3i Infrastructure plc

8 November 2022

Results for the six months to 30 September 2022

The portfolio has generated outstanding performance, significantly exceeding 3i Infrastructure's target returns. We are also on track to deliver the FY23 dividend target of 11.15 pence per share, which is 6.7% higher than the previous year and expected to be fully covered.

Performance highlights

£247m, 9.3% Total return on opening NAV (September 2021: £250m, 10.6%) **325.8p** NAV per share (March 2022: 303.3p) **£2,905m** NAV (March 2022: £2,704m)	*Strong first-half performance driving growth in net asset value ('NAV')*
£98m Total income and non-income cash (September 2021: £56m)	*Good level of income and non-income cash to support the dividend*
5.575p Interim dividend per share (FY22 interim dividend: 5.225p per share)	*On track to deliver the FY23 dividend target, 6.7% higher than FY22*

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

"We have delivered an outstanding first-half performance with strong value growth in real terms from our differentiated portfolio. We are on track to deliver our FY23 dividend target, which is 6.7% higher than last year."

Performance

The Company generated a total return of 9.3% on opening NAV for the first half of the year, substantially ahead of our target return of 8% to 10% per annum. The NAV per share increased to 325.8 pence. The portfolio overall is performing robustly and ahead of expectations. During the period, we were pleased that we completed the acquisition of Global Cloud Xchange ('GCX') and agreed to acquire our co-investor's stake in TCR.

Interim dividend

The Board is announcing an interim dividend of 5.575 pence per share, scheduled to be paid on 12 January 2023 to holders of ordinary shares on the register on 25 November 2022. The ex-dividend date will be 24 November 2022. 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 5.4 pence of the 5.575 pence interim dividend as an interest distribution.

Corporate governance

The Company's Annual General Meeting was held on 6 July 2022. All resolutions were approved by shareholders, including the re-election of the existing Directors to the Board. In September, we were delighted to welcome Stephanie Hazell as a non-executive Director. Stephanie brings broad strategic experience in the infrastructure sector from her previous roles at National Grid, Orange and Virgin Group.

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 2022. The Total return for the period is the total comprehensive income for the period under IFRS.

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 2022

Review from the Managing Partners

3i Infrastructure's excellent performance during the period has demonstrated, once again, that this is a high quality and diversified portfolio, with proven resilience, that is structurally positioned to deliver growth in real terms throughout the economic cycle.

During the period, the portfolio exceeded its target returns, driven by exposure to selected megatrends. These megatrends continue to provide long-term tailwinds to our investment cases.

As a result of our active management, the portfolio has no near-term refinancing exposure and over 85% of long-term debt is effectively fixed rate.

Additionally, the portfolio has continued to demonstrate its positive value correlation to both inflation and power prices.

Extending the maturity of the Company's £900 million Revolving Credit Facility ('RCF') to November 2025 provides sufficient flexibility to manage investment and divestment activity.

Portfolio review

In October 2022, 3i Infrastructure completed the acquisition of its co-investor's 48% stake in TCR. The final acquisition price was £338 million. We made this acquisition because we believe TCR is well positioned in the post-pandemic environment and is experiencing increasing demand for its full service rental model. During the period, TCR's revenues increased as utilisation and traffic continued to recover and management signed a number of new contracts and contract extensions.

ESVAGT continues to benefit from growth in offshore wind markets. The new Service Operation Vessel ('SOV') contract wins achieved under our ownership have materially improved the quality and longevity of earnings and reduced volatility. ESVAGT's legacy Emergency Rescue and Response Vessel ('ERRV') fleet achieved strong results during the period due to higher day rates and utilisation, driven by the increased focus on security of energy supply in Europe. In June, we syndicated c.17% of our stake in ESVAGT. This transaction helps the Company to maintain a balanced portfolio and provides useful additional liquidity, whilst retaining full governance of the asset.

Infinis had a strong first half driven by outperformance in its renewable generation assets and solar development pipeline. During the period, Infinis was awarded its first 15-year, CPI-linked CfD contracts for two new solar sites and the development of its pipeline of solar and battery operations is on track. The business now has 147MW of fully consented sites with a further 189MW in the planning process. 39MW of new planning consents were received in the period.

Tampnet is benefitting from accelerating demand for offshore connectivity. During the period, Tampnet's business plan was updated to reflect its growth trajectory. Its customers continue to upgrade their long-term bandwidth requirements and invest in digital infrastructure to decrease costs, improve operations and extend asset life. Additionally, Tampnet's management team has identified new initiatives to capture customers beyond operating oil and gas platforms (e.g. wind farms, carbon capture projects and deepsea fish farms) which may provide further upside beyond our current valuation.

