3i Infrastructure plc

9 November 2021

Results for the six months to 30 September 2021

A strong first half, driven by excellent performance from our resilient portfolio. On track to deliver increased FY22 dividend of 10.45 pence per share.

Performance highlights

£250m, 10.6% Total return **291.2p** NAV per share	*Strong first half performance driving growth in net asset value ('NAV')*
£56m Total income and non-income cash	*Good level of income and non-income cash to support the dividend*
£253m Cash balances	*Well-funded to make new investments*
5.225p Interim dividend per share	*On track to deliver the FY22 dividend target, 6.6% higher than FY21*

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

"It has been a strong first half performance from our resilient portfolio. We are well positioned for the second half and are on track to deliver our dividend target, 6.6% higher than last year."

Performance

The Company generated a total return of 10.6% on opening NAV for the first half of the year, substantially ahead of our target return of 8% to 10% per annum to be achieved over the medium term. The NAV per share increased to 291.2 pence. The portfolio overall is performing ahead of expectations, both financially and operationally, with our Investment Manager driving value growth over the period through active asset management of the portfolio. We were pleased to complete the acquisition of DNS:NET, a leading independent telecommunications provider in Germany, during the period, further improving the diversification of the portfolio.

The Company delivered a Total Shareholder Return ('TSR') of 4.2% in the period (FTSE 250: 8.4%). Since IPO, the Company's annualised TSR is 12.4%, comparing favourably with the broader market (FTSE 250: 7.9% annualised over the same period). The Company has achieved this long-term outperformance with a low correlation to the broader equity market.

Interim dividend

The Board is announcing an interim dividend of 5.225 pence per share, scheduled to be paid on 10 January 2022 to holders of ordinary shares on the register on 26 November 2021. The ex-dividend date will be 25 November 2021. 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 2.0 pence of the 5.225 pence interim dividend as an interest distribution.

Corporate governance

The Company's Annual General Meeting was held on 8 July 2021. All resolutions were approved by shareholders, including the re-election of the existing Directors to the Board. Robert Jennings stepped down from the Board on 16 July 2021 and we thank him for his contribution to the Company.

Richard Laing
Chair

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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 2021.

For further information regarding the announcement of the results for 3i Infrastructure plc, please visit **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 invest responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive impact on our portfolio companies and their stakeholders.

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.

This press release is not for distribution (directly or indirectly) in or to the United States, Canada, Australia or Japan and is not an offer of securities for sale in or into the United States, Canada, Australia or Japan or in any other jurisdiction. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the 'Securities Act'), or an exemption from registration under the Securities Act. Any public offering to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and will contain detailed information about 3i Group plc, 3i Infrastructure plc, 3i India Infrastructure Fund and the Investment Manager, as applicable, as well as financial statements. No public offering in the United States is currently contemplated.

3i Infrastructure plc Half-yearly report 2021

Review from the Managing Partner

Portfolio review

The majority of our portfolio companies have met or exceeded the expectations we set at March 2021. The Company remains well-funded and we are progressing several potential investment opportunities across our target markets.

Oystercatcher had an excellent first half of the year, outperforming both expectations and prior year, with continued high levels of utilisation across the portfolio of five terminals. On 23 September 2021, we signed an agreement for the sale of Oystercatcher's 45% stakes in its four European terminals in Amsterdam, Terneuzen, Ghent and Malta, together with the 55% stakes held by Oiltanking GmbH, to Evos Finance B.V.. The transaction completed on 29 October 2021. The majority of the net proceeds from the sale were used to prepay all of Oystercatcher's debt. The balance of the net proceeds to Oystercatcher, €55 million, were distributed to the Company. Oystercatcher continues to own a 45% stake in Oiltanking Singapore Limited alongside its partner Oiltanking GmbH. Singapore represented more than half of the carrying value of Oystercatcher prior to the sale.

Infinis performed ahead of expectations in the period, primarily due to outperformance in its captured landfill methane business, higher UK power prices and the frequent power supply system imbalances in the UK that benefitted its Power Response assets. Infinis has taken advantage of this higher power price environment to hedge the majority of its expected generation for the next two years at attractive prices. However, our longer-term power price forecasts are now lower than those in the March valuation, reflecting higher expected growth in renewable power generation in the UK and lower projected long-term commodity prices. Infinis has made solid progress on its development pipeline during the period with a 4MW solar site at Winterton receiving planning consent and a further 152MW of solar and battery energy storage sites at the planning or pre-planning stages. In June, Ofgem published its Significant Code Review 'minded to' decision, bringing greater clarity to the regulatory outlook and likely to result in reduced grid connection costs for new developments.

Tampnet demonstrated continued resilience during the period. North Sea customers continued to upgrade their bandwidth requirements. Progress with digital pilot projects in partnership with Microsoft are also showing real promise, highlighting the opportunity for Tampnet to capitalise on a wave of expected investment in remote digital operations by its offshore clients. In the Gulf of Mexico, the business experienced some delays in installations, primarily due to Covid-19 and severe weather conditions which also impacted customer operations at times. Despite those disruptions, recent roaming data usage is at record levels and the contracted revenue pipeline is growing. Tampnet appointed a new CEO, Elie Hanna, who joined in September 2021 from Ericsson. We believe he will bring a structured approach at an opportune time, particularly in relation to taking the various digitalisation initiatives to market effectively.

