemic continues to create a degree of volatility in the financial markets, but we have seen a reasonable level of transaction activity in the infrastructure sector demonstrating continued investor appetite for the resilience inherent in many infrastructure businesses. Competition for new investments is still high, but we remain patient around the deployment of our available liquidity, seeking those opportunities that enhance the portfolio. The pipeline includes further investments in existing sectors, particularly to support energy transition and communications infrastructure.

We are confident of delivering long-term sustainable returns to shareholders, through the Company's well-balanced portfolio and through selective new investment from our broad origination platform. Our experienced team and active approach to asset management delivered a first half return consistent with our expectations and we are well-positioned to meet our return objective for the year as a whole.

#### **Phil White**

Managing Partner and Head of Infrastructure  
3i Investments plc

# Financial review

## Portfolio and returns

### Total return

The Company generated a total return for the six-month period of £84 million, representing a 3.8% return on opening shareholders' equity (September 2019: £107 million, 5.8%). This return was underpinned by a portfolio return of 5.5% (September 2019: 6.0%), diluted by the cash balance held during the period.

Table 1 summarises the valuation and movements in the portfolio, as well as the return for each investment, for the period. In accordance with accounting standards, 'Investments at fair value through profit or loss' as reported in the Balance sheet include, in addition to the portfolio asset valuation, the cash and other net assets held within intermediate unconsolidated holding companies. These amounts are set out at the foot of the table below, to provide a reconciliation between the Directors' valuation of the portfolio assets and 'Investments at fair value through profit or loss' reported in the financial statements.

**Table 1: Portfolio summary** (30 September 2020, £m)

	Directors' valuation 31 March 2020	Investment in the period	Divestment in the period	Accrued income movement	Value movement	Foreign exchange translation	Directors' valuation 30 September 2020	Allocated foreign exchange hedging	Underlying portfolio income in the period	Portfolio total return in the period <sup>1</sup>
<b>Portfolio assets</b>										
Infinis	285	–	(2) <sup>2</sup>	–	(2)	–	281	–	9	7
Tampnet	205	2 <sup>3</sup>	–	–	14	4	225	(7)	2	13
Joulz	187	–	–	3	24	5	219	(2)	3	30
Ionisos	194	–	–	4	9	5	212	(2)	4	16
TCR	195	–	–	6	(19)	5	187	(3)	6	(11)
ESVAGT	141	25 <sup>3,4</sup>	–	–	(4)	4	166	(7)	10	3
Oystercatcher	154	–	–	–	6	1	161	–	–	7
Valorem	88	–	–	–	15	2	105	(1)	2	18
Attero	103	1 <sup>3</sup>	–	–	(5)	2	101	(1)	1	(3)
<b>Economic infrastructure portfolio</b>	<b>1,552</b>	<b>28</b>	<b>(2)</b>	<b>13</b>	<b>38</b>	<b>28</b>	<b>1,657</b>	<b>(23)</b>	<b>37</b>	<b>80</b>
Projects	68	–	–	–	4	1	73	(1)	3	7
India Fund	27	–	–	–	5	–	32	–	–	5
<b>Total portfolio</b>	<b>1,647</b>	<b>28</b>	<b>(2)</b>	<b>13</b>	<b>47</b>	<b>29</b>	<b>1,762</b>	<b>(24)</b>	<b>40</b>	<b>92</b>
Adjustments related to unconsolidated subsidiaries <sup>5</sup>	5	–	–	3	(3)	–	5	–	3	–
<b>Reported in the consolidated financial statements</b>	<b>1,652</b>	<b>28</b>	<b>(2)</b>	<b>16</b>	<b>73</b>	<b>–</b>	<b>1,767</b>	<b>(24)</b>	<b>43</b>	<b>92</b>

1 This comprises the aggregate of value movement, foreign exchange translation, allocated foreign exchange hedging and underlying portfolio income in the period.

2 Shareholder loan repaid.

3 Capitalised income.

4 Follow on investment in ESVAGT of £15 million.

5 Income statement adjustments explained in Table 6 and Balance sheet adjustments explained in Table 7.

An analysis of the elements of the total return for the period is shown in Table 2 below.

**Table 2: Summary total return** (six months to 30 September, £m)

	2020	2019
Capital return (excluding exchange) <sup>1</sup>	47	67
Foreign exchange movement in portfolio	29	22
<b>Capital return (including exchange)<sup>1</sup></b>	<b>76</b>	<b>89</b>
Movement in fair value of derivatives	(24)	(15)
<b>Net capital return</b>	<b>52</b>	<b>74</b>
Total income <sup>2</sup>	46	51
Costs	(14)	(18)
Other net income/(costs) including exchange movements <sup>1</sup>	–	–
<b>Total return</b>	<b>84</b>	<b>107</b>

1 Foreign exchange movement in portfolio is shown within Net capital return. Non-portfolio foreign exchange movement is shown within Other net income/(costs).

2 Includes interest receivable of £6 million (September 2019: £0.2 million).

The financial statements' classification of these components of total return includes transactions within unconsolidated subsidiaries as the Company adopts the Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) basis for its reporting. The non-material adjustments required to reconcile this analysis to the financial statements are shown in Table 6.

The capital return is the largest element of the total return. The portfolio generated a value gain of £47 million in the period to 30 September 2020 (September 2019: £67 million), driven primarily by valuation uplifts for the Company's holdings in Joulz, Tampnet, Valorem, the Projects portfolio and the India Fund, offset by a decline in the valuation of TCR. Infinis and Attero performed well operationally and financially, but their valuations were reduced by lower power price expectations.

**Table 3: Portfolio return by asset** (six months to 30 September 2020, not annualised)

<b>Portfolio assets</b>	
Infinis	2.5%
Tampnet	6.3%
Joulz	16.0%
Ionisos	8.2%
TCR	(5.6)%
ESVAGT	1.9%
Oystercatcher	4.5%
Valorem	20.5%
Attero	(2.9)%
Projects	10.6%
India Fund	18.5%
<b>Total portfolio return</b>	<b>5.5%</b>

The portfolio was valued on a consistent basis with no change to our underlying principle which is to value our portfolio on a fair value basis in line with IPEV guidelines. At March 2020 we made a series of general assumptions in relation to the Covid-19 pandemic but adapted them for country and company-specific circumstances. This continues to be the case, but we have adapted these assumptions based on our experience of the last six months, and these are now as follows:

- current precautions e.g. social distancing, restricted travel, including on public transport, will be in place until Spring 2021 before any further relaxation of requirements;
- enhanced restrictions will be implemented at a local or national level in response to increases in Covid-19 cases; and
- a vaccine will not be widely available until late 2021.

With the benefit of another six months of experience, the application of those assumptions is company-specific and varies across the portfolio. We have updated the cash flow forecasts for each investment and, in relation to the impact of Covid-19, we now have better visibility of the short to medium-term impact than we had in March, including the expectation that operations will continue largely without interruption, but the recovery will vary widely by sector.

The economic impact on many companies, including on customers of our portfolio companies, was mitigated by government support schemes. For some customers, we assume that the impact has been postponed until 2021 but will still occur (e.g. a level of bad debt and deferred growth). The effect of the reduction in spot power prices and the forecast future power price curves on our energy generating portfolio companies has been material and is reflected in our valuations. The aviation sector remains severely affected by travel restrictions, although this varies by region and domestic services have been recovering more than international travel. The reduction in the value of TCR of £19 million reflects revised business plan assumptions as we now expect the full recovery in air traffic to pre-Covid levels to take until 2024.

Joulz increased in value by £24 million which reflects the refinancing completed on better terms than originally anticipated and the limited impact that Covid-19 has had on the business to date.

The value increase in Tampnet of £14 million reflects the expected acquisition of BP's fibre assets in the Gulf of Mexico, partially offset by slower near-term growth and lower roaming revenues.