Joulz continues to see growth in new orders, including for integrated energy transition solutions that have been enabled by the bolt-on acquisitions completed in recent years. The company's long-term contracts are directly linked to inflation. During the period, the company experienced some delays in completing new installations, primarily due to key hardware suppliers struggling to keep up with rising demand. However, the company has now contracted with additional suppliers which should add capacity over the coming months.

Ionisos performed ahead of expectations in the period due to strong volume growth, notably in the medical and pharma segments. We are working with the management team to increase capacity to meet strongly increasing demand through growth initiatives. In July 2022, the new plant in Kleve, Germany, received approval from the local authorities and operations are due to start in early 2023.

Oystercatcher experienced some pressure on contract renewal rates during the period as a consequence of market backwardation. However, our positive medium-term outlook remains unchanged given the terminal is one of the leading gasoline blending facilities in Singapore and the wider region. The terminal recently signed a contract with Neste to blend and store sustainable aviation fuel which should position it well for this growth market, and is considering options to upgrade its fuel oil tanks to store gasoline, sustainable aviation fuel or biofuels.

SRL performed broadly in line with expectations during the period. Its management team completed a pricing strategy review which resulted in a rise in average hire prices. Prices are expected to continue to rise with inflation in the future.

DNS:NET experienced delays in the roll out of its network in the Berlin region caused by slow authority approvals and a shortage of contractor capacity. This timing impact is reflected in the revised valuation. Our medium-term roll-out targets for DNS:NET are maintained.

Valorem performed ahead of expectations, benefitting from exiting feed-in tariffs on some of its older French wind assets and replacing them with short-term power purchase agreements at improved rates. The outlook in France for renewable developers remains positive, particularly due to recent issues experienced by the French nuclear power sector. New legislation in France aimed at shortening the development cycle of projects and making new areas eligible for development is expected to be introduced, which will benefit Valorem.

Attero outperformed our expectations in the period due to inflation-linked gate fees, new contracts signed with favourable gate fees, and renewable power sales. Additionally, the company is currently updating its long-term business plan and has identified a number of attractive potential growth opportunities, including developing large solar farms on its extensive estate and expanding its current operations in biogas and recycling.

Our newest asset, GCX, a leading global data communications service provider and owner of the world’s largest private subsea fibre optic network, is performing well and in line with expectations.
The portfolio is analysed below.

Portfolio - Breakdown by value*
at 30 September 2022

ESVAGT	14%
Infinis	11%
GCX	10%
TCR	10%
Tampnet	9%
Joulz	8%
Ionisos	8%
Oystercatcher	8%
SRL	7%
DNS:NET	6%
Valorem	5%
Attero	4%

*Excludes commitment to acquire the additional stake in TCR

Portfolio - Breakdown by megatrend
at 30 September 2022

Energy transition	42%
Digitalisation	25%
Globalisation	18%
Renewing social infrastructure	7%
Demographic change	8%

Investment and divestment activity

In May 2022, the Company completed the syndication of c.17% of its stake in ESVAGT to 3i Aura L.P., a newly-established vehicle managed by 3i Investments plc and funded by three institutional investors.

In June 2022, the Company completed the sale of the European projects portfolio for £106 million.

In September 2022, we completed the acquisition of c.100% stake in GCX for £318 million.

In October 2022, we completed a further investment in TCR, acquiring the 48% stake owned by funds managed by DWS for £338 million. This transaction was announced on 14 June 2022. We expect to syndicate a portion of this investment in TCR during the second half of the year.

Sustainability

Our portfolio companies continue to develop and implement their sustainability strategies. We are making progress on actions identified in our Environmental, Social and Governance assessments. As part of this, we are working with our portfolio companies to identify the potential for reducing their greenhouse gas emissions. We are also continuing to develop our approach to climate-related scenario analysis.

In addition, the energy transition is the most prevalent megatrend in our portfolio (42% of portfolio value) and remains an important investment theme for the Company.

The sustainability section of our Annual report and accounts 2023 will include a review of our progress on sustainability, including further progress in implementing the recommendations of the TCFD.

Outlook

The market for infrastructure investments remains competitive, with significant fund-raising activity amongst our private market competitors and strong demand for quality infrastructure assets. Our strategy of identifying resilient companies, positioned to benefit from structural megatrends, provides a proven and solid foundation from which to continue to deliver value growth in real terms across the economic cycle.

We are focused on continuing to deliver outstanding performance, and are confident we have the portfolio and team to allow us to do so.

Scott Moseley and Bernardo Sottomayor
Managing Partners and Co-Heads of European Infrastructure
3i Investments plc
7 November 2022

Financial review

The portfolio delivered another period of strong income growth and capital returns. The Company deployed £318 million in its new investment in GCX and committed to invest a further £338 million in TCR. The Company actively manages its liquidity position through its £900 million RCF, and we extended the maturity of this RCF to November 2025 providing liquidity to fund growth in existing portfolio companies and invest in new assets.