For ESVAGT, the offshore wind market is gathering further momentum on the back of supportive government policies in both European countries and the USA. In parallel, the Service Operation Vessel ('SOV'), for which ESVAGT is market leader, is gaining acceptance as the preferred solution for offshore turbine maintenance due to the superior uptime results it underpins. ESVAGT is therefore ideally positioned to continue its growth in the offshore wind segment. During the period, ESVAGT successfully commenced operations with three new SOVs under long term charter with MHI Vestas, taking its operational wind SOV fleet to eight. ESVAGT also finalised its US SOV joint venture agreement with Crowley Maritime Corporation, the largest US Jones Act compliant operator, and has submitted its first US wind SOV bids through that joint venture. ESVAGT's Emergency Rescue and Response Vessel ('ERRV') fleet also achieved good results during the period. In particular, ESVAGT agreed an important contract with its largest ERRV customer, TotalEnergies, in Denmark, continuing as the preferred supplier on the Danish shelf. Fleet utilisation has also returned to pre-Covid levels, with contract rates strengthening accordingly. ESVAGT's strategy continues to focus on investment in new, contract-backed, wind SOV vessels to deliver growth, while managing its existing ERRV fleet to help fund that investment.

Ionisos performed strongly during the period, particularly in its pharmaceutical and testing segment. Ionisos is handling this increase in activity through optimising the product mix and taking steps to expand existing plants, which will also enable Ionisos to capture future growth in customer demand. The construction of a new sterilisation facility in Bautzen, Germany was completed in April in line with budget and one month ahead of schedule and a further site in Kleve, Germany is progressing towards completion in 2022. Further to the announcement in March 2021 that the facilities of Steril Milano, a subsidiary of Ionisos, had been closed, Steril Milano was placed into voluntary liquidation during the period. This was fully provided for in the March 2021 valuation of Ionisos. Steril Milano represented c.3% of Ionisos's 2020 EBITDA.

TCR performed strongly ahead of our expectations during the first half of the year as it continued to support its existing customers and realise cost efficiencies. This provides further evidence of the resilience of TCR's business model, even in the face of such a significant challenge to the air travel sector as Covid-19. During the period TCR successfully concluded new contracts, including strategic sale and lease back arrangements with Finnair in Helsinki and Gategroup across its European bases. European countries continued to roll out their vaccination programmes, which enabled a partial recovery of the air travel market over the summer months. We continue to see increased interest in TCR's full service rental model from customers that previously owned their own fleets of equipment.

Joulz outperformed in its core businesses of Infrastructure Services and Metering, with order intake for Infrastructure Services being especially strong. The solar energy business it acquired in April 2021 has seen sales of new solar rooftop installations grow ahead of expectations and the integration with the broader Joulz business has progressed well, although conversion of projects into operations has been slow in the period. Joulz's strategy to develop into a leading integrated energy transition solutions provider took a further step forward with the signing of a 'virtual grid' project for a large distribution centre development near Amsterdam. This project combines products from the Infrastructure Services, Metering and Solar business units and is underpinned by a long term contract. This is the first of an attractive pipeline of similar projects being developed by Joulz against a general background of grid congestion in the Netherlands.

The new investment in Berlin-based DNS:NET completed during the period and operationally has performed broadly in line with expectations. The current focus is on ramping up construction capacity and, during the period, DNS:NET signed a framework agreement with a key construction partner to deliver a substantial increase in the rate of homes being passed by the company's fibre network. Its sales pipeline is also growing and we are pleased to see continuing strong demand for DNS:NET's products on entering new areas.

Valorem had a good first half of the year, benefitting from better-than-forecast wind conditions and good turbine availability. It is progressing well with its construction activity, with a total of 90MW of wind and solar projects entering into operation during the period. Valorem continues to develop a large wind and solar pipeline, with its main focus being the development of Viiatti, a 300MW wind project in Finland expected to close in the first half of 2022. Its French and Greek pipelines continue to progress, although some French wind projects have experienced delays in the permitting process.

Attero performed well in the first half of the year. The waste supply volumes at its Energy from Waste ('EfW') plants were above last year and, by the end of the period, had recovered such that the business was able to run its EfW plants at full capacity without drawing on the company's waste buffer. Our valuation reflects a more conservative assumption for future net gate fee revenues based on recent market developments. The Organics business benefitted from favourable weather and new contract wins, which enabled it to fill the recent capacity expansion at the Wijster facility. The Minerals business is still seeing lower volumes than pre-Covid due to lower levels of construction activity, however gate fees for Minerals remain strong.

The availability-based Projects portfolio has performed in line with expectations. Further progress was made towards realising the remaining assets in the India Fund, with the completion of the sale of KMC Roads.

The portfolio is analysed below.