Valorem increased in value by £15 million. The business completed a successful refinancing of 11 operating wind assets and two solar assets and received the necessary permits for a new wind project in Finland. We lowered the discount rate to reflect the growth of the operating asset base and the ongoing reduction in risk profile of the business.

The weighted average discount rate used in the valuation of the portfolio reduced marginally to 11.2% at September 2020 (March 2020: 11.3%). This was driven by the reduction in the discount rate for Valorem, a small reduction in that of Joulz, and a reduction in discount rates for the Projects portfolio to bring them into line with evidence from recent transaction activity in that sector.

The movement in foreign exchange rates generated a £29 million gain in the period (September 2019: £22 million). This was offset by the movement in the value of derivatives of £24 million (September 2019: £15 million). The foreign exchange hedging programme supports our objective to deliver steady NAV growth for shareholders by reducing our exposure to fluctuations in the foreign exchange markets.

Total income was £46 million, comprising portfolio income of £40 million and interest receivable on vendor loan notes and cash balances of £6 million. The income by portfolio company is shown in Table 1 above. The dividend to shareholders is supported by this income, together with non-income cash receipts of £2 million during the period (September 2019: £6 million). These non-income cash receipts reflect distributions from underlying portfolio companies, which would usually be income to the Company, but that are instead distributed as a repayment of investment for a variety of reasons. Whilst non-income cash does not form part of the total return shown in Table 2, it is included when considering dividend coverage. Total income and non-income cash is shown in Table 8 below.

## **Costs**

### **Management and performance fees**

During the period to 30 September 2020, the Company incurred management fees of £12 million (September 2019: £15 million). The prior year period included a one-off £2 million transaction fee relating to the new investment in Ionisos and the remainder of the decrease reflects the reduction in portfolio value following realisations in the second half of last year.

The annual performance hurdle of 8% was not exceeded in the first half of the year, as the total return for the period was 3.8%, resulting in no performance fee accrual (September 2019: nil).

### **Other operating and finance costs**

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £1 million in the period (September 2019: £1 million).

Finance costs of £1 million in the period (September 2019: £1 million) comprised arrangement, commitment and utilisation fees for the Company's £300 million revolving credit facility ('RCF').

### **Ongoing charges ratio**

The ongoing charges ratio measures annual operating costs, as disclosed in Table 4 below, against the average NAV over the reporting period.

The Company's ongoing charges ratio is calculated in accordance with the Association of Investment Companies ('AIC') recommended methodology and was 1.16% for the period to 30 September 2020 (September 2019: 1.63%).

The AIC methodology does not include performance fees or finance costs. However, the AIC recommends that the impact of performance fees on the ongoing charges ratio is noted, where performance fees are payable. The cost items that contributed to the ongoing charges ratio are shown below. As no performance fee was accrued in the period, no additional disclosure is required (September 2019: nil).

**Table 4: Ongoing charges** (six months to 30 September, annualised £m)

	2020	2019
Investment Manager's fee	23.5	28.1
Auditor's fee	0.4	0.4
Directors' fees and expenses	0.5	0.5
Other ongoing costs	2.2	2.6
Total ongoing charges	26.6	31.6
<b>Ongoing charges ratio</b>	<b>1.16%</b>	1.63%

## Balance sheet

The NAV at 30 September 2020 was £2,312 million (March 2020: £2,269 million). The principal components of the NAV are the portfolio assets, cash holdings, the vendor loan notes from the sale of WIG, the fair value of derivative financial instruments and other net assets and liabilities. A summary balance sheet is shown in Table 5.

The accounting standards require cash or other net assets and liabilities held within intermediate holding companies to be presented as part of the fair value of the investments. The Directors consider that it is helpful for users of the accounts to be able to consider the valuation of the Company's portfolio assets and total aggregate cash and net assets/liabilities within the Company and its unconsolidated subsidiaries. The non-material adjustments required to provide this analysis are shown in Table 7.

**Table 5: Summary balance sheet** (£m)

	As at 30 September 2020	As at 31 March 2020
Portfolio assets	1,762	1,647
Cash balances	360	418
Derivative financial instruments	(4)	21
Other net assets (including vendor loan notes) and liabilities	194	183
<b>NAV</b>	<b>2,312</b>	2,269

Cash is principally held in AAA-rated money market funds. The Company has a £300 million RCF in order to maintain a good level of liquidity for further investment whilst minimising returns dilution from holding excess cash balances. This is a three-year facility, with a maturity date of April 2023. At 30 September 2020 the full £300 million facility was available.

The liability for derivative financial instruments reflects the foreign exchange hedging programme described above.

Other net assets and liabilities predominantly comprise the vendor loan notes received from the WIG sale and a performance fee accrual. The movement from March 2020 is due to accrued interest on these vendor loan notes and a decrease in the performance fee payable.

## NAV per share

The total NAV per share at 30 September 2020 was 259.4 pence (March 2020: 254.5 pence). This reduces to 254.5 pence (March 2020: 249.9 pence) after the payment of the interim dividend of 4.9 pence (March 2020: final dividend of 4.6 pence).

## Dividend

The Board has announced an interim dividend for the period of 4.9 pence per share, or £44 million in aggregate (September 2019: 4.6 pence; £41 million). This is half of the Company's target full year dividend for FY21 of 9.8 pence per share. The Board is designating 3.9 pence of the 4.9 pence interim dividend payable as an interest distribution.

## Alternative Performance Measures ('APMs')

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. The table below defines our APMs and should be read in conjunction with the Annual report and accounts 2020.

APM	Purpose	Calculation	Reconciliation to IFRS
<b>Total return on opening NAV</b>	A measure of the overall financial performance of the Company.	It is calculated as the total return of £84 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £2,269 million net of the final dividend for the previous year of £41 million.	The calculation uses IFRS measures.
<b>NAV per share</b>	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 IFRS measures and is set out in Note 7 to the accounts.
<b>Total income and non-income cash</b>	A measure of the income and other cash receipts by the Company which support the payment of expenses and dividends.	It is calculated as the total income from the underlying portfolio and other assets plus non-income cash being the repayment of shareholder loans not resulting from the disposal of an underlying portfolio asset.	The reconciliation of Total income to IFRS is shown in Table 6.  The proceeds from partial realisations of investments are shown in the Cash flow statement. The realisation proceeds which result from a partial sale of an underlying portfolio asset are not included within non-income cash.
<b>Investment value including commitments</b>	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 the contracted commitment.	The calculation uses portfolio assets shown in the reconciliation in Table 7, together with the value of future commitments. Undrawn loan commitments to the India Fund are not included as these are not expected to be drawn.
<b>Total portfolio return percentage</b>	A measure of the financial performance of the portfolio.	It is calculated as the total portfolio return in the period of £92 million, as shown in Table 1, as a percentage of the sum of the opening value of the portfolio and investments in the year (excluding capitalised interest) of £1,662 million.	The calculation uses capital return (including exchange), movement in fair value of derivatives, underlying portfolio income, opening portfolio value and investment in the period. The reconciliation of all these items to IFRS is shown in Table 1.

In addition to the APMs, the Half-yearly report shows portfolio information including cash and other net assets held within intermediate unconsolidated holding companies. Tables 6 and 7 show a reconciliation of this portfolio information to the information presented in the financial statements. The calculation of 'Total income and non-income cash' is shown in Table 8.

