7 November 2023

Results for the six months to 30 September 2023

The portfolio continues to generate attractive value growth, outperforming 3i Infrastructure's target return of 8-10% per annum. We are on track to deliver the FY24 dividend target of 11.90 pence per share, which is 6.7% higher than the previous year and expected to be fully covered by net income.

Performance highlights

£191m Total return for the period (September 2022: £247m)	**6.3%** Total return on opening net asset value ('NAV') (September 2022: 9.3%)	*Continued growth in NAV, driven by our largest assets*
£3,241m NAV (31 March 2023: £3,101m)	**351.4p** NAV per share (31 March 2023: 336.2p)	
£104m Total income and non-income cash (September 2022: £98m)		*Good level of income and non-income cash to support the dividend*
5.95p Interim dividend per share (FY23 interim dividend: 5.575p per share)		*On track to deliver the FY24 dividend target, 6.7% higher than FY23*
c.31% Increase based on agreed EUR sales proceeds for Attero versus March 2023 valuation		*Value uplift achieved on sale of Attero*

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

"The portfolio continues to outperform with strong value growth in real terms, driven by our largest assets. We are on track to deliver our FY24 dividend target, which is a 6.7% increase on last year's dividend."

Performance

The Company generated a total return of 6.3% on opening NAV for the first half of the year, ahead of our target return of 8% to 10% per annum. The NAV per share increased to 351.4 pence. The portfolio overall is performing robustly and ahead of expectations. During the period, we were pleased to agree the sale of Attero at a c.31% uplift to our March 2023 valuation, demonstrating the resilient demand from private market investors for our high-quality infrastructure investments.

Interim dividend

The Board is announcing an interim dividend of 5.95 pence per share, scheduled to be paid on 11 January 2024 to holders of ordinary shares on the register on 24 November 2023. The ex-dividend date will be 23 November 2023. 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 5.65 pence of the 5.95 pence interim dividend as an interest distribution.

Corporate governance

The Company's Annual General Meeting ('AGM') was held on 6 July 2023. All resolutions were approved by shareholders, including the re-election of the existing Directors to the Board. There have been a number of changes to the Board since the AGM. Paul Masterton served on the Board until 20 July 2023 and Martin Magee was appointed as a non-executive Director on the same date. I would like to express my gratitude to Paul for his valuable contribution over the past 10 years as Senior Independent Director and welcome Martin to the Board. Martin, a Jersey resident, brings relevant experience in the infrastructure sector from his previous roles at Jersey Electricity plc and Scottish Power plc. Stephanie Hazell has been appointed as the Senior Independent Director, replacing Paul.

Also on 20 July, Ian Lobley stepped down from the Board after nine years' service. I would also like to thank Ian for his valuable contribution. Ian was replaced by Jennifer Dunstan as the 3i Group plc nominated Director of the Company.

Both Jennifer and Martin will stand for election at the Company's AGM in July 2024.

Richard Laing
Chair

For further information, please contact:

Thomas Fodor, investor enquiries	Tel: 020 7975 3469
Kathryn van der Kroft, press enquiries	Tel: 020 7975 3021

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, Investment value including commitments, Total portfolio return percentage and Total liquidity. 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 2023. 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 influence 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 is the investment manager to 3i Infrastructure plc.

3i Infrastructure plc Half-yearly report 2023

Review from the Managing Partners

3i Infrastructure’s portfolio once again exceeded its target return during the period, further demonstrating its quality and resilience. The portfolio is structurally positioned to deliver growth in real terms throughout the economic cycle.

The c.31% value uplift achieved by the Attero exit illustrates the robust demand for high-quality, core-plus infrastructure companies amongst private market investors. It also extends our realised investment track record to a weighted average IRR of 21% since 3i Infrastructure's inception in 2007. This is truly exceptional performance.

We are encouraged by the strength in earnings growth across the portfolio, particularly evident in our larger companies, which we expect will continue to benefit from the structural tailwinds underpinning the original investment theses.

We continue to work closely with our portfolio company management teams to maximise value creation throughout our ownership. This includes defining strategy, supporting M&A activity, capital structuring, identifying and executing further growth investments, and ultimately preparing and leading exit processes.