Portfolio - Breakdown by value
at 30 September 2021

Infinis	14%
TCR	12%
Oystercatcher	12%
Tampnet	11%
Joulz	10%
ESVAGT	10%
Ionisos	10%
DNS:NET	7%
Valorem	5%
Attero	5%
Projects	4%

Portfolio - Breakdown by country
at 30 September 2021

Netherlands	18%
France	16%
UK	14%
Belgium	12%
Luxembourg	12%
Norway	11%
Denmark	10%
Germany	7%

Investment activity

In June, we completed the acquisition of a 60% stake in DNS:NET for £157 million. DNS:NET is a leading independent telecommunications provider in Germany.

During the period we invested £12 million in ESVAGT to fund further growth in the offshore wind segment, including the three new SOVs for MHI Vestas.

In April, Joulz completed the acquisition of rooftop solar developer Zonel Energy, a leading provider of solar rooftop solutions to businesses across the Netherlands, furthering Joulz's ambition to become the leading provider of integrated energy transition solutions in the Netherlands.

Sustainability

All our portfolio companies are implementing their sustainability strategies developed last year and are gathering greenhouse gas emissions data. We are also addressing other items identified in Environmental, Social and Governance assessments across the portfolio and progressing our sustainability-related objectives for FY22. The sustainability section of our Annual report and accounts 2022 will include a comprehensive review of our progress on sustainability, including emissions reporting for our portfolio companies.

We refinanced our existing £300 million revolving credit facility ('RCF') on 3 November 2021 with a £400 million sustainability-linked RCF, following the Loan Market Association's Sustainability Linked Loan Principles. The new facility includes stretching targets across Environmental, Social and Governance themes aligned with our purpose. Performance against these targets will adjust the margin for the subsequent year. The term of the new facility is three years, with two one-year extension options. It also contains a £200 million accordion feature, in line with the previous facility, and we are pleased with the support received from our lenders and the terms we achieved.

Outlook

Deal activity in the infrastructure sector has been high, reflecting resilient performance and significant available dry powder. The market is more competitive than ever.

Against that backdrop we remain focused on finding opportunities that enhance the portfolio and where we can add the most value. We are pursuing several potential new investments, including opportunities in the communications, transport and utilities sectors as well as further investments in our platform businesses.

Our investment in ESVAGT is subject to an ongoing strategic review and as part of this review, offers have been invited. No decision to sell has been made and there can be no certainty that any transaction will result.

The Company delivered a strong return in the first half and we remain focused on long-term performance.

Phil White
Managing Partner and Head of Infrastructure
3i Investments plc
8 November 2021

Financial review

Portfolio and returns

Total return

The Company generated a total return for the six-month period of £250 million, representing a 10.6% return on opening NAV (September 2020: £84 million, 3.8%). This return was underpinned by a portfolio return of 14.4% (September 2020: 5.5%), diluted by the low returns on cash 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 2021, £m)

Portfolio assets	Directors' valuation 31 March 2021	Investment in the period	Divestment in the period	Accrued income movement	Value movement	Foreign exchange translation	**Directors' valuation 30 September 2021**	Allocated foreign exchange hedging	Underlying portfolio income in the period	**Portfolio total return in the period[1]**
Infinis	300	–	–	3	4	–	**307**	–	8	**12**
TCR	199	–	–	6	61	1	**267**	(1)	7	**68**
Oystercatcher	157	–	–	–	107	2	**266**	(2)	9	**116**
Tampnet	230	–	–	3	11	2	**246**	–	2	**15**
Joulz	219	3[2]	(1)[3]	–	4	2	**227**	(2)	3	**7**
ESVAGT	189	22[2,4]	–	1	14	–	**226**	–	12	**26**
Ionisos	202	–	–	4	8	2	**216**	(1)	4	**13**
DNS:NET	–	157	–	2	7	–	**166**	–	2	**9**
Valorem	107	–	–	–	4	1	**112**	(1)	2	**6**
Attero	105	–	–	–	1	1	**107**	(1)	1	**2**
Economic infrastructure portfolio	**1,708**	**182**	**(1)**	**19**	**221**	**11**	**2,140**	**(8)**	**50**	**274**
Projects	92	–	–	–	3	–	**95**	–	3	**6**
India Fund	2	–	(5)	–	2	1	–	–	–	**3**
Total portfolio	**1,802**	**182**	**(6)**	**19**	**226**	**12**	**2,235**	**(8)**	**53**	**283**
Adjustments related to unconsolidated subsidiaires[5]	2	–	(2)	–	6	–	6	–	(6)	–
Reported in the Financial statements	**1,804**	**182**	**(8)**	**19**	**244**	**–**	**2,241**	**(8)**	**47**	**283**

1 This comprises the aggregate of value movement, foreign exchange translation, allocated foreign exchange hedging and underlying portfolio income in the period.
2 Capitalised interest.
3 Shareholder loan repaid.
4 Follow on investment in ESVAGT of £12 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)

	2021	2020
Capital return (excluding exchange)	**226**	47
Foreign exchange movement in portfolio	**12**	29
Capital return (including exchange)	**238**	76
Movement in fair value of derivatives	**(8)**	(24)
Net capital return	**230**	52
Total income[1]	**56**	46
Costs	**(36)**	(14)
Total return	**250**	84

1 Includes interest receivable on vendor loan notes and cash balances of £3 million (September 2020: £6 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 £226 million in the period to 30 September 2021 (September 2020: £47 million), driven principally by the agreed realisation of the European storage terminals held by Oystercatcher for a price above their opening valuation and by outperformance from a number of portfolio companies but particularly TCR and ESVAGT.