**Table 6: Reconciliation of summary total return** (six months to 30 September 2020, £m)

	Underlying portfolio asset aggregate returns and costs	Adjustments for transactions in unconsolidated subsidiaries	Financial statements
Capital return (including exchange)	76	(3)	73
Movement in fair value of derivatives	(24)	–	(24)
<b>Net capital return</b>	<b>52</b>	<b>(3)</b>	<b>49</b>
Total income	46	3 <sup>1</sup>	49
Costs	(14)	–	(14)
Other net income/(costs) including exchange movements	–	–	–
<b>Total return</b>	<b>84</b>	<b>–</b>	<b>84</b>

1 Interest income accrued from loans between the Company and the unconsolidated subsidiaries.

**Table 7: Reconciliation of summary balance sheet** (as at 30 September 2020, £m)

	Underlying portfolio asset aggregate returns and costs	Adjustments for transactions in unconsolidated subsidiaries <sup>1</sup>	Financial statements
Portfolio assets	1,762	5	1,767 <sup>2</sup>
Cash balances	360	(5) <sup>3</sup>	355
Derivative financial instruments	(4)	–	(4)
Other net assets	194	–	194
<b>Net asset value</b>	<b>2,312</b>	<b>–</b>	<b>2,312</b>

1 'Investments at fair value through profit or loss' in the financial statements includes £5 million of unrestricted cash balances. The adjustments reclassify these balances to show the underlying value of the portfolio assets, the total cash holdings and other net assets/(liabilities) positions, as monitored by the Board.

2 Described as 'Investments at fair value through profit or loss' in the financial statements.

3 Cash balances held in unconsolidated subsidiaries totalled £5 million.

**Table 8: Total income and non-income cash** (six months to 30 September, £m)

	2020	2019
Total income	46	51
Non-income cash	2	6
<b>Total</b>	<b>48</b>	<b>57</b>

# Risk review

## Review of principal risks and uncertainties

The Company's approach to risk governance, the risk review process and risk appetite is set out in the Risk report in the Annual report and accounts 2020, which can be found on our website [www.3i-infrastructure.com](http://www.3i-infrastructure.com).

The principal risks to the achievement of the Company's objectives are unchanged from those reported on pages 64 to 65 of the Annual report and accounts 2020. Developments in relation to these principal risks during the period are outlined below.

### Covid-19

The Covid-19 pandemic has had a severe impact on economic growth forecasts worldwide. The experience of the past six months has helped us understand the current and potential effects on our portfolio, but the ultimate impact will only be fully understood over time.

All of our portfolio companies have been affected to some extent, either directly or indirectly, for example through the reduction in air traffic, the fall in the oil price, lower power prices and changes in customer demand. Operationally, the portfolio has been highly resilient with the activities of our companies deemed essential in the countries in which they operate. The principal effects on each portfolio company are described in the Review from the Managing Partner and the Financial review above. The impact of Covid-19 on the principal risks is described below.

### External risks – market/economic and competition

The European economic infrastructure market remains competitive, with strong demand for new investments. Despite the restrictions imposed in response to the Covid-19 pandemic, we have seen a reasonable level of transaction activity.

We remain cautious about the speed of the recovery in economic activity and conscious of further Covid-19 related risks. The risk exposure from market/economic risk remains elevated as a result of Covid-19, and this remains the top risk facing the Company.

The UK's future trading arrangements with the EU and the regulatory environment in which the Company operates remain uncertain and could create a generally less favourable financial environment for the Company and its investments. The majority of the Company's investments are in domestic businesses with limited cross-border trading. This mitigates the risk to the Company of there being unfavourable trading terms between the UK and the EU.

Inflation in the UK declined sharply in the period, falling to its lowest level since June 2016. This downwards trend was also seen in European inflation rates. The decrease in inflation negatively affects assets with inflation-linked revenues, but this is partially offset for assets with inflation-linked costs.

Interest rates remained low during the period. Government bond yields have declined further over the period, from already historically low levels. The Company has taken advantage of this favourable environment through continued debt refinancing activity in the portfolio.

The Company is exposed to movements in sterling exchange rates against a number of currencies, most significantly the euro. During the period sterling depreciated against the euro, primarily driven by continued uncertainty over the terms of the UK's departure from the EU, which resulted in foreign exchange gains in the portfolio. Losses from the hedging programme substantially offset these gains.

The revenues of Infinis are underpinned by the inflation-linked UK Renewables Obligation Certificate ('ROC') regime until 2027, while the valuation of the business is also affected by the evolution of long-term power price forecasts and by fluctuations in the spot power price which has been volatile in the period, dropping to a 13-year low at the peak of the pandemic but recovering recently. Approximately 25% of the revenues for Attero are generated from the sale of heat and power which is also affected by fluctuations in the power price.

The oil price was volatile in the period but appears to have stabilised for now. The low oil price has delayed some expected growth for Tampnet and reduced demand for ESVAGT vessels operating in the oil and gas sector. For Oystercatcher, the drop in oil prices caused a contango which led to storage rate improvements and customers keen to renew sooner. However, this benefit was partially offset by reduced throughput revenues driven by the decline in end-user demand.

A recovery in air travel commenced following the easing of restrictions imposed in response to the Covid-19 pandemic. This recovery has been hampered by restrictions being reimposed in certain countries towards the end of the period. Air traffic movements and passenger numbers remain substantially below prior year levels, and the timing and extent of future recovery is uncertain. This affects TCR, as discussed in the Review from the Managing Partner and the Financial review above.

Attero imports waste from the UK and the levels remain materially below pre-pandemic levels. Attero's EfW plants were nevertheless able to continue operating at full capacity during the period by drawing waste from Attero's significant buffer of untreated waste.

### **External risks – regulatory and tax**

The Company's investment in Infinis is exposed to regulatory risk around 'embedded benefits'. Ofgem is currently conducting several reviews into network access and charging arrangements. It is possible that this could affect the valuation of Infinis, but our current expectation is that this would not be material. Carbon taxes are an important driver of UK power prices and the future of the two main schemes - the EU ETS and the UK Carbon Price Support - are in doubt as the UK leaves the EU ETS after December 2020.

### **External risks – debt markets**

Ongoing access to debt markets is important to businesses in the portfolio, particularly as existing debt matures. Changes in the terms and availability of debt finance, including as a consequence of the underlying performance of portfolio assets, could affect valuations. The majority of the portfolio has now been refinanced over the medium to long term, mitigating this risk. Debt markets remain open and we successfully refinanced the acquisition debt in Joulez during the period on better terms than envisaged in our previous valuation. We also completed a further refinancing of operating assets in Valorem.

### **Investment risks**

The Company has ample liquidity to pursue new investment opportunities but shareholder returns are diluted to the extent that this liquidity is in the form of cash balances.

# Statement of comprehensive income

for the six months to 30 September

	Notes	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m
Net gains on investments	4	73	85
Investment income		43	55
Fees payable on investment activities		–	(1)
Interest receivable		6	–
<b>Investment return</b>		<b>122</b>	<b>139</b>
Movement in the fair value of derivative financial instruments		(24)	(15)
Management and performance fees payable	2	(12)	(15)
Operating expenses		(1)	(1)
Finance costs		(1)	(1)
<b>Profit before tax</b>		<b>84</b>	<b>107</b>
Income taxes	3	–	–
<b>Profit after tax and profit for the period</b>		<b>84</b>	<b>107</b>
<b>Total comprehensive income for the period</b>		<b>84</b>	<b>107</b>
<b>Earnings per share</b>			
Basic and diluted (pence)	7	9.4	13.3

# Statement of changes in equity

for the six months to 30 September

For the six months to 30 September 2020 (unaudited)	Notes	Stated capital account £m	Retained reserves £m	Capital reserve £m	Revenue reserve £m	Total shareholders' equity £m
<b>Opening balance at 1 April 2020</b>		<b>779</b>	<b>1,282</b>	<b>196</b>	<b>12</b>	<b>2,269</b>
Total comprehensive income for the period		–	–	49	35	84
Dividends paid to shareholders of the Company during the period	8	–	–	–	(41)	(41)
<b>Closing balance at 30 September 2020</b>		<b>779</b>	<b>1,282</b>	<b>245</b>	<b>6</b>	<b>2,312</b>
For the six months to 30 September 2019 (unaudited)	Notes	£m	£m	£m	£m	£m
Opening balance at 1 April 2019		560	1,282	64	(4)	1,902
Total comprehensive income for the period		–	–	68	39	107
Dividends paid to shareholders of the Company during the period	8	–	–	–	(35)	(35)
<b>Closing balance at 30 September 2019</b>		<b>560</b>	<b>1,282</b>	<b>132</b>	<b>–</b>	<b>1,974</b>