The value of our active management approach is apparent across our portfolio. We see evidence in the strength of the earnings our companies are achieving, in the quality and motivation of our management teams, in the outcomes we have achieved on exits such as Attero and also in our portfolio company debt management activities. Our portfolio has no material near-term refinancing exposure because we proactively secured long duration debt structures whilst interest rates were at historical lows.

The portfolio also continues to demonstrate real return protection through its positive value correlation to inflation.

Fixed interest products are now offering their highest returns for the last 15 years, driving a rebalancing of investors' portfolio weightings. In our view, 3i Infrastructure's core-plus portfolio displays an attractive return premium to fixed income products, which is typically not evident in PPP/PFI concessions or core infrastructure. 3iN's return profile continues to be attractive and relevant, even in a changing market environment.

During the period, we extended the maturity of the Company’s £900 million Revolving Credit Facility (‘RCF’) by an additional 12 months, to November 2026, providing further flexibility for us to manage investment and divestment activity.

Proceeds from the Attero sale will be applied to reduce the outstanding RCF balance.

Portfolio review

TCR delivered another strong performance in the period, delivering impressive earnings growth and further demonstrating the accelerating demand for its full-service rental model globally. A number of new contracts were won in the period across multiple locations throughout Europe, the US and Australia. We expect that TCR is well positioned to grow organically with its existing clients as well as increasing both the number of airports at which it operates as well as the market penetration of its full service rental offering, propelled by the clear need for fleet renewal investment required to decarbonise ground support equipment.

ESVAGT had a good first half, driven by increasing day rates and high levels of vessel utilisation. ESVAGT is the clear market leader in European offshore wind Service Operation Vessel (‘SOV’) provision, with nine vessels currently in operation. A further three SOVs are under construction, each being built to service long-term charter agreements. All are progressing to plan. Whilst we note recent unit price pressure impacting certain high profile wind farm developments, the near-term pipeline for new SOVs in the North Sea and USA remains strong, driven by government targets and an increasing focus on energy security.

Infinis's landfill gas generation assets continued to perform ahead of expectations, offsetting the lower volatility in power prices which reduced demand for its power response assets. The company continues to make significant progress in developing its 1.6GW solar and battery pipeline.

Tampnet had a very strong first half, exceeding EBITDA targets. The importance of Tampnet's infrastructure to its customers' operations is evident in growing average revenue per customer, as well as increasing interest in its private network solution. The scale of the carbon capture and offshore wind opportunities is also emerging. Tampnet's infrastructure and expertise are likely to be important facilitators of the energy transition offshore. We are working closely with the management team to define and scope the potential opportunity and design the appropriate strategy.

Joulz continues to benefit from the attractive combination of its inflation-linked long-term contracts, as well as fast moving Dutch energy transition ambitions. The new CEO joined in March and is actively focused on further expanding Joulz's product offering. During the period, a highly comparable peer to Joulz was sold at an attractive valuation, providing further evidence of the strong appetite from private infrastructure investors for comparable energy transition platforms.

Ionisos's valuation progressed in line with expectations in the period. Lower Covid-related bio-processing volumes and reduced demand in markets linked to the construction industry were offset by receipt of a one-off insurance payment in settlement of issues previously reported at its discontinued Italian subsidiary. The acquisition of an E-Beam plant in Daniken, Switzerland, completed in June and current trading at that facility is ahead of expectations. During the period, Ionisos received permits to build a new X-ray greenfield facility in North East France. This will enlarge Ionisos's sterilisation offering and support its customers' growth ambitions in the medical and pharmaceutical market. In support of these investments, during the period Ionisos completed a €60 million debt raise, accompanied by a further €5 million equity investment from 3i Infrastructure.

Oystercatcher's financial performance was in line with expectations during the period. Its Singapore storage facilities continued to operate at capacity and with slightly improved rates, despite the continued backwardation market structure for petroleum products. The project to convert gasoline tanks to sustainable aviation fuel completed on time and on budget and now represents 7% of total storage capacity. Management has been exploring the potential to increase the proportion of sustainable fuels. A new contract to store sustainable marine fuel oil in the terminal's fuel oil tanks was signed during the period, with premium rates to those achieved on non-sustainable fuel products. The financing assumptions in our valuation have been updated to reflect increasing debt costs within the oil storage sector.