Table 3: Portfolio return by asset (six months to 30 September 2021, not annualised)

Portfolio assets	
Infinis	4.0%
TCR	34.2%
Oystercatcher	73.9%
Tampnet	6.5%
Joulz	3.2%
ESVAGT	13.0%
Ionisos	6.4%
DNS:NET	5.7%
Valorem	5.6%
Attero	1.9%
Projects	6.5%
India Fund	150.0%
Total portfolio return	**14.4%**

The £107 million value increase in Oystercatcher reflects: the uplift achieved from the sale of the European terminals; the prepayment of Oystercatcher's debt; and a reduced discount rate to reflect higher quality cash flows from Singapore and low leverage.

The value increase in TCR of £61 million reflects: the outperformance of the business during the period; cost savings delivered and expected from its cost optimisation programme; and a reduction in the discount rate to remove the Covid-19 premium applied in March. This increased valuation is further supported by increased interest in TCR's full service rental model and our greater confidence in the long-term value of its asset base and market opportunity.

ESVAGT increased in value by £14 million, driven by a small reduction in the discount rate which reflects the reduction in risk in delivering the planned cash flows following the signing of significant new contracts and the completion of the newbuild programme for three new MHI Vestas SOVs.

The low return from Attero reflects a more conservative forecast of future net gate fee revenues, offset by good performance across all business units and the benefit of higher Dutch power prices in the period.

The weighted average discount rate used in the valuation of the portfolio remained unchanged at 10.8% at September 2021 (March 2021: 10.8%). The addition of DNS:NET to the portfolio at a higher than average discount rate was offset by the reduction in the discount rate for Oystercatcher, ESVAGT, TCR, Valorem and the Projects portfolio.

The movement in foreign exchange rates generated a £12 million gain in the period (September 2020: £29 million). This was partially offset by a loss on the movement in the value of derivatives of £8 million (September 2020: loss of £24 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 £56 million, comprising portfolio income of £53 million and interest receivable on vendor loan notes and cash balances of £3 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 less than £0.5 million during the period (September 2020: £2 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 2021, the Company incurred management fees of £16 million (September 2020: £12 million), including a one-off £2 million transaction fee relating to the new investment in DNS:NET (September 2020: nil). The year-on-year increase also reflects the higher average value of the portfolio in the period.

The annual performance hurdle of 8% was exceeded in the first half of the year, resulting in an accrual for a performance fee payable of £15 million (September 2020: nil).

Fees payable

Fees payable on investment activities include costs for transactions that did not reach, or have yet to reach, completion and the reversal of costs that have successfully reached completion and were subsequently borne by the portfolio company. For the period to 30 September 2021, fees payable totalled £2 million (September 2020: less than £1 million).

Other operating and finance costs

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £2 million in the period (September 2020: £1 million).

Finance costs of £1 million in the period (September 2020: £1 million) comprised arrangement and commitment fees for the Company's £300 million RCF. The RCF was refinanced after the period end.

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 1.28% for the period to 30 September 2021 (September 2020: 1.16%).

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. The ratio including the performance fee accrual was 1.90% (September 2020: 1.16%).

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

	2021	2020
Investment Manager's fee	**28.6**	23.5
Auditor's fee	**0.5**	0.4
Directors' fees and expenses	**0.4**	0.5
Other ongoing costs	**2.3**	2.2
Total ongoing charges	**31.8**	26.6
Ongoing charges ratio	**1.28%**	1.16%

Balance sheet

The NAV at 30 September 2021 was £2,596 million (March 2021: £2,390 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 2021	As at 31 March 2021
Portfolio assets	**2,235**	1,802
Cash balances	**253**	463
Derivative financial instruments	**22**	37
Other net assets (including vendor loan notes) and liabilities	**86**	88
NAV	**2,596**	2,390

Cash is principally held in AAA-rated money market funds. The Company had 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. At 30 September 2021 the full £300 million facility was available. Since the period end, the RCF was refinanced as a three-year, £400 million sustainability-linked RCF with a maturity date of November 2024.

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 of £109 million including interest and a performance fee accrual of £26 million, including amounts relating to prior year fees. The movement from March 2021 is due to accrued interest on these vendor loan notes offset by an increase in the performance fee payable.

NAV per share

The total NAV per share at 30 September 2021 was 291.2 pence (March 2021: 268.1 pence). This reduces to 286.0 pence (March 2021: 263.2 pence) after the payment of the interim dividend of 5.225 pence (March 2021: final dividend of 4.9 pence).

Dividend

The Board has announced an interim dividend for the period of 5.225 pence per share, or £47 million in aggregate (September 2020: 4.9 pence; £44 million). This is half of the Company's target full year dividend for FY22 of 10.45 pence per share. The Board is designating 2.0 pence of the 5.225 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 2021.