# Balance sheet

as at 30 September

	Notes	30 September 2020 (unaudited) £m	31 March 2020 (audited) £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments at fair value through profit or loss	4	1,767	1,652
Trade and other receivables		103	99
Derivative financial instruments	4	2	7
<b>Total non-current assets</b>		<b>1,872</b>	<b>1,758</b>
<b>Current assets</b>			
Derivative financial instruments	4	9	26
Trade and other receivables		103	101
Cash and cash equivalents		355	413
<b>Total current assets</b>		<b>467</b>	<b>540</b>
<b>Total assets</b>		<b>2,339</b>	<b>2,298</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Derivative financial instruments	4	(7)	(4)
Trade and other payables		(6)	(11)
<b>Total non-current liabilities</b>		<b>(13)</b>	<b>(15)</b>
<b>Current liabilities</b>			
Derivative financial instruments	4	(8)	(8)
Trade and other payables		(6)	(6)
<b>Total current liabilities</b>		<b>(14)</b>	<b>(14)</b>
<b>Total liabilities</b>		<b>(27)</b>	<b>(29)</b>
<b>Net assets</b>		<b>2,312</b>	<b>2,269</b>
<b>Equity</b>			
Stated capital account	6	779	779
Retained reserves		1,282	1,282
Capital reserve		245	196
Revenue reserve		6	12
<b>Total equity</b>		<b>2,312</b>	<b>2,269</b>
<b>Net asset value per share</b>			
Basic and diluted (pence)	7	259.4	254.5

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 10 November 2020 and signed on its behalf by:

**Richard Laing**  
Chair

# Cash flow statement

for the six months to 30 September

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m
<b>Cash flow from operating activities</b>		
Purchase of investments	(15)	(389)
Proceeds from partial realisations of investments	2	11
Proceeds from full realisation of investments	1	–
Investment income <sup>1</sup>	12	32
Fees paid on investment activities	–	(1)
Operating expenses paid	(1)	(2)
Management and performance fees paid	(16)	(44)
Amounts received/(paid) on the settlement of derivative contracts	1	(14)
Payments for transfer of investments from unconsolidated subsidiaries <sup>2</sup>	–	17
Distributions from transfer of investments from unconsolidated subsidiaries <sup>2</sup>	–	(17)
<b>Net cash flow from operations</b>	<b>(16)</b>	<b>(407)</b>
<b>Cash flow from financing activities</b>		
Fees and interest paid on financing activities	(1)	(1)
Dividends paid	(41)	(35)
Drawdown of revolving credit facility	–	192
<b>Net cash flow from financing activities</b>	<b>(42)</b>	<b>156</b>
<b>Change in cash and cash equivalents</b>	<b>(58)</b>	<b>(251)</b>
Cash and cash equivalents at the beginning of the period	413	257
<b>Cash and cash equivalents at the end of the period</b>	<b>355</b>	<b>6</b>

1 Investment income includes dividends of £1 million (September 2019: £9 million) and interest of £11 million (September 2019: £19 million) received from portfolio assets held directly by the Company and distributions of nil (September 2019: £4 million) received from unconsolidated subsidiaries.

2 Following the change of tax residence of the Company from Jersey to the UK, several of the investments held in unconsolidated subsidiaries domiciled outside the UK were transferred to be held directly by the Company.

## Reconciliation of net cash flow to movement in net cash/(debt)

for the six months to 30 September

	Six months to 30 September 2020 (unaudited)	Six months to 30 September 2019 (unaudited)
Change in cash and cash equivalents	(58)	(251)
Drawdown of revolving credit facility	–	(192)
Change in net cash/(debt) resulting from cash flows	(58)	(443)
<b>Movement in net cash/(debt)</b>	<b>(58)</b>	<b>(443)</b>
Net cash at the beginning of the period	413	257
<b>Net cash/(debt) at the end of the period</b>	<b>355</b>	<b>(186)</b>

In the above reconciliation there were no non-cash movements.

# Accounting policies

## Basis of preparation

These financial statements are the unaudited Half-yearly condensed financial statements (the 'Half-yearly Financial Statements') of 3i Infrastructure plc (the 'Company'), a company incorporated and registered in Jersey for the six-month period ended 30 September 2020.

The Half-yearly Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34') and the accounting policies are consistent with those set out in the Annual report and accounts 2020. They should be read in conjunction with the consolidated financial statements for the year to 31 March 2020, as they provide an update of previously reported information. The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability and cash flows. The key factors likely to affect the Company's ability to continue as a going concern were set out in the Annual report and Accounts 2020. While the global impact of Covid-19 has been profound, and the Company's NAV has not been immune to this, the Company remains in a strong position in relation to its ability to continue to operate and the Company has ample resources to meet its ongoing needs. At 30 September 2020, the Company's liquidity totalled £660 million (March 2020: £718 million). Liquidity comprised cash and deposits of £360 million (March 2020: £418 million) and undrawn facilities of £300 million (March 2020: £300 million). In addition, the Company is due to receive deferred consideration from the realisation of WIG in two tranches, £98 million in December 2020 and £98 million in December 2021. The Company has a strong investment portfolio providing a predictable income yield and an expectation of medium-term capital growth. Whilst a significant amount of income is expected to be received from the portfolio investments during the year, the Company has sufficient liquidity to meet its financial commitments even if no income were received and has sufficient resources to make equity investments in new and existing portfolio companies where required.

The Half-yearly Financial Statements were authorised for issue by the Directors on 10 November 2020.

The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2020, prepared under IFRS as adopted by the European Union, and on which the auditors issued a report, which was unqualified, have been filed with the Jersey Financial Services Commission.

## Key judgements and sources of estimation uncertainties

The preparation of the Half-yearly Financial Statements in conformity with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. All judgements used in the preparation of the Half-yearly Financial Statements are consistent with those stated in the Annual report and accounts 2020.

The key area where estimates are significant to the Half-yearly Financial Statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods is in the valuation of the investment portfolio. The majority of assets in the investment portfolio are valued on a discounted cash flow basis which requires assumptions to be made regarding future cash flows and the discount rate to be applied to these cash flows. The uncertainty surrounding the ultimate impact of the Covid-19 pandemic has resulted in significant estimation in respect to the future cash flows for some of the portfolio companies. This includes estimation in relation to liquidity and delays to debtor payments; forecast revenue, supply chain, employee and slower growth effects; and the offsetting impact of government and central bank mitigation measures. The portfolio is diversified by sector, geography and underlying risk exposures. The valuation of each asset has significant estimation in relation to asset specific items. The key risks to the portfolio are discussed in further detail in the Risk review section.

The methodology for deriving the fair value of the investment portfolio, including the key estimates and the general assumptions adopted in relation to the Covid-19 pandemic, is set out in the Financial review section. For each portfolio company, we have considered the effects of government support schemes on some of their customers and assumed that, where applicable, this has postponed the potential impact on debtor payments until 2021 but that it will still occur. Consideration was also given to the effects of stay at home and social distancing policies on customers, including on their viability and access to liquidity. The impact of power price reductions on our energy generating portfolio companies has been material and is reflected in our valuations. Both the spot price and the forecast future price curves have reduced. The oil price was volatile in the period and lower oil prices have affected the portfolio in different ways. For example, the resulting contango has created a strong incentive to store oil and oil products, but a lower oil price has reduced or delayed capital expenditure on oil and gas projects. We have also considered delays to noncommitted capital expenditure, cost-cutting initiatives and delays to construction activity, new business wins or new orders.