The portfolio has the income-generating capacity to support the Company's progressive dividend policy, and the interim dividend was well covered by income and non-income cash in the period. We are on track to deliver the full-year dividend target, which we also expect to be fully covered.

The weighted average discount rate increased to 11.3% (from 10.9% in March 2022) primarily due to the evolution of the portfolio mix following the realisation of the European projects portfolio and the completion of the GCX acquisition. Given the significant risk premium included in our long-term discount rates and the continued appetite for high-quality infrastructure businesses, rising risk-free rates did not impact the discount rates used to value our portfolio companies at 30 September 2022.

Portfolio and returns

The Company generated a total return for the six-month period of £247 million, representing a 9.3% return on opening NAV (September 2021: £250 million, 10.6%), significantly ahead of the target return of 8% to 10% per annum.

Table 1 summarises the valuation and movements in the portfolio, as well as the return for each investment, for the period.

Table 1: Portfolio summary (30 September 2022, £m)

Portfolio assets	Directors' valuation 31 March 2022	Investment in the period	Divestment in the period	Accrued income movement	Value movement	Foreign exchange translation	**Directors' valuation 30 September 2022**	Allocated foreign exchange hedging	Underlying portfolio income in the period	**Portfolio total return in the period[1]**
ESVAGT	548	21[2]	(87)[4]	(1)	11	(12)	**480**	3	23	**25**
Infinis	332	–	–	–	38	–	**370**	–	8	**46**
TCR	279	–	–	7	50	6	**342**	(7)	7	**56**
GCX	–	318	–	2	(2)	19	**337**	(20)	3	**0**
Tampnet	241	–	–	3	39	9	**292**	2	3	**53**
Joulz	241	3[2]	–	–	17	9	**270**	(10)	3	**19**
Ionisos	237	–	–	4	20	9	**270**	(10)	5	**24**
Oystercatcher	230	–	(2)[3]	–	6	26	**260**	(18)	2	**16**
SRL	200	–	(1)[3]	9	5	–	**213**	–	9	**14**
DNS:NET	202	–	–	4	(20)	8	**194**	(9)	3	**(18)**
Valorem	144	–	–	–	14	6	**164**	(6)	2	**16**
Attero	116	–	(23)[3]	–	32	4	**129**	(5)	1	**32**
Economic infrastructure portfolio	**2,770**	**342**	**(113)**	**28**	**210**	**84**	**3,321**	**(80)**	**69**	**283**
Projects	103	–	(104)	(1)	–	2	–	(1)	1	**2**
Total portfolio reported in the Financial statements	**2,873**	**342**	**(217)**	**27**	**210**	**86**	**3,321**	**(81)**	**70**	**285**

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 / share premium repayment (non-income cash).
4 ESVAGT syndication.

Portfolio return by asset

Table 2 below shows the portfolio return in the period for each asset as a percentage of the aggregate of the opening value of the asset and investments in, and syndication of, the asset in the period (excluding capitalised interest). Note that this measure does not time-weight for investments in the period.

Table 2: Portfolio return by asset (six months to 30 September 2022, not annualised)

Portfolio assets	
ESVAGT[1]	5.4%
Infinis	13.8%
TCR	20.1%
GCX[2]	–%
Tampnet	21.8%
Joulz	7.9%
Ionisos	10.2%
Oystercatcher	6.9%
SRL	7.0%
DNS:NET	(8.9)%
Valorem	11.2%
Attero	27.7%
Projects[3]	1.9%
Total portfolio return[4]	**9.2%**

1 ESVAGT return of 6.9% excluding hedge ineffectiveness over the period end.
2 GCX completed in September 2022.
3 Sold in June 2022.
4 Portfolio returns include FX net of hedging.

Sensitivities

Our approach to valuation is consistent with previous years.

Our inflation assumptions for the first two years of our projections reflect the current and forecast inflation levels. The longer-term inflation assumptions beyond two years remain consistent with central bank targets, e.g. UK CPI at 2%. A 1% increase in short-term (two-year) inflation assumptions is estimated to increase the portfolio value by £37 million. We do not expect to change our long-term assumptions, however, we estimate that a 1% increase in inflation assumptions across our full projection periods would increase the portfolio value by £259 million.

The weighted average discount rate is 11.3%. Increasing the discount rate used in the valuation of each asset by 1% would reduce the value of the portfolio by £306 million.

The portfolio valuations are partially protected against changes in interest rates as long-term fixed rate or hedged debt is in place across the majority of our portfolio. 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 £134 million.

These sensitivities are indicative and are considered in isolation, holding all other assumptions constant. Timing and quantum of price increases will vary across the portfolio and the sensitivity may differ from that modelled. Sensitivities to key inputs to our valuations are described in more detail in Note 4 to the accounts.