APM	Purpose	Calculation	Reconciliation to IFRS
Total return on opening NAV	A measure of the overall financial performance of the Company.	It is calculated as the total return of £250 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £2,390 million net of the final dividend for the previous year of £44 million.	The calculation uses IFRS measures.
NAV per share	A measure of the NAV per share in the Company.	It is calculated as the NAV of £2,596 million divided by the total number of shares in issue at the balance sheet date of 891.4 million.	The calculation uses IFRS measures and is set out in Note 7 to the accounts.
Total income and non-income cash	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. This is shown in Table 8.	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.
Investment value including commitments	A measure of the size of the investment portfolio including the value of further contracted future investments committed by the Company.	It is calculated as the portfolio asset value plus the amount of the contracted commitment.	The calculation uses portfolio assets shown in the reconciliation in Table 7, together with the value of future commitments, which at 30 September 2021 were nil. Undrawn loan commitments to the India Fund are not included as these are not expected to be drawn.
Total portfolio return percentage	A measure of the financial performance of the portfolio.	It is calculated as the total portfolio return in the period of £283 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 £1,971 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 2021, £m)

	Underlying portfolio asset aggregate returns and costs	Adjustments for transactions in unconsolidated subsidiaries	Financial statements
Capital return (including exchange)	238	6	244
Movement in fair value of derivatives	(8)	–	(8)
Net capital return	**230**	6	**236**
Total income	56	(6)[1]	50
Costs	(36)	–	(36)
Other net income/(costs) including exchange movements	–	–	–
Total return	**250**	**–**	**250**

1 Dividend income, received by unconsolidated subsidiaries from portfolio assets but paid up to the Company as repayment of loan principal and previously accrued interest. This is reflected in capital return as it has reduced the carrying value of these subsidiaries.

Table 7: Reconciliation of summary balance sheet (as at 30 September 2021, £m)

	Underlying portfolio asset aggregate returns and costs	Adjustments for transactions in unconsolidated subsidiaries[1]	Financial statements
Portfolio assets	2,235	6	2,241[2]
Cash balances	253	(1)[3]	252
Derivative financial instruments	22	–	22
Other net assets	86	(5)	81
Net asset value	**2,596**	**–**	**2,596**

1 'Investments at fair value through profit or loss' in the Financial statements includes £1 million of unrestricted cash balances and a £5 million receivable relating to proceeds from the sale of KMC Roads in the India Fund. 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 £1 million.

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

	2021	2020
Total income	**56**	46
Non-income cash	**–**	2
Total	**56**	48

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 2021, which can be found on our website www.3i-infrastructure.com.

The principal risks to the achievement of the Company's objectives are unchanged from those reported on pages 68 to 69 of the Annual report and accounts 2021. Developments in relation to these principal risks during the period are outlined below.

External risks – market and competition

The European economic infrastructure market continued its recovery in the first half of this year, with strong demand for new investments. Competition continued to increase as the infrastructure sector has demonstrated its resilience during the pandemic and investors seek steady, predictable income with some inflation protection. This has benefitted the Company's existing portfolio but continues to make it challenging to make new investments that can deliver attractive and sustainable risk-adjusted returns for the Company's shareholders.

Inflation in the UK and Europe has risen sharply in the period, driven by rising energy costs, supply chain bottlenecks, labour shortages and the reopening of economies from pandemic-related lockdowns. The increase in inflation positively affects assets with inflation-linked revenues, but this is partially offset for assets with inflation-linked costs. All of our portfolio companies have revenues, to some extent, positively correlated to inflation.

Interest rates remained low during the period but interest rates may rise to dampen inflation. This would increase debt financing costs for our portfolio companies and could also lead to increases in required rates of return on equity, both of which would decrease portfolio company valuations. Long-term fixed rate debt is in place across the majority of our portfolio which mitigates the risk from interest rate changes in the shorter term.

The Company is exposed to movements in sterling exchange rates against a number of currencies, most significantly the euro. Towards the end of the period, sterling depreciated against the euro, primarily driven by the economic challenges resulting from supply chain blockages. The Company operates a hedging programme which substantially offsets any foreign exchange movements.

Near-term power prices have increased considerably since March driven by gas supply concerns, record carbon prices, low wind levels, higher commodity prices (particularly for gas) and the expectation of an economic rebound post Covid-19. The increase in spot power prices benefitted our portfolio companies that generate electricity: Infinis, Attero and Valorem. The valuation of those businesses is affected by the evolution of long-term power price forecasts which have fallen since March.

The recovery during the summer in air travel has been hampered by the spread of the Covid-19 Delta variant but the long term expectation that recovery to pre-pandemic levels will take until 2024 remains unchanged.