As described above, the macroeconomic uncertainty has created uncertainty in the fair value of the investment portfolio. The Directors believe that they have reflected this uncertainty in a balanced way through the assumptions used in the valuations of each portfolio company. In respect of TCR, which operates in the aviation industry, there is a greater level of estimation uncertainty compared to the other portfolio investments. The valuation of TCR, which represents 8% of the total net asset value of the Company, is subject to the estimation uncertainty in respect of the extent and duration of the disruption to air traffic movements caused by Covid-19 and the pace and extent of the eventual recovery. This varies by region and domestic services have been recovering more than international travel.

The valuation of TCR is considered to reflect a balanced base case of cash flows and appropriate discount rate. TCR's financial performance in the period has been close to, or slightly ahead of, our expectations. However, the timing of recovery in air travel to pre-Covid levels remains highly uncertain and many businesses and aviation forecasters in the sector now expect that to take several years. We have assumed that passenger numbers overall do not return to pre-Covid levels until 2024, a more conservative assumption than that taken in March. TCR has largely fixed rental contracts, rather than direct exposure to passenger numbers, and is diversified across geographies so it has been less severely impacted than airlines by the reduction in air traffic movements and passenger numbers.

The effects of continuing reduced demand are likely to have negative consequences for TCR's customers. We have sought to reflect these difficult market conditions in our cash flow forecasts for TCR, while also recognising increasing interest in TCR's business model from existing and potential new customers. The current base case reflects the revised commercial agreements reached with TCR's main customers since the onset of the pandemic, together with a number of cost reduction initiatives undertaken, and assumes new contract wins based in the short term on those at an advanced stage of negotiations. Additionally, the discount rate increase at March has been maintained as a result of the continued uncertainty in the aviation sector over the short term.

# Notes to the accounts

## 1 Operating segments

The Directors review information on a regular basis that is analysed by portfolio segment: being Economic Infrastructure businesses, the Projects portfolio and the India fund, and by geography. These segments are reviewed for the purpose of resource allocation and the assessment of their performance. In accordance with IFRS 8, the segmental information provided below uses these segments for the analysis of results as it is the most closely aligned with IFRS reporting requirements. The Company is an investment holding company and does not consider itself to have any customers.

The following is an analysis of the Company's investment return, profit before tax, assets, liabilities and net assets by portfolio segment for the six months to 30 September 2020:

For the six months to 30 September 2020 (unaudited)	Economic Infrastructure businesses £m	Projects portfolio £m	India Fund £m	Unallocated <sup>1</sup> £m	Total £m
<b>Investment return</b>	<b>104</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>122</b>
<b>Profit/(loss) before tax</b>	<b>81</b>	<b>6</b>	<b>5</b>	<b>(8)</b>	<b>84</b>
For the six months to 30 September 2019 (unaudited)					
Investment return/(loss)	113	26	1	(1)	139
Profit/(loss) before tax	98	26	1	(18)	107
<b>As at 30 September 2020 (unaudited)</b>					
<b>Assets</b>	<b>1,667</b>	<b>79</b>	<b>32</b>	<b>561</b>	<b>2,339</b>
<b>Liabilities</b>	<b>(13)</b>	<b>(2)</b>	<b>–</b>	<b>(12)</b>	<b>(27)</b>
<b>Net assets</b>	<b>1,654</b>	<b>77</b>	<b>32</b>	<b>549</b>	<b>2,312</b>
As at 31 March 2020 (audited)					
Assets	1,582	76	27	613	2,298
Liabilities	(11)	(1)	–	(17)	(29)
Net assets	1,571	75	27	596	2,269

1 Unallocated includes cash, management and performance fees payable and other payables and receivables (including vendor loan notes) which are not directly attributable to the investment portfolio.

The following is an analysis of the Company's investment return, profit before tax, assets, liabilities and net assets by geography for the six months to 30 September 2020:

For the six months to 30 September 2020 (unaudited)	UK and Ireland <sup>1</sup> £m	Europe <sup>2</sup> £m	Asia £m	Total £m
<b>Investment return</b>	<b>13</b>	<b>104</b>	<b>5</b>	<b>122</b>
<b>Profit/(loss) before tax</b>	<b>(1)</b>	<b>80</b>	<b>5</b>	<b>84</b>
For the six months to 30 September 2019 (unaudited)				
Investment return	38	100	1	139
Profit before tax	21	85	1	107
<b>As at 30 September 2020 (unaudited)</b>				
<b>Assets</b>	<b>842</b>	<b>1,465</b>	<b>32</b>	<b>2,339</b>
<b>Liabilities</b>	<b>(12)</b>	<b>(15)</b>	<b>–</b>	<b>(27)</b>
<b>Net assets</b>	<b>830</b>	<b>1,450</b>	<b>32</b>	<b>2,312</b>
As at 31 March 2020 (audited)				
Assets	898	1,373	27	2,298
Liabilities	(17)	(12)	–	(29)
Net assets	881	1,361	27	2,269

1 Including Channel Islands. All centrally incurred costs have been deemed to be incurred in the UK and Ireland while recognising these costs support allocations across geographies.

2 Continental Europe includes all returns generated from, and investment portfolio value relating to, the Company's investment in Oystercatcher, including those derived from its underlying business in Singapore.

## 1 Operating segments continued

The Company generated 11% (September 2019: 27%) of its investment return in the period from investments held in the UK and Ireland and 85% (September 2019: 72%) of its investment return from investments held in continental Europe. During the period, the Company generated 90% (September 2019: 81%) of its investment return from investments in Economic Infrastructure businesses, 6% (September 2019: 18%) from investments in Projects and 4% (September 2019: 1%) from its investment in the India Fund. Given the nature of the Company's operations, the Company is not considered to be exposed to any operational seasonality or cyclicity that would impact the financial results of the Company during the period or the financial position of the Company at 30 September 2020.

## 2 Management and performance fees payable

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m
Management fee payable	12	15
Performance fee	–	–
	12	15

Total management and performance fees payable by the Company for the period to 30 September 2020 were £12 million (September 2019: £15 million). Note 9 provides further details on the calculation of the management fee and performance fee.

## 3 Income taxes

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m
<b>Current taxes</b>		
Current year	–	–
<b>Total income tax charge in the Statement of comprehensive income</b>	–	–

### Reconciliation of income taxes in the Statement of comprehensive income

The Company is a UK tax resident approved investment trust with effect from 15 October 2018. The tax charge for the period is different from the standard rate of corporation tax in the UK, currently 19% (2019: 19%), and the differences are explained below:

	Six months to 30 September 2020 £m	Six months to 30 September 2019 £m
Profit before tax	84	107
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%)	16	20
Effects of:		
Non-taxable capital profits due to UK approved investment trust company status	(9)	(13)
Non-taxable dividend income	–	(2)
Dividends designated as interest distribution	(7)	(5)
<b>Total income tax charge in the Statement of comprehensive income</b>	–	–

The Company's affairs are directed so as to allow it to meet the requisite conditions to continue to operate as an approved investment trust company for UK tax purposes. The approved investment trust status allows certain capital profits of the Company to be exempt from tax in the UK and also permits the Company to designate the dividends it pays, wholly or partly, as interest distributions. These features enable approved investment trust companies to ensure that their investors do not ultimately suffer double taxation of their investment returns, ie. once at the level of the investment fund vehicle and then again in the hands of the investors.

#### 4 Investments at fair value through profit or loss and financial instruments

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted and in active markets)	Quoted equity investments
Level 2	Inputs other than quoted prices included in Level 1 that are observable in the market either directly (ie. as prices) or indirectly (ie. derived from prices)	Derivative financial instruments held at fair value
Level 3	Inputs that are not based on observable market data	Unquoted investments and unlisted funds

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 the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) for each reporting period.