Total return

An analysis of the elements of the total return for the period is shown in Table 3 below. The total return of £247 million, or 9.3% return on opening NAV, is greater than the portfolio return described above due to the gearing effect of being drawn into the RCF.

Table 3: Summary total return (six months to 30 September, £m)

	2022	2021
Capital return (excluding exchange)	**210**	226
Foreign exchange movement in portfolio	**86**	12
Capital return (including exchange)	**296**	238
Movement in fair value of derivatives	**(81)**	(8)
Net capital return	**215**	230
Total income[1]	**72**	56
Costs including exchange movements	**(40)**	(36)
Total return	**247**	250

1 Includes interest receivable on vendor loan notes and cash balances of £2 million (September 2021: £3 million).

The capital return is the largest element of the total return. The portfolio generated a value gain of £210 million in the period to 30 September 2022 (September 2021: £226 million), driven principally by outperformance from a number of portfolio companies but particularly TCR, Tampnet, Infinis and Attero.

The value increase in TCR of £50 million reflects the outperformance of the business during the period including new contracts signed, the positive correlation to inflation and the prospects and market opportunity we are seeing in the post Covid-19 environment. Acquiring full control of the business gives us increased confidence and agility to deliver on those opportunities, and this valuation reflects the price paid in that transaction.

Tampnet's value gain of £39 million is driven by higher forecast revenues due to increasing demand for bandwidth and success with digital initiatives including private networks, as well as identified new potential growth opportunities.

The value gain of £38 million in Infinis reflects the momentum in its development pipeline, as well as higher power price forecasts. Its power response assets have experienced higher running hours driven by the UK's power generation capacity constraints.

Attero has sold its power output at increased prices and recontracted several waste supply contracts at increased gate fees and for longer periods, resulting in a value increase of £32 million.

DNS:NET experienced a value reduction of £20 million due to delays in the projected build-out of its fibre network.

The movement in foreign exchange rates generated an £86 million gain in the period (September 2021: £12 million). This was partially offset by a loss on the movement in the value of derivatives of £81 million (September 2021: loss of £8 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 £72 million (September 2021: £56 million), comprising portfolio income of £70 million and interest receivable on vendor loan notes and cash balances of £2 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 £26 million during the period (September 2021: less than £0.5 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. While non-income cash does not form part of the total return shown in Table 3, it is included when considering dividend coverage. Total income and non-income cash is shown in Table 4 below.

Table 4: Total income and non-income cash (six months to 30 September, £m)

	2022	2021
Total income	**72**	56
Non-income cash	**26**	–
Total	**98**	56

Costs

Management and performance fees
During the period to 30 September 2022, the Company incurred management fees of £22 million (September 2021: £16 million), including a one-off £2 million transaction fee relating to the commitment to the additional investment in TCR (September 2021: £2 million). 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 £9 million (September 2021: £15 million).

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 2022, fees payable totalled less than £1 million (September 2021: £2 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 2021: £2 million).

Finance costs of £5 million in the period (September 2021: £1 million) comprised interest and arrangement and commitment fees for the Company's £900 million RCF. Finance costs were higher than in the prior period as the size of the RCF was increased and funds were drawn in the period. The maturity of the RCF was extended by one year in September, incurring an arrangement fee.

Ongoing charges ratio
The ongoing charges ratio measures annual operating costs, as disclosed in Table 5 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 1.58% for the period to 30 September 2022 (September 2021: 1.28%).

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 1.89% (September 2021: 1.90%).

Table 5: Ongoing charges (six months to 30 September, annualised £m)

	2022	2021
Investment Manager's fee	**40.9**	28.6
Auditor's fee	**0.6**	0.5
Directors' fees and expenses	**0.4**	0.4
Other ongoing costs	**2.4**	2.3
Total ongoing charges	**44.3**	31.8
Ongoing charges ratio	**1.58%**	1.28%

Balance sheet

The NAV at 30 September 2022 was £2,905 million (March 2022: £2,704 million). The principal components of the NAV are the portfolio assets, cash holdings, the fair value of derivative financial instruments, borrowings and other net assets and liabilities. A summary balance sheet is shown in Table 6.

Table 6: Summary balance sheet (£m)

	As at 30 September 2022	As at 31 March 2022
Portfolio assets	**3,321**	2,873
Cash balances	**29**	17
Derivative financial instruments	**(70)**	8
Borrowings	**(330)**	(231)
Other net assets (including vendor loan notes) and liabilities	**(45)**	37
NAV	**2,905**	2,704

Cash is principally held in AAA-rated money market funds. The Company has a £900 million RCF in order to maintain a good level of liquidity for further investment while minimising returns dilution from holding excess cash balances. At 30 September 2022, £330 million of the facility was drawn, leaving £570 million available in the facility. Following completion of the further investment in TCR for £338 million, £232 million remains available. In September, the RCF maturity date was extended by a year to November 2025.

