



31 March 2016

## 3i Infrastructure plc – Pre-close update

3i Infrastructure plc (“3i Infrastructure” or “the Company”) announces its pre-close update as it enters the close period for the year ending 31 March 2016. This statement provides an update on investment activity, portfolio performance and cash balances since 31 December 2015, as at 30 March 2016 (the “period”).

### Highlights

- The Company’s portfolio continues to perform well, both operationally and financially, and generated portfolio income of £21.8 million for the period, which compares to £18.6 million generated in the comparable period last year. In the period, £3.0 million of portfolio income was generated from the recent investments in ESVAGT and the West of Duddon Sands Offshore Transmission Owner (or “OFTO”) project.
- In the period, the Company committed to invest approximately £6 million in the Condorcet Campus primary PPP project in France.
- The Investment Adviser continues to make good progress in developing its pipeline of investment opportunities across the Company’s target markets in economic infrastructure businesses and primary PPP and low-risk energy projects.
- The Company remains on track to deliver a full year dividend of 7.25 pence per share and to grow this progressively beyond FY2016.

Richard Laing, Chairman of 3i Infrastructure, said: “This has been a busy year for the Company. In a highly competitive market, the Company has completed a number of attractive investments across its target markets whilst maintaining investment discipline. The portfolio continues to perform well, generating good levels of income, including from the Company’s recent investments in ESVAGT and the West of Duddon Sands OFTO project.”

Ben Loomes and Phil White, Managing Partners and Co-heads of Infrastructure, 3i Investments plc, Investment Adviser to the Company, added: “We are pleased with the further expansion of the Company’s primary PPP portfolio with the commitment to invest in a new primary PPP project located in France during the period. We continue to make good progress with developing our investment pipeline across our target markets in economic infrastructure businesses and primary PPP and low-risk energy projects.”

## Investment activity

On 15 March 2016, the Company announced that it had committed to invest approximately £6 million to acquire an 80% interest in the Condorcet Campus primary PPP project in Aubervilliers, France. The other consortium members are entities of the VINCI Construction France and ENGIE groups. The approximately €170 million project involves the design, build and finance of new buildings for the Condorcet Campus, as well as the provision of facilities management services. Classrooms, student housing, a faculty club, cafeterias and other student living facilities will be built for the use of social sciences students, faculty and research staff. Construction is expected to be completed by the summer of 2019.

This investment follows a busy first half of the year during which the Company invested £187 million in ESVAGT, in two new Oiltanking terminals and in the West of Duddon Sands OFTO project.

## Portfolio performance

The Company's portfolio continues to perform well, both financially and operationally.

As flagged in the Company's performance update in February 2016, the Finnish Energy Authority, which regulates electricity distribution in Finland, issued the final determination for the sector in December 2015 covering the next two four-year regulatory periods, which commenced in January 2016. This included several changes to address the low allowed return on capital experienced by all distribution companies over recent years, and was in line with our expectations. The impact of the final determination will form part of the year-end valuation review of the Company's holding in Elenia, including potential adjustment to the discount rate applied to the valuation.

The positive impact of regulatory developments for Elenia, as well as the continued robust performance of the European portfolio as a whole, are expected to underpin a total return for the year to 31 March 2016 consistent with the Company's total return target of 8-10% over the medium term.

As announced on 15 January 2016, and further to the announcement by Elenia Finance Oyj on the same date, the shareholders in Elenia are undertaking a strategic review of their interests in the business. The shareholders continue to explore their options, and no decisions have been made.

As usual, an important element of the determination of the Company's results for the year to 31 March 2016 will be the valuation exercise carried out on the investment portfolio at that date. 3i Infrastructure expects to announce the results of this valuation exercise together with its annual results in May 2016.

## Portfolio income

Portfolio income (dividends, interest receivable and any fees received from portfolio assets) totalled £21.8 million in the period, which compares to £18.6 million generated in the comparable period last year, and which included £4.0 million of interest income from Eversholt Rail. During the period, the Company accrued £3.0 million of interest income from the Company's recent investments in ESVAGT and the West of Duddon Sands OFTO project. Oystercatcher distributed a higher dividend compared to the same period in 2015.

This was partly due to additional dividends received from the investment in the two new Oiltanking terminals, but also due to the Company adopting a cautious approach to distributions last year ahead of planned investments in the new terminals. The operational PPP portfolio (Dalmore Capital Fund, Elgin, National Military Museum and Octagon) continues to generate good levels of income, in line with expectations.

The Company has made good progress with replacing the income from Eversholt Rail following its sale in April 2015. Total portfolio income from 1 April 2015 to 30 March 2016 was £63.4 million, which included £6.5 million from the investments in ESVAGT and the West of Duddon Sands OFTO project during the second half of the year. Total portfolio income for the equivalent period last year was £79.5 million, which included £31.1 million of income received from Eversholt Rail.

## Balance sheet

The Company manages its balance sheet and liquidity position actively, aiming to maintain good levels of liquidity to pursue new investment opportunities, while not diluting shareholder returns by holding surplus cash balances. At 30 March 2016, the Company had cash balances of £50 million. The undrawn Revolving Credit Facility balance at 30 March 2016 was £277 million.

Ends

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3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company, listed on the London Stock Exchange and regulated by the Jersey Financial Services Commission. The Company is a long-term investor in infrastructure businesses and assets. The Company's market focus is on economic infrastructure in developed economies, principally in Europe, in the utilities, transportation and energy sectors, investing in operational businesses which generate long-term yield and capital growth. 3i Infrastructure also has investments in social infrastructure and is building its exposure to primary PPP and low risk energy projects.

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 Adviser to 3i Infrastructure plc.

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