The table below shows the classification of financial instruments held at fair value into the fair value hierarchy at 30 September 2020. For all other assets and liabilities, their carrying value approximates to fair value. During the period ended 30 September 2020, there were no transfers of financial instruments between levels of the fair value hierarchy (March 2020: none).

Trade and other receivables on the Balance sheet includes £1 million of deferred finance costs relating to the arrangement fee for the revolving credit facility (March 2020: £1 million). This has been excluded from the table below as it is not categorised as a financial instrument.

#### Financial instruments classification

	As at 30 September 2020 (unaudited)			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets</b>				
Investments at fair value through profit or loss	–	–	1,767	1,767
Trade and other receivables	–	205	–	205
Derivative financial instruments	–	11	–	11
	–	216	1,767	1,983
<b>Financial liabilities</b>				
Derivative financial instruments	–	(15)	–	(15)
	–	(15)	–	(15)
	As at 31 March 2020 (audited)			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets</b>				
Investments at fair value through profit or loss	–	–	1,652	1,652
Trade and other receivables	–	199	–	199
Derivative financial instruments	–	33	–	33
	–	232	1,652	1,884
<b>Financial liabilities</b>				
Derivative financial instruments	–	(12)	–	(12)
	–	(12)	–	(12)

## 4 Investments at fair value through profit or loss and financial instruments continued

### Reconciliation of financial instruments categorised within Level 3 of fair value hierarchy

	As at 30 September 2020 (unaudited) £m
<b>Level 3 fair value reconciliation</b>	
<b>Opening fair value</b>	<b>1,652</b>
Additions	28
Disposal proceeds and repayment	(2)
Movement in accrued income	16
Fair value movement (including exchange movements)	73
<b>Closing fair value</b>	<b>1,767</b>

  

	As at 31 March 2020 (audited) £m
<b>Level 3 fair value reconciliation</b>	
Opening fair value	1,697
Additions	423
Disposal proceeds and repayment	(597)
Movement in accrued income	1
Fair value movement (including exchange movements)	128
Closing fair value	1,652

All unrealised movements on investments and foreign exchange movements are recognised in profit or loss in the Statement of comprehensive income during the period and are attributable to investments held at the end of the period.

The holding period of the investments in the portfolio is expected to be greater than one year. Therefore, investments are classified as non-current unless there is an agreement to dispose of the investment within one year and all relevant regulatory approvals have been received. It is not possible to identify with certainty where any investments may be sold within one year.

Investment income of £43 million (September 2019: £55 million) comprises dividend income of £1 million (September 2019: £9 million), interest of £41 million (September 2019: £39 million) and distributions of £1 million (September 2019: £7 million) from unconsolidated subsidiaries.

#### Unquoted investments

The Company invests in private companies which are not quoted on an active market. These are measured in accordance with the International Private Equity Valuation guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted investments can be found in the Portfolio valuation methodology section.

The Company's policy is to fair value both the equity and shareholder debt investments in infrastructure assets together where they will be managed and valued as a single investment, were invested at the same time and cannot be realised separately. The Directors consider that equity and debt share the same characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes. As at 30 September 2020, the fair value of unquoted investments was £1,762 million (March 2020: £1,647 million). Individual portfolio asset valuations are shown in Table 1 in the Financial review section.

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 long-term inflation rate assumption, the interest rates assumption used to project the future cash flows and the forecast cash flows themselves.

For the March 2020 valuations a broad set of general assumptions in relation to the Covid-19 pandemic were made across the whole portfolio. This included that the general stay at home policies/closed borders/major restrictions on travel would continue for four months from 1 April 2020, followed by a gradual recovery over the remainder of 2020. The Directors considered the impact on the portfolio of the restrictions extending for nine months from 1 April 2020 followed by a gradual recovery throughout 2021 and disclosed this as an additional sensitivity. The experience of the last six months has demonstrated that the impact on the portfolio is company specific and in many cases the impact was limited. The asset that showed a material level of sensitivity was TCR and this is discussed further in the Accounting policies section. The duration of the lockdown was slightly shorter than expected but the end date for a recovery is uncertain and varies widely by sector. The assumptions made for these September 2020 valuations are described in the Financial review section.

## 4 Investments at fair value through profit or loss and financial instruments continued

The fair value of the investments is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. As part of its analysis, the Board has considered the potential impact of a change in a number of the macroeconomic assumptions used in the valuation process. By considering these potential scenarios, the Board is well positioned to assess how the Company is likely to perform if affected by variables and events that are inherently outside of the control of the Board and the Investment Manager.

Increasing the discount rate used in the valuation of each asset by 1% would reduce the value of the portfolio by £144 million (March 2020: £136 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £166 million (March 2020: £157 million).

The majority of assets held within Level 3 have revenues that are linked, partially linked or in some way correlated to inflation. The long-term inflation rate assumptions for the country of domicile of the investments in the portfolio range from 5.0% (India) (March 2020: 5.0%) to 2.0% (the Netherlands) (March 2020: 2.0%). The long-term RPI assumption for UK assets is 2.5% (March 2020: 2.5%). Changing the inflation rate assumption may result in consequential changes to other assumptions used in the valuation of each asset. The impact of increasing the inflation rate assumption by 1% for the next two years would be to increase the value of the portfolio by £21 million (March 2020: £16 million). Decreasing the inflation rate assumption used in the valuation of each asset by 1% for the next two years would decrease the value of the portfolio by £21 million (March 2020: £15 million).

The valuations are sensitive to changes in interest rates, which may result from: (i) unhedged existing borrowings within portfolio companies; (ii) interest rates on uncommitted future borrowings assumed within the asset valuations; and (iii) cash deposits held by portfolio companies. 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 unhedged borrowings and any future uncommitted borrowing and the cash deposit rates used in the valuation of each asset by 1% would reduce the value of the portfolio by £78 million (March 2020: £76 million). Decreasing the interest rate assumption used in the valuation of each asset by 1% would increase the value of the portfolio by £73 million (March 2020: £71 million). This calculation does not take account of any offsetting variances which may be expected to prevail if interest rates changed, including the impact of inflation discussed above.

### Intermediate holding companies

The Company invests in a number of intermediate holding companies that are used to hold the unquoted investments, valued as referred to above. All other assets and liabilities of the intermediate holding companies are held either at fair value or at a reasonable approximation to fair value. The fair value of these intermediate holding companies therefore approximates to their NAV and the Company classifies the fair value as Level 3. As at 30 September 2020, the fair value of the other assets and liabilities within these intermediate holding companies was £5 million (March 2020: £5 million).

### Over-the-counter derivatives

The Company uses over-the-counter foreign currency derivatives to hedge foreign currency movements. The derivatives are held at fair value which represents the price that would be received to sell or transfer the instruments at the balance sheet date. The valuation technique incorporates various inputs including foreign exchange spot and forward rates and uses present value calculations. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

### Valuation process for Level 3 valuations

The valuations on the Balance sheet are the responsibility of the Board of Directors of the Company. The Investment Manager provides a valuation of unquoted investments, debt and unlisted funds held by the Company on a half-yearly basis. This is performed by the valuation team of the Investment Manager and reviewed by the valuation committee of the Investment Manager. The valuations are also subject to quality assurance procedures performed within the valuation team. The valuation team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. On a half-yearly basis, the Investment Manager presents the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with significant fair value changes. Any changes in valuation methods are discussed and agreed with the Audit and Risk Committee before the valuations on the Balance sheet are approved by the Board.

## 5 Loans and borrowings

On 30 April 2018, the Company entered into a new three-year, £300 million RCF with a syndicate of banks. The RCF is secured by a fixed and floating charge over directly held assets of the Company. Interest is payable at LIBOR plus a fixed margin on the drawn down amount. As at 30 September 2020, the Company had not drawn down cash from the RCF (March 2020: nil).