SRL performed well in the period, with revenues and utilisation levels ahead of expectations. Management is seeking to expand its offering in underserved regions of the UK and is working with contractors on products to improve health and safety performance on large capital projects.

DNS:NET has made progress on the rollout of its fibre-to-the-home ('FTTH') network in the Berlin area. 3iN invested a further €24 million in the period to part-fund the ongoing rollout. The company, like many others rolling out FTTH networks in Germany, is still experiencing delays in connecting and activating customers, which, in turn, has negatively impacted the availability and cost of debt. To reflect the uncertainties in access to capital markets and the rollout delivery, we have increased the discount rate, leading to the valuation reduction reported. The Investment Manager has dedicated material time embedding resources in the company, instigating significant organisational change and improving management capabilities. We have appointed a new CEO, with the requisite experience to deliver the network rollout.

Valorem performed well in the first half of the year, with revenues from electricity generation and growth in installed capacity both ahead of plan. French wind auction tariffs have continued to increase in the last 12 months, reflecting increases in the cost of equipment and interest rates. To help fund its value accretive development pipeline, Valorem successfully raised a €75 million Green Euro bond private placement and is finalising the sale of a minority stake in a subset of its French operational portfolio at attractive terms, despite the current volatile market environment.

GCX is experiencing growing bandwidth capacity demand whilst achieving cost savings, which we anticipate will result in margin improvements. The business is growing its recurring, leased-bandwidth revenue contribution, partially as a result of increasing adoption of Artificial Intelligence applications and multi-billion investments in capacity and route diversification by the hyperscalers. GCX continues to explore a number of attractive growth opportunities which would enhance the value of its existing network.

Future Biogas has performed ahead of our expectations since our acquisition in February 2023, driven by the outperformance of its managed plant portfolio. During the period, the company signed a new gas supply agreement for unsubsidised green gas with AstraZeneca ('AZ'). To deliver this green gas a new plant will be constructed. 3iN invested a further £35 million to fund the construction of the plant which will supply 100 GWh of biomethane to AZ's UK sites and will be the UK's first unsubsidised Anaerobic Digestion ('AD') plant. The AZ contract is an important milestone in delivering the investment thesis of transitioning Future Biogas from a manager of third-party biogas plants into an owner and operator. A growing list of viable sites is being targeted for the construction of new AD plants and interest from high-quality corporate counterparties to partner with Future Biogas is highly encouraging.

On 24 July 2023, the Company signed an agreement to sell Attero to Ardian Infrastructure. Expected net proceeds from the sale are approximately €215 million, representing an uplift of €51 million on the value at 31 March 2023. This results in a 23% gross IRR and a 2.7x gross money multiple for the Company. Completion is expected by 30 November 2023.

The portfolio is analysed below.

Portfolio - Breakdown by value
at 30 September 2023

TCR	15%
ESVAGT	13%
Infinis	11%
GCX	9%
Tampnet	9%
Ionisos	8%
Joulz	7%
Oystercatcher	6%
SRL	6%
Valorem	5%
Attero	5%
DNS:NET	4%
Future Biogas	2%

Sustainability

We continue to actively engage with our portfolio companies on Environmental, Social and Governance matters, notably on the topics of climate change, occupational health and safety, and diversity, equity and inclusion.

In particular, we are working closely with our portfolio companies to support their efforts in developing carbon emission reduction strategies and roadmaps that are aligned with the ambition of the Science Based Targets initiative ('SBTi'). The Investment Manager wrote to SBTi in April 2023 to commit to set science-based targets and is working to formulate these. It will report using the TCFD framework by the 2024 deadline set by the FCA for asset managers such as 3i.

Outlook

We continue to focus our asset management activities on ensuring we maximise returns from 3iN's existing portfolio. In practice, that means supporting our portfolio companies to continue to deliver earnings growth, combined with occasional, well-managed exits.

This strategy is well-proven.