Derivative financial instruments reflects the foreign exchange hedging programme described previously.

Other net assets and liabilities predominantly comprise a performance fee accrual of £47 million (March 2022: £64 million), including amounts relating to prior year fees. The movement from March 2022 is due to an increase in the performance fee payable of £9 million, following the outperformance in the period. £26 million of prior year performance fees were paid during the period. The vendor loan note of £98 million included as an asset within other net assets at March 2022 was redeemed in July 2022.

NAV per share

The total NAV per share at 30 September 2022 was 325.8 pence (March 2022: 303.3 pence). This reduces to 320.2 pence (March 2022: 298.1 pence) after the payment of the interim dividend of 5.575 pence (March 2022: final dividend of 5.225 pence).

Dividend

The Board has announced an interim dividend for the period of 5.575 pence per share, or £50 million in aggregate (September 2021: 5.225 pence; £47 million). This is half of the Company's target full-year dividend for FY23 of 11.15 pence per share. The Board is designating 5.4 pence of the 5.575 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 2022.

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 £247 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £2,704 million net of the final dividend for the previous year of £46 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 £2,905 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 or share premium repayments not resulting from the disposal of an underlying portfolio asset. This is shown in Table 4.	Total income uses the IFRS measures Investment income and Interest receivable. The non-income cash, being 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.
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 £285 million, as shown in Table 1, as a percentage of the sum of the opening value of the portfolio and investments in, and syndication of, assets during the period (excluding capitalised interest) of £3,104 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 including in the footnotes.

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 2022, 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 72 to 74 of the Annual report and accounts 2022. Developments in relation to these principal risks during the period are outlined below.

External risks – market and competition

The recent macro environment has been volatile but, as we saw through the Covid-19 pandemic, the portfolio has proven to be resilient. This volatility has been more pronounced in the UK, where the UK companies Infinis and SRL represent c.18% of the portfolio.

During the period we have seen a rise in interest rates and risk-free rates as central banks responded to higher inflation. At this point we are not seeing any upward pressure on discount rates for core-plus infrastructure investments as these tend to have greater discount rate headroom to risk-free rates and strong inflation protection features. The European infrastructure market continues to experience strong demand for new investments. Private funds with a core-plus infrastructure focused mandate have significant amounts of dry powder and these are the Company's primary competition for new investment. Fundraising has increased at a faster pace than the number of funds raised, resulting in larger fund sizes creating intense competition for suitable infrastructure targets. There remains a risk that pricing does change for core-plus infrastructure in the medium term.

Inflation in the UK and Europe has risen sharply in the period, driven by rising energy costs, supply chain bottlenecks, labour and raw material shortages and the reopening of economies from pandemic-related lockdowns. The portfolio is positively correlated to inflation as most portfolio companies have revenues at least partially linked to inflation, although higher inflation may also result in increased costs and supply chain disruption and, should it persist, is generally bad for the economy as a whole. Sensitivities to macroeconomic assumptions are discussed in the Financial review and in Note 4 to the accounts.

Interest rates have increased materially in the period. There are no material refinancing requirements in the portfolio until 2026 and over 85% of long-term debt facilities are either hedged or fixed rate. This mitigates the risk from further near-term interest rate rises.

The Company is exposed to movements in sterling exchange rates against a number of currencies, most significantly the euro. The recent investment in GCX, which closed in September, is exposed to US dollars. During the period, the euro appreciated c.4% against sterling. The Company operates a hedging programme which substantially offsets any foreign exchange movements.

Medium-term power prices have increased considerably since March 2022 driven by gas supply concerns, record carbon prices, low wind levels and higher commodity prices, particularly for gas. This will benefit those portfolio companies that generate electricity and typically sell it on a forward basis in order to avoid spot market volatility: Infinis, Attero and Valorem.

External risks – regulatory and tax

The Company's investments in Infinis, Attero and Valorem are exposed to electricity market regulation risk.

The UK government is proposing to introduce a price cap for renewable electricity generators, similar to proposals already announced by the European Union. We do not expect the strike price of the Government's proposed temporary price cap on low carbon generators to be at a level that would materially impact Infinis given its currently hedged position. There is also a potential risk that political pressure could mount for an extension of the windfall tax on oil and gas companies announced in May 2022 to include electricity generators, but we would expect the impact on Infinis to be largely mitigated by allowances for investment in new renewable generation capacity.

Based on the limited information currently in the public domain, the €180 per MWh price cap proposed by the European Union is not expected to have a material impact on either Attero or Valorem.

Strategic risks

The Company manages its balance sheet and liquidity position, actively seeking to maintain adequate liquidity to pursue investment opportunities, without diluting shareholder returns by holding surplus cash. At 30 September 2022, there was £29 million available in cash, with drawings of £330 million under the RCF. During the period the Company extended the maturity of its facility to November 2025. In October 2022, the Company completed a further investment in TCR of £338 million, funded by additional drawings on the RCF. We expect to syndicate a portion of this further investment in TCR in the second half of the financial year.