The RCF has certain loan covenants, including a debt service coverage ratio and loan to value ratio. The Company has the right to increase the size of the RCF by up to a further £200 million, provided that existing lenders have a right of first refusal. In May 2020, the Company agreed the second one-year extension to the maturity date, to 27 April 2023.

There was no change in total financing liabilities for the Company during the period as the cash flows relating to the financing liabilities were equal to the income statement expense. Accordingly, no reconciliation between the movement in financing liabilities and the cash flow statement has been presented.

## 6 Issued capital

	As at 30 September 2020 (unaudited)		As at 31 March 2020 (audited)	
	Number	£m	Number	£m
Authorised, issued and fully paid				
Opening balance	891,434,010	1,496	810,434,010	1,273
Issued as part of Placing	–	–	81,000,000	223
Closing balance	891,434,010	1,496	891,434,010	1,496

Aggregate issue costs of £24 million arising from IPO and subsequent share issues have been offset against the stated capital account in previous years. In addition, the stated capital account was reduced by Court order on 20 December 2007 with an amount of £693 million transferred to a new, distributable reserve which has been combined with retained reserves in these accounts. Therefore, as at 30 September 2020, the residual value on the stated capital account was £779 million.

## 7 Per share information

The earnings and net assets per share attributable to the equity holders of the Company are based on the following data:

	Six months to 30 September 2020 (unaudited)	Six months to 30 September 2019 (unaudited)
<b>Earnings per share (pence)</b>		
Basic and diluted	9.4	13.3
<b>Earnings (£m)</b>		
Profit after tax for the period	84	107
<b>Number of shares (million)</b>		
Weighted average number of shares in issue	891.4	810.4
	<b>As at 30 September 2020 (unaudited)</b>	<b>As at 31 March 2020 (audited)</b>
<b>Net assets per share (pence)</b>		
Basic and diluted	259.4	254.5
<b>Net assets (£m)</b>		
Net assets	2,312	2,269

## 8 Dividends

Declared and paid during the period	As at 30 September 2020 (unaudited)		As at 30 September 2019 (unaudited)	
	pence per share	£m	pence per share	£m
Prior year final dividend paid on ordinary shares	4.600	41	4.325	35

The Company proposes paying an interim dividend of 4.9 pence per share (September 2019: 4.6 pence) which will be payable to those shareholders that are on the register on 27 November 2020. On the basis of the shares in issue at 30 September 2020, this would equate to a total interim dividend of £44 million (September 2019: £41 million). The designation of a portion of the dividend as an interest distribution is described in the Information for shareholders section.

## 9 Related parties

### Transactions between the Company and 3i Group

3i Group plc ('3i Group') holds 30.2% (March 2020: 30.2%) of the ordinary shares of the Company. This classifies 3i Group as a 'substantial shareholder' of the Company as defined by the Listing Rules. During the period, 3i Group received dividends of £12 million (September 2019: £12 million) from the Company.

In 2007 the Company committed US\$250 million to the 3i India Infrastructure Fund (the 'India Fund') to invest in the Indian infrastructure market. 3i Group also committed US\$250 million to the India Fund. No commitments were drawn down by the India Fund from the Company during the period (September 2019: nil). In total, commitments of US\$184 million or £142 million re-translated had been drawn down at 30 September 2020 (March 2020: US\$184 million or £148 million) by the India Fund from the Company. As the India Fund has reached the end of its investment period, the Company's outstanding commitment to the India Fund is limited to 15% of the original US\$250 million commitment. At 30 September 2020, the outstanding commitment was US\$38 million, or £29 million re-translated (March 2020: US\$38 million or £30 million).

3i Investments plc, a subsidiary of 3i Group, is the Company's Alternative Investment Fund Manager and provides its services under an Investment Management Agreement ('IMA'). 3i Investments plc also acts as the investment manager of the India Fund. 3i plc, another subsidiary of 3i Group, together with 3i Investments plc, provides support services to the Company (which are ancillary and related to the investment management service) which it is doing pursuant to the terms of the IMA.

Fees under the IMA consist of a tiered management fee and time weighting of the management fee calculation and a one-off transaction fee of 1.2% payable in respect of new investments. The applicable tiered rates are shown in the table below. The management fee is payable quarterly in advance.

Gross investment value	Applicable tier rate
Up to £1.25bn	1.4%
£1.25bn to £2.25bn	1.3%
Above £2.25bn	1.2%

For the period to 30 September 2020, £12 million (September 2019: £15 million) was payable and advance payments of £12 million were made resulting in an amount due to 3i plc of less than £1 million at 30 September 2020 (March 2020: less than £1 million due from 3i plc). In consideration of the provision of support services under the IMA, the Company pays the Investment Manager an annual fee of £1 million. The cost for the support services incurred for the period to 30 September 2020 was £0.5 million (September 2019: £0.5 million). The outstanding balance payable as at 30 September 2020 was nil (March 2020: nil).

Under the IMA, a performance fee is payable to the Investment Manager equal to 20% of the Company's total return in excess of 8%, payable in three equal annual instalments. The second and third instalments will only be payable if either (a) the Company's performance in the year in which that instalment is paid also triggers payment of a performance fee in respect of that year, or (b) if the Company's performance over the three years starting with the year in which the performance fee is earned exceeds the 8% hurdle on an annual basis. There is no high water mark requirement.

The performance hurdle requirement was not exceeded for the period to 30 September 2020 and therefore no performance fee was recognised (September 2019: £nil). The outstanding balance payable as at 30 September 2020 was £11 million (March 2020: £17 million), being the second and third instalments of the prior year fee.

Under the IMA, the Investment Manager's appointment may be terminated by either the Company or the Investment Manager giving the other not less than 12 months' notice in writing, but subject to a minimum term of four years from 15 October 2018, unless 3i Investments plc has previously ceased to be a member of 3i Group, or with immediate effect by either party giving the other written notice in the event of insolvency or material or persistent breach by the other party. The Investment Manager may also terminate the agreement on two months' notice given within two months of a change of control of the Company.

# Independent review report to 3i Infrastructure plc

## Introduction

We have been engaged by 3i Infrastructure plc ('the Company') to review the condensed set of financial statements in the Half-yearly financial report for the six months ended 30 September 2020 which comprises the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet, the Cash flow statement, the Reconciliation of net cash flow to movement in net cash/(debt), the accounting policies section and related notes 1 to 9 to the accounts. We have read the other information contained in the Half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The Half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in the accounting policies, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this Half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

## Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 10 November 2020

### Notes

- 1 The maintenance and integrity of the 3i Infrastructure plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed financial statements since they were initially presented on the website.
- 2 Legislation in Jersey governing the preparation and dissemination of condensed financial statements may differ from legislation in other jurisdictions.

## Statement of Directors' responsibilities

The Directors, who are required to prepare the financial statements on a going concern basis unless it is not appropriate, are satisfied that the Company has the resources to continue in business for the foreseeable future and that the financial statements continue to be prepared on a going concern basis.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the Half-yearly report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance; and
- the Half-yearly report includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

The Directors of 3i Infrastructure plc and their functions are listed below.

By order of the Board

**Richard Laing**

Chair

10 November 2020

## Board of Directors and their functions

**Richard Laing**

Non-executive Chair and chair of the Nomination Committee, Disclosure Committee and the Management Engagement Committee.

**Doug Bannister**

Independent Non-executive Director.

**Wendy Dorman**

Independent Non-executive Director and chair of the Audit and Risk Committee.

**Samantha Hoe-Richardson**

Independent Non-executive Director.

**Robert Jennings CBE**

Independent Non-executive Director.

**Ian Loble**

Non-executive Director.