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 2021 (unaudited) £m**	Six months to 30 September 2020 (unaudited) £m
Net gains on investments	4	**244**	73
Investment income		**47**	43
Fees payable on investment activities		**(2)**	–
Interest receivable		**3**	6
Investment return		**292**	122
Movement in the fair value of derivative financial instruments		**(8)**	(24)
Management and performance fees payable	2	**(31)**	(12)
Operating expenses		**(2)**	(1)
Finance costs		**(1)**	(1)
Profit before tax		**250**	84
Income taxes	3	**–**	–
Profit after tax and profit for the period		**250**	84
Total comprehensive income for the period		**250**	84
Earnings per share			
Basic and diluted (pence)	7	**28.0**	9.4

Statement of changes in equity

for the six months to 30 September

For the six months to 30 September 2021 (unaudited)	Notes	**Stated capital account £m**	**Retained reserves £m**	**Capital reserve £m**	**Revenue reserve £m**	**Total shareholders' equity £m**
Opening balance at 1 April 2021		**779**	**1,282**	**330**	**(1)**	**2,390**
Total comprehensive income for the period		**–**	**–**	**219**	**31**	**250**
Dividends paid to shareholders of the Company during the period	8	**–**	**–**	**(14)**	**(30)**	**(44)**
Closing balance at 30 September 2021		**779**	**1,282**	**535**	**–**	**2,596**

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
Opening balance at 1 April 2020		779	1,282	196	12	2,269
Total comprehensive income for the period		–	–	49	35	84
Dividends paid to shareholders of the Company during the period	8	–	–	–	(41)	(41)
Closing balance at 30 September 2020		779	1,282	245	6	2,312

Balance sheet

as at 30 September

	Notes	**30 September 2021 (unaudited) £m**	31 March 2021 (audited) £m
Assets			
Non-current assets			
Investments at fair value through profit or loss	4	**2,241**	1,804
Derivative financial instruments	4	**10**	18
Total non-current assets		**2,251**	1,822
Current assets			
Derivative financial instruments	4	**18**	25
Trade and other receivables		**109**	106
Cash and cash equivalents		**252**	462
Total current assets		**379**	593
Total assets		**2,630**	2,415
Liabilities			
Non-current liabilities			
Derivative financial instruments	4	**(2)**	(2)
Trade and other payables		**(13)**	(10)
Total non-current liabilities		**(15)**	(12)
Current liabilities			
Derivative financial instruments	4	**(4)**	(4)
Trade and other payables		**(15)**	(9)
Total current liabilities		**(19)**	(13)
Total liabilities		**(34)**	(25)
Net assets		**2,596**	2,390
Equity			
Stated capital account	6	**779**	779
Retained reserves		**1,282**	1,282
Capital reserve		**535**	330
Revenue reserve		**–**	(1)
Total equity		**2,596**	2,390
Net asset value per share			
Basic and diluted (pence)	7	**291.2**	268.1

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 8 November 2021 and signed on its behalf by:

Richard Laing
Chair

Cash flow statement

for the six months to 30 September

	Six months to 30 September 2021 (unaudited) £m	Six months to 30 September 2020 (unaudited) £m
Cash flow from operating activities		
Purchase of investments	**(169)**	(15)
Proceeds from partial realisations of investments	**8**	2
Proceeds from full realisation of investments	**–**	1
Investment income[1]	**15**	12
Fees paid on investment activities	**(1)**	–
Operating expenses paid	**(1)**	(1)
Management and performance fees paid	**(23)**	(16)
Amounts received on the settlement of derivative contracts	**6**	1
Net cash flow from operations	**(165)**	(16)
Cash flow from financing activities		
Fees and interest paid on financing activities	**(1)**	(1)
Dividends paid	**(44)**	(41)
Net cash flow from financing activities	**(45)**	(42)
Change in cash and cash equivalents	**(210)**	(58)
Cash and cash equivalents at the beginning of the period	**462**	413
Cash and cash equivalents at the end of the period	**252**	355

1 Investment income includes dividends of £2 million (September 2020: £1 million) and interest of £13 million (September 2020: £11 million) received from portfolio assets held directly by the Company.

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 2021.

The Half-yearly Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34'). The accounting policies are consistent with those set out in the Annual report and accounts 2021 and those which we expect to adopt for the Annual report and accounts 2022, which will be prepared in accordance with United Kingdom adopted international accounting standards. They should be read in conjunction with the financial statements for the year to 31 March 2021, 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 2021. The Company is 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 2021, the Company's liquidity totalled £553 million (March 2021: £763 million). Liquidity comprised cash and deposits of £253 million (March 2021: £463 million) and undrawn facilities of £300 million (March 2021: £300 million). In addition, the Company received €55 million proceeds from the sale of Oystercatcher's four European terminals on 29 October 2021, extended the undrawn facilities to £400 million on 3 November 2021 and is due to receive deferred consideration from the realisation of WIG of £98 million plus interest of £12 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 8 November 2021.

The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2021, 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 2021.

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 portfolio is well diversified by sector, geography and underlying risk exposures. The valuation of each asset has significant estimation in relation to asset specific items and the potential impact of macroeconomic factors such as near term power price expectations, inflation and supply shortages. The key risks to the portfolio are discussed in further detail in the Risk review section. A key estimation uncertainty described in the Annual report and accounts 2021 related to the duration and long-term effect of the Covid-19 pandemic. This uncertainty has reduced in the period as vaccine programmes were rolled out in developed countries and Covid-related restrictions were eased. Other key estimation uncertainties related to the recovery in the aviation industry and its impact on TCR, and the effect of the closure of Steril Milano on Ionisis. Developments in relation to these matters are described in the Portfolio review section.