Statement of comprehensive income

for the six months to 30 September

	Notes	**Six months to 30 September 2022 (unaudited) £m**	Six months to 30 September 2021 (unaudited) £m
Net gains on investments	4	**296**	244
Investment income		**70**	47
Fees payable on investment activities		**–**	(2)
Interest receivable		**2**	3
Investment return		**368**	292
Movement in the fair value of derivative financial instruments		**(81)**	(8)
Management and performance fees payable	2	**(31)**	(31)
Operating expenses		**(2)**	(2)
Finance costs		**(5)**	(1)
Exchange movements		**(2)**	–
Profit before tax		**247**	250
Income taxes	3	**–**	–
Profit after tax and profit for the period		**247**	250
Total comprehensive income for the period		**247**	250
Earnings per share			
Basic and diluted (pence)	7	**27.7**	28.0

Statement of changes in equity

for the six months to 30 September

For the six months to 30 September 2022 (unaudited)	Notes	**Stated capital account £m**	**Retained reserves £m**	**Capital reserve £m**	**Revenue reserve £m**	**Total shareholders' equity £m**
Opening balance at 1 April 2022		**779**	**1,282**	**643**	**–**	**2,704**
Total comprehensive income for the period		**–**	**–**	**202**	**45**	**247**
Dividends paid to shareholders of the Company during the period	8	**–**	**–**	**(1)**	**(45)**	**(46)**
Closing balance at 30 September 2022		**779**	**1,282**	**844**	**–**	**2,905**

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

Balance sheet
as at 30 September

	Notes	**30 September 2022 (unaudited) £m**	31 March 2022 (audited) £m
Assets			
Non-current assets			
Investments at fair value through profit or loss	4	**3,321**	2,873
Derivative financial instruments	4	**1**	6
Total non-current assets		**3,322**	2,879
Current assets			
Derivative financial instruments	4	**11**	20
Trade and other receivables		**4**	104
Cash and cash equivalents		**29**	17
Total current assets		**44**	141
Total assets		**3,366**	3,020
Liabilities			
Non-current liabilities			
Derivative financial instruments	4	**(54)**	(6)
Trade and other payables		**(24)**	(38)
Loans and borrowings		**(330)**	(231)
Total non-current liabilities		**(408)**	(275)
Current liabilities			
Derivative financial instruments	4	**(28)**	(12)
Trade and other payables		**(25)**	(29)
Total current liabilities		**(53)**	(41)
Total liabilities		**(461)**	(316)
Net assets		**2,905**	2,704
Equity			
Stated capital account	6	**779**	779
Retained reserves		**1,282**	1,282
Capital reserve		**844**	643
Revenue reserve		**–**	–
Total equity		**2,905**	2,704
Net asset value per share			
Basic and diluted (pence)	7	**325.8**	303.3

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 7 November 2022 and signed on its behalf by:

Richard Laing
Chair

Cash flow statement

for the six months to 30 September

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 (unaudited) £m
Cash flow from operating activities		
Purchase of investments	**(318)**	(169)
Proceeds from other financial assets	**98**	–
Proceeds from partial realisations of investments	**118**	8
Proceeds from full realisation of investments	**105**	–
Investment income[1]	**18**	15
Fees rebated / (paid) on investment activities	**2**	(1)
Operating expenses paid	**(2)**	(1)
Management and performance fees paid	**(50)**	(23)
Amounts (paid) / received on the settlement of derivative contracts	**(3)**	6
Net cash flow from operations	**(32)**	(165)
Cash flow from financing activities		
Fees and interest paid on financing activities	**(5)**	(1)
Dividends paid	**(46)**	(44)
Repayment of revolving credit facility	**(1,827)**	–
Drawdown of revolving credit facility	**1,924**	–
Net cash flow from financing activities	**46**	(45)
Change in cash and cash equivalents	**14**	(210)
Cash and cash equivalents at the beginning of the period	**17**	462
Effect of exchange rate movement	**(2)**	–
Cash and cash equivalents at the end of the period	**29**	252

1 Investment income includes dividends of £1 million (September 2021: £2 million) and interest of £17 million (September 2021: £13 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 2022.

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 2022 and those which we expect to adopt for the Annual report and accounts 2023, 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 2022, 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 2022. The Company is in a strong position in relation to its ability to continue to operate and the Company has sufficient resources to meet its ongoing needs. At 30 September 2022, the Company's liquidity totalled £599 million (March 2022: £786 million). Liquidity comprised cash and deposits of £29 million (March 2022: £17 million) and undrawn facilities of £570 million (March 2022: £769 million) with a maturity date of November 2025. Income and non-income cash is expected to be received from the portfolio investments during the coming year, a portion of which will be required to support the payment of the dividend target and the Company's other financial commitments, including the acquisition of the remaining stake in TCR.