**Paul Masterton**

Senior Independent Director and chair of the Remuneration Committee.

## Investment policy

The Company aims to build a diversified portfolio of equity investments in entities owning infrastructure businesses and assets. The Company seeks investment opportunities globally, but with a focus on Europe, North America and Asia.

The Company's equity investments will often comprise share capital and related shareholder loans (or other financial instruments that are not shares but that, in combination with shares, are similar in substance). The Company may also invest in junior or mezzanine debt in infrastructure businesses or assets.

Most of the Company's investments are in unquoted companies. However, the Company may also invest in entities owning infrastructure businesses and assets whose shares or other instruments are listed on any stock exchange, irrespective of whether they cease to be listed after completion of the investment, if the Directors judge that such an investment is consistent with the Company's investment objectives. The Company will, in any case, invest no more than 15% of its total gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company may also consider investing in other fund structures (in the event that it considers, on receipt of advice from the Investment Manager, that that is the most appropriate and effective means of investing), which may be advised or managed either by the Investment Manager or a third party. If the Company invests in another fund advised or managed by 3i Group, the relevant proportion of any advisory or management fees payable by the investee fund to 3i plc will be deducted from the annual management fee payable under the Investment Management Agreement and the relevant proportion of any performance fee will be deducted from the annual performance fee, if payable, under the Investment Management Agreement. For the avoidance of doubt, there will be no similar set-off arrangement where any such fund is advised or managed by a third party.

For most investments, the Company seeks to obtain representation on the board of directors of the investee company (or equivalent governing body) and in cases where it acquires a majority equity interest in a business, that interest may also be a controlling interest.

No investment made by the Company will represent more than 25% of the Company's gross assets, including cash holdings, at the time of the making of the investment. It is expected that most individual investments will exceed £50 million. In some cases, the total amount required for an individual transaction may exceed the maximum amount that the Company is permitted to commit to a single investment. In such circumstances, the Company may consider entering into co-investment arrangements with 3i Group (or other investors who may also be significant shareholders), pursuant to which 3i Group and its subsidiaries (or such other investors) may co-invest on the same financial and economic terms as the Company. The suitability of any such co-investment arrangements will be assessed on a transaction-by-transaction basis. Depending on the size of the relevant investment and the identity of the relevant co-investor, such a co-investment arrangement may be subject to the related party transaction provisions contained in the Listing Rules and may therefore require shareholder consent.

The Company's Articles require its outstanding borrowings, including any financial guarantees to support subsequent obligations, to be limited to 50% of the gross assets of the Company (valuing investments on the basis included in the Company's accounts).

In accordance with Listing Rules requirements, the Company will only make a material change to its investment policy with the approval of shareholders.

# Portfolio valuation methodology

A description of the methodology used to value the investment portfolio of the Company is set out below in order to provide more detailed information than is included within the accounting policies and the Financial review for the valuation of the portfolio. The methodology complies in all material aspects with the 'International Private Equity and Venture Capital valuation guidelines' which are endorsed by the British Private Equity and Venture Capital Association and Invest Europe.

## Basis of valuation

Investments are reported at the Directors' estimate of fair value at the reporting date in compliance with IFRS 13 Fair Value Measurement. Fair value is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.

## General

In estimating fair value, the Directors seek to use a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the overall portfolio. The methodology that is the most appropriate may consequently include adjustments based on informed and experience-based judgements and will also consider the nature of the industry and market practice. Methodologies are applied consistently from period to period except where a change would result in a better estimation of fair value. Given the uncertainties inherent in estimating fair value, a degree of caution is applied in exercising judgements and making necessary estimates.

Investments may include portfolio assets and other net assets/liabilities balances. The methodology for valuing portfolio assets is set out below. Any net assets/liabilities within intermediate holding companies are valued in line with the Company accounting policy and held at fair value or approximate to fair value.

## Quoted investments

Quoted equity investments are valued at the closing bid price at the reporting date. In accordance with International Financial Reporting Standards, no discount is applied for liquidity of the stock or any dealing restrictions. Quoted debt investments will be valued using quoted prices provided by third-party broker information where reliable or will be held at cost less fair value adjustments.

## Unquoted investments

Unquoted investments are valued using one of the following methodologies:

- Discounted Cash Flow ('DCF')
- Proportionate share of net assets
- Sales basis
- Cost less any fair value adjustments required

## DCF

DCF is the primary basis for valuation. In using the DCF basis, fair value is estimated by deriving the present value of the investment using reasonable assumptions and estimation of expected future cash flows, including contracted and uncontracted revenues, expenses, capital expenditure, financing and taxation, and the terminal value and date, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the investment. The terminal value attributes a residual value to the investee company at the end of the projected discrete cash flow period. The discount rate will be estimated for each investment derived from the market risk-free rate, a risk-adjusted premium and information specific to the investment or market sector.

## Proportionate share of net assets

Where the Company has made investments into other infrastructure funds, the value of the investment will be derived from the Company's share of net assets of the fund based on the most recent reliable financial information available from the fund. Where the underlying investments within a fund are valued on a DCF basis, the discount rate applied may be adjusted by the Company to reflect its assessment of the most appropriate discount rate for the nature of assets held in the fund. In measuring the fair value, the net asset value of the fund is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, illiquid nature of the investments and other specific factors of the fund.

## Sales basis

The expected sale proceeds will be used to assign a fair value to an asset in cases where offers have been received as part of an investment sales process. This may either support the value derived from another methodology or may be used as the primary valuation basis. A marketability discount is applied to the expected sale proceeds to derive the valuation where appropriate.

## Cost less fair value adjustment

Any investment in a company that has failed or, in the view of the Board, is expected to fail within the next 12 months, has the equity shares valued at nil and the fixed income shares and loan instruments valued at the lower of cost and net recoverable amount.

# Information for shareholders

## Financial calendar

Ex-dividend date for interim dividend	26 November 2020
Record date for interim dividend	27 November 2020
Interim dividend expected to be paid	11 January 2021
Full year results expected date	May 2021

## Designation of dividends as interest distributions

As an approved investment trust, the Company is permitted to designate dividends wholly or partly as interest distributions for UK tax purposes. Dividends designated as interest in this way are taxed as interest income in the hands of shareholders and are treated as tax deductible interest payments made by the Company. The Company expects to make such dividend designations in periods in which it is able to use the resultant tax deduction to reduce the UK corporation tax it would otherwise pay on the interest income it earns from its investments. The Board is designating 3.9 pence of the 4.9 pence interim dividend payable in respect of the period as an interest distribution.

## Registrars

For shareholder services, including notifying changes of address, the Registrars' details are as follows:

Link Market Services (Jersey) Limited  
PO Box 532  
St. Helier  
Jersey JE4 5UW  
Channel Islands

Shareholder helpline: 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded for training and quality purposes.

Email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)

## Investor relations and general enquiries

For all investor relations and general enquiries about 3i Infrastructure plc, please contact:

Thomas Fodor  
Investor Relations  
3i Infrastructure plc  
16 Palace Street  
London, SW1E 5JD

email: [thomas.fodor@3i.com](mailto:thomas.fodor@3i.com)  
Telephone +44 (0)20 7975 3469

or for full up-to-date investor relations information including the latest share price, recent reports, results presentations and financial news, please visit our investor relations website [www.3i-infrastructure.com](http://www.3i-infrastructure.com).

If you would prefer to receive shareholder communications electronically, including your annual reports and notices of meetings, please go to [www.3i-infrastructure.com/investors/shareholder-centre](http://www.3i-infrastructure.com/investors/shareholder-centre) for details of how to register.

Frequently used Registrars' forms can be found on our website at [www.3i-infrastructure.com/investors/shareholder-centre](http://www.3i-infrastructure.com/investors/shareholder-centre).

## 3i Infrastructure plc

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