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 2021:

For the six months to 30 September 2021 (unaudited)	**Economic Infrastructure businesses £m**	**Projects portfolio £m**	**India Fund £m**	**Unallocated[1] £m**	**Total £m**
Investment return	**280**	**6**	**3**	**3**	**292**
Profit/(loss) before tax	**272**	**6**	**3**	**(31)**	**250**

For the six months to 30 September 2020 (unaudited)	Economic Infrastructure businesses £m	Projects portfolio £m	India Fund £m	Unallocated[1] £m	Total £m
Investment return	104	7	5	6	122
Profit/(loss) before tax	81	6	5	(8)	84
As at 30 September 2021 (unaudited)					
Assets	**2,172**	**97**	**–**	**361**	**2,630**
Liabilities	**(7)**	**–**	**–**	**(27)**	**(34)**
Net assets	**2,165**	**97**	**–**	**334**	**2,596**
As at 31 March 2021 (audited)					
Assets	1,748	96	3	568	2,415
Liabilities	(6)	–	–	(19)	(25)
Net assets	1,742	96	3	549	2,390

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 2021:

For the six months to 30 September 2021 (unaudited)	**UK and Ireland[1] £m**	**Europe[2] £m**	**Asia £m**	**Total £m**
Investment return	**15**	**274**	**3**	**292**
Profit/(loss) before tax	**(19)**	**266**	**3**	**250**

For the six months to 30 September 2020 (unaudited)	UK and Ireland[1] £m	Europe[2] £m	Asia £m	Total £m
Investment return	13	104	5	122
Profit/(loss) before tax	(1)	80	5	84
As at 30 September 2021 (unaudited)				
Assets	**668**	**1,962**	**–**	**2,630**
Liabilities	**(28)**	**(6)**	**–**	**(34)**
Net assets	**640**	**1,956**	**–**	**2,596**
As at 31 March 2021 (audited)				
Assets	868	1,544	3	2,415
Liabilities	(19)	(6)	–	(25)
Net assets	849	1,538	3	2,390

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 5% (September 2020: 11%) of its investment return in the period from investments held in the UK and Ireland, 94% (September 2020: 85%) from investments held in continental Europe and 1% from investments held in India (September 2020: 4%). During the period, the Company generated 97% (September 2020: 90%) of its investment return from investments in Economic Infrastructure businesses, 2% (September 2020: 6%) from investments in Projects and 1% (September 2020: 4%) 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 cyclicality that would impact the financial results of the Company during the period or the financial position of the Company at 30 September 2021.

2 Management and performance fees payable

	Six months to 30 September 2021 (unaudited) £m	Six months to 30 September 2020 (unaudited) £m
Management fee	**16**	12
Performance fee	**15**	–
	31	12

Total management and performance fees payable by the Company for the period to 30 September 2021 were £31 million (September 2020: £12 million). Note 9 provides further details on the calculation of the management fee and performance fee.

3 Income taxes

	Six months to 30 September 2021 (unaudited) £m	Six months to 30 September 2020 (unaudited) £m
Current taxes		
Current year	**–**	–
Total income tax charge in the Statement of comprehensive income	**–**	–

Reconciliation of income taxes in the Statement of comprehensive income

The Company is a UK tax resident approved investment trust. The tax charge for the period is different from the standard rate of corporation tax in the UK, currently 19% (2020: 19%), and the differences are explained below:

	Six months to 30 September 2021 £m	Six months to 30 September 2020 £m
Profit before tax	**250**	84
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2020: 19%)	**47**	16
Effects of:		
Non-taxable capital profits due to UK approved investment trust company status	**(44)**	(9)
Non-taxable dividend income	**–**	–
Dividends designated as interest distribution	**(3)**	(7)
Total income tax charge in the Statement of comprehensive income	**–**	–

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 2021. For all other assets and liabilities, their carrying value approximates to fair value. During the period ended 30 September 2021, there were no transfers of financial instruments between levels of the fair value hierarchy (March 2021: none).

Trade and other receivables on the Balance sheet includes less than £1 million of deferred finance costs relating to the arrangement fee for the revolving credit facility (March 2021: £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 2021 (unaudited)
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets				
Investments at fair value through profit or loss	**–**	**–**	**2,241**	**2,241**
Trade and other receivables	**–**	**109**	**–**	**109**
Derivative financial instruments	**–**	**28**	**–**	**28**
		137	**2,241**	**2,378**
Financial liabilities				
Derivative financial instruments	**–**	**(6)**	**–**	**(6)**
	–	**(6)**	**–**	**(6)**

				As at 31 March 2021 (audited)
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Investments at fair value through profit or loss	–	–	1,804	1,804
Trade and other receivables	–	105	–	105
Derivative financial instruments	–	43	–	43
		148	1,804	1,952
Financial liabilities				
Derivative financial instruments	–	(6)	–	(6)
	–	(6)	–	(6)