The Half-yearly Financial Statements were authorised for issue by the Directors on 7 November 2022.

The Half-yearly Financial Statements do not constitute statutory accounts. The Financial Statements for the year to 31 March 2022, prepared in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS') and International Accounting Standards, 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 2022.

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 focus of the portfolio valuations at 30 September 2022 was an assessment of the impact of the macroeconomic environment on the operational and financial performance of each portfolio company. In particular this focused on increasing inflationary pressures, tightening debt markets, volatility in power prices and ongoing geopolitical uncertainties. We have incorporated into our cash flow forecasts a balanced view of future income receipts and expenses.

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 2022:

For the six months to 30 September 2022 (unaudited)	**Economic Infrastructure businesses £m**	**Projects portfolio £m**	**India Fund £m**	**Unallocated[1] £m**	**Total £m**
Investment return	**363**	**3**	**–**	**2**	**368**
Profit/(loss) before tax	**283**	**2**	**–**	**(38)**	**247**

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
As at 30 September 2022 (unaudited)					
Assets	**3,333**	**–**	**–**	**33**	**3,366**
Liabilities	**(82)**	**–**	**–**	**(379)**	**(461)**
Net assets/(liabilities)	**3,251**	**–**	**–**	**(346)**	**2,905**
As at 31 March 2022 (audited)					
Assets	2,796	105	–	119	3,020
Liabilities	(18)	(1)	–	(297)	(316)
Net assets/(liabilities)	2,778	104	–	(178)	2,704

1 Unallocated includes cash, management and performance fees payable and other payables and receivables (including drawings on the RCF) 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 2022:

For the six months to 30 September 2022 (unaudited)	**UK and Ireland[1] £m**	**Europe[2] £m**	**Asia £m**	**Total £m**
Investment return	**82**	**286**	**–**	**368**
Profit/(loss) before tax	**24**	**223**	**–**	**247**

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
As at 30 September 2022 (unaudited)				
Assets	**953**	**2,413**	**–**	**3,366**
Liabilities	**(379)**	**(82)**	**–**	**(461)**
Net assets	**574**	**2,331**	**–**	**2,905**
As at 31 March 2022 (audited)				
Assets	653	2,367	–	3,020
Liabilities	(298)	(18)	–	(316)
Net assets	355	2,349	–	2,704

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 22% (September 2021: 5%) of its investment return in the period from investments held in the UK and Ireland, 78% (September 2021: 94%) from investments held in continental Europe and none from investments held in India (September 2021: 1%). During the period, the Company generated 99% (September 2021: 97%) of its investment return from investments in Economic Infrastructure businesses, 1% (September 2021: 2%) from investments in Projects and none (September 2021: 1%) from its investment in the India Fund. Given the nature of the Company's operations, the Company is not considered to be exposed to any operational seasonality or cyclicality that would impact the financial results of the Company during the period or the financial position of the Company at 30 September 2022.

2 Management and performance fees payable

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 (unaudited) £m
Management fee	**22**	16
Performance fee	**9**	15
	31	31

Total management and performance fees payable by the Company for the period to 30 September 2022 were £31 million (September 2021: £31 million). Note 9 provides further details on the calculation of the management fee and performance fee.

3 Income taxes

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 (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% (2021: 19%), and the differences are explained below:

	Six months to 30 September 2022 £m	Six months to 30 September 2021 £m
Profit before tax	**247**	250
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	**47**	47
Effects of:		
Non-taxable capital profits due to UK approved investment trust company status	**(40)**	(44)
Dividends designated as interest distribution	**(9)**	(3)
Brought forward losses	**(1)**	–
Temporary differences on which deferred tax is not recognised	**3**	–
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, i.e. 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 2022. For all other assets and liabilities, their carrying value approximates to fair value. During the period ended 30 September 2022, there were no transfers of financial instruments between levels of the fair value hierarchy (March 2022: none).

Trade and other receivables on the Balance sheet includes £3 million of deferred finance costs relating to the arrangement fee for the revolving credit facility (March 2022: £2 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 2022 (unaudited)
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets				
Investments at fair value through profit or loss	**–**	**–**	**3,321**	**3,321**
Trade and other receivables	**–**	**1**	**–**	**1**
Derivative financial instruments	**–**	**12**	**–**	**12**
	–	**13**	**3,321**	**3,334**
Financial liabilities				
Derivative financial instruments	**–**	**(82)**	**–**	**(82)**
	–	**(82)**	**–**	**(82)**

				As at 31 March 2022 (audited)
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Investments at fair value through profit or loss	–	–	2,873	2,873
Trade and other receivables	–	102	–	102
Derivative financial instruments	–	26	–	26
		128	2,873	3,001
Financial liabilities				
Derivative financial instruments	–	(18)	–	(18)
	–	(18)	–	(18)