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

Level 3 fair value reconciliation	**As at 30 September 2021 (unaudited) £m**
Opening fair value	**1,804**
Additions	**182**
Disposal proceeds and repayment	**(8)**
Movement in accrued income	**19**
Fair value movement (including exchange movements)	**244**
Closing fair value	**2,241**

Level 3 fair value reconciliation	As at 31 March 2021 (audited) £m
Opening fair value	1,652
Additions	91
Disposal proceeds and repayment	(48)
Movement in accrued income	(9)
Fair value movement (including exchange movements)	118
Closing fair value	1,804

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 £47 million (September 2020: £43 million) comprises dividend income of £2 million (September 2020: £1 million), interest of £45 million (September 2020: £41 million) and distributions of nil (September 2020: £1 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 2021, the fair value of unquoted investments was £2,235 million (March 2021: £1,802 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.

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 £199 million (March 2021: £152 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £229 million (March 2021: £176 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 CPI assumption for the country of domicile of the investments in the portfolio is 2.0% (March 2021: 2.0%). The long-term RPI assumption for UK assets is 2.5% (March 2021: 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 £29 million (March 2021: £25 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 £27 million (March 2021: £25 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 £105 million (March 2021: £88 million). Decreasing the interest rate assumption used in the valuation of each asset by 1% would increase the value of the portfolio by £95 million (March 2021: £82 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 2021, the fair value of the other assets and liabilities within these intermediate holding companies was £6 million (March 2021: £2 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

The Company had a £300 million revolving credit facility ('RCF') at the Balance sheet date. On 3 November 2021, the Company refinanced this facility as a new £400 million sustainability-linked RCF with a maturity date of November 2024 and two one-year extension options. The Company has the right to increase the size of the new RCF by up to a further £200 million, provided that existing lenders have a right of first refusal.

The new RCF is secured by a floating charge over the bank accounts of the Company. Interest is payable at SONIA plus a fixed margin on the drawn amount. As at 30 September 2021, the Company had no drawings under the RCF (March 2021: nil). The new RCF has certain loan covenants, including a loan to value ratio.

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 2021 (unaudited)		As at 31 March 2021 (audited)
	Number	**£m**	Number	£m
Authorised, issued and fully paid				
Opening balance	**891,434,010**	**1,496**	891,434,010	1,496
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 2021, 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 2021 (unaudited)	Six months to 30 September 2020 (unaudited)
Earnings per share (pence)		
Basic and diluted	**28.0**	9.4
Earnings (£m)		
Profit after tax for the period	**250**	84
Number of shares (million)		
Weighted average number of shares in issue	**891.4**	891.4

	As at 30 September 2021 (unaudited)	As at 31 March 2021 (audited)
Net assets per share (pence)		
Basic and diluted	**291.2**	268.1
Net assets (£m)		
Net assets	**2,596**	2,390

8 Dividends

	As at 30 September 2021 (unaudited)		As at 30 September 2020 (unaudited)	
Declared and paid during the period	**pence per share**	**£m**	pence per share	£m
Prior year final dividend paid on ordinary shares	**4.9**	**44**	4.6	41

The Company proposes paying an interim dividend of 5.225 pence per share (September 2020: 4.9 pence) which will be payable to those shareholders that are on the register on 26 November 2021. On the basis of the shares in issue at 30 September 2021, this would equate to a total interim dividend of £47 million (September 2020: £44 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 2021: 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 £13 million (September 2020: £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 2020: nil). In total, commitments of US$184 million or £136 million re-translated had been drawn down at 30 September 2021 (March 2021: US$184 million or £133 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 2021, the outstanding commitment was US$38 million, or £28 million re-translated (March 2021: US$38 million or £27 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 2021, £16 million (September 2020: £12 million) was payable and advance payments of £15 million were made resulting in an amount due to 3i plc of less than £1 million at 30 September 2021 (March 2021: 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 2021 was £0.5 million (September 2020: £0.5 million). The outstanding balance payable as at 30 September 2021 was nil (March 2021: 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.

The performance hurdle requirement was exceeded for the period to 30 September 2021 and therefore a performance fee accrual of £15 million was recognised (September 2020: £nil). The outstanding balance payable as at 30 September 2021 was £26 million (March 2021: £18 million), which includes the second and third instalments of the FY21 fee and the third instalment of the FY20 fee.

9 Related parties continued

Year	Performance fee (£m)	Outstanding balance at 30 September 2021 (£m)	Payable in FY22 (£m)
FY22	**15**	**15**	**5**
FY21	7	5	2
FY20	17	6	6

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 2021 which comprises the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet, the Cash flow statement, 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 will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this Half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

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 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 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: 8 November 2021

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
8 November 2021

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.

Ian Lobley
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	25 November 2021
Record date for interim dividend	26 November 2021
Interim dividend expected to be paid	10 January 2022
Full year results expected date	May 2022

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 2.0 pence of the 5.225 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

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
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

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 for details of how to register.

Frequently used Registrars' forms can be found on our website at www.3i-infrastructure.com/investors/shareholder-centre

3i Infrastructure plc

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