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 2022 (unaudited) £m**
Opening fair value	**2,873**
Additions	**342**
Disposal proceeds and repayment	**(217)**
Movement in accrued income	**27**
Fair value movement (including exchange movements)	**296**
Closing fair value	**3,321**

Level 3 fair value reconciliation	As at 31 March 2022 (audited) £m
Opening fair value	1,804
Additions	816
Disposal proceeds and repayment	(148)
Movement in accrued income	17
Fair value movement (including exchange movements)	384
Closing fair value	2,873

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 £70 million (September 2021: £47 million) comprises dividend income of £1 million (September 2021: £2 million) and interest income of £69 million (September 2021: £45 million).

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 2022, the fair value of unquoted investments was £3,321 million (March 2022: £2,873 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 £306 million (March 2022: £258 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £352 million (March 2022: £297 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 2022: 2.0%). The long-term RPI assumption for UK assets is 2.5% (March 2022: 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 £37 million (March 2022: £43 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 £37 million (March 2022: £46 million). The impact of increasing the inflation rate assumption by 1% across our full projection periods would be to increase the value of the portfolio by £259 million. Decreasing the inflation rate assumption used in the valuation of each asset by 1% across our full projection periods would decrease the value of the portfolio by £235 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 £134 million (March 2022: £158 million). Decreasing the interest rate assumption used in the valuation of each asset by 1% would increase the value of the portfolio by £141 million (March 2022: £156 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 2022, the fair value of the other assets and liabilities within these intermediate holding companies was less than £1 million (March 2022: less than £1 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 £900 million revolving credit facility ('RCF') at 30 September 2022. In September 2022, the maturity of the RCF was extended to 3 November 2025. The Company has the right to extend the RCF by a further year provided that existing lenders consent.

The 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 2022, the Company had £330 million of drawings under the RCF (March 2022: £231 million). The 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 2022 (unaudited)		As at 31 March 2022 (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 2022, 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 2022 (unaudited)	Six months to 30 September 2021 (unaudited)
Earnings per share (pence)		
Basic and diluted	**27.7**	28.0
Earnings (£m)		
Profit after tax for the period	**247**	250
Number of shares (million)		
Weighted average number of shares in issue	**891.4**	891.4

	As at 30 September 2022 (unaudited)	As at 31 March 2022 (audited)
Net assets per share (pence)		
Basic and diluted	**325.8**	303.3
Net assets (£m)		
Net assets	**2,905**	2,704

8 Dividends

		As at 30 September 2022 (unaudited)		As at 30 September 2021 (unaudited)
Declared and paid during the period	**pence per share**	**£m**	pence per share	£m
Prior year final dividend paid on ordinary shares	**5.225**	**46**	4.9	44

The Company proposes paying an interim dividend of 5.575 pence per share (September 2021: 5.225 pence) which will be payable to those shareholders that are on the register on 25 November 2022. On the basis of the shares in issue at 30 September 2022, this would equate to a total interim dividend of £50 million (September 2021: £46 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 2022: 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 £14 million (September 2021: £13 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. The India Fund has reached the end of its life and moved into liquidation and the outstanding commitment is no longer callable. Therefore, no commitments were drawn down by the India Fund from the Company during the period (September 2021: nil).

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 2022, £22 million (September 2021: £16 million) was payable and advance payments of £22 million were made resulting in no amount due to 3i plc at 30 September 2022 (March 2022: £1 million due to 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 2022 was £0.5 million (September 2021: £0.5 million). There was no outstanding balance payable as at 30 September 2022 (March 2022: 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 2022 and therefore a performance fee accrual of £9 million was recognised (September 2021: £15 million). The outstanding balance payable as at 30 September 2022 was £47 million (March 2022: £64 million), which includes the second and third instalments of the FY22 fee and the third instalment of the FY21 fee.

Year	Performance fee (£m)	Outstanding balance at 30 September 2022 (£m)	Payable for FY23 (£m)
FY23	9	9	3
FY22	54	36	18
FY21	7	2	2

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, 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

Conclusion

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 2022 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.

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 2022 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.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 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 (ISRE (UK) 2410). 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.

As disclosed in the accounting policies, the Annual financial statements of the Company are 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".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of 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.

In preparing the Half-yearly financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the Half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the Half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. 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
London, United Kingdom
Date: 7 November 2022

Notes

1 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 United Kingdom;

- 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
7 November 2022

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.

Stephanie Hazell
Independent Non-executive Director.

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	24 November 2022
Record date for interim dividend	25 November 2022
Interim dividend expected to be paid	12 January 2023
Full year results expected date	9 May 2023

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 5.4 pence of the 5.575 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 08:30 – 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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