We expect earnings growth to be underpinned by the structural megatrends we identified as part of our original investment cases, supplemented by capex reinvestment at rates of return that we forecast will be accretive. This growth capex is predominantly funded by the portfolio companies directly, through a combination of internal cash generation and available debt facilities. Material levels of capex reinvestment provide visibility over further earnings and value growth.

At the appropriate moment during our hold period, we will initiate sales processes for our investments. As evidenced by our extensive track record, these sales tend to be well supported by the deep pool of private market capital actively seeking high quality, core-plus infrastructure investments such as those held by 3iN. This is a core component of our portfolio management and value creation strategy.

We are focused on continuing to grow value for 3iN shareholders whilst being responsible custodians of our investments. We 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
6 November 2023

Financial review

The portfolio delivered another period of strong income growth and solid capital returns. The Company signed an agreement to sell Attero for expected net proceeds of approximately €215 million, representing an uplift of €51 million on the value at 31 March 2023. Follow-on investments of £35 million into Future Biogas, £20 million into DNS:NET and £5 million into Ionisos were completed in the period. The Company actively manages its liquidity position through its £900 million RCF. During the period, we extended the maturity of this RCF to November 2026, providing liquidity to fund growth in existing portfolio companies and good flexibility over the timing of repayment of drawings.

The portfolio has the income-generating capacity to support the Company's progressive dividend policy and the interim dividend is 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 ('WADR') was unchanged from March 2023 at 11.3%, as an increase in the discount rate of DNS:NET was offset by a change in the valuation methodology for Attero from a discounted cash flow basis to a sale basis. The remaining change in portfolio mix had an immaterial impact on the WADR. 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 2023. The agreement to sell Attero at a significant premium to NAV supports this assessment.

Portfolio and returns

The Company generated a total return for the six-month period of £191 million, representing a 6.3% return on opening NAV (September 2022: £247 million, 9.3%), ahead of the target return of 8% to 10% per annum. The Company's portfolio was valued at £3,892 million at 30 September 2023 (31 March 2023: £3,641 million) and delivered a total portfolio return in the period of £233 million, including income and allocated foreign exchange hedging (September 2022: £285 million).

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 2023, £m)

Portfolio assets	Directors' valuation 31 March 2023	Investment in the period	Divestment in the period	Accrued income movement	Value movement	Foreign exchange translation	**Directors' valuation 30 September 2023**	Allocated foreign exchange hedging	Underlying portfolio income in the period	**Portfolio total return in the period[1]**
TCR	537	11[2]	–	–	33	(5)	**576**	5	11	**44**
ESVAGT	485	23[2]	–	1	2	–	**511**	2	24	**28**
Infinis	407	–	–	4	13	–	**424**	–	9	**22**
GCX	323	29[2]	–	(14)	6	4	**348**	(4)	15	**21**
Tampnet	292	–	–	3	37	3	**335**	–	10	**50**
Ionisos	298	5	–	5	8	(4)	**312**	4	4	**12**
Joulz	287	3[2]	–	–	10	(4)	**296**	3	3	**12**
Oystercatcher	254	–	(6)[3]	–	5	(3)	**250**	2	2	**6**
SRL	219	–	–	10	1	–	**230**	–	10	**11**
Valorem	188	–	–	–	19	(2)	**205**	3	2	**22**
Attero	144	–	–	–	45	(2)	**187**	1	1	**45**
DNS:NET	179	20	–	5	(50)	(2)	**152**	3	5	**(44)**
Future Biogas	28	35	–	–	3	–	**66**	–	1	**4**
Total portfolio reported in the Financial statements	**3,641**	**126**	**(6)**	**14**	**132**	**(15)**	**3,892**	**19**	**97**	**233**

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 repayment (non-income cash).

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 investment in 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 2023, not annualised)

Portfolio assets	
TCR	8.2%
ESVAGT	5.8%
Infinis	5.4%
GCX	6.5%
Tampnet	17.1%
Ionisos	4.0%
Joulz	4.2%
Oystercatcher	2.4%
SRL	5.0%
Valorem	11.7%
Attero[1]	31.3%
DNS:NET	(22.1)%
Future Biogas	6.4%
Total portfolio return[2]	**6.3%**

1 Change in valuation methodology from discounted cash flow basis to sale basis.

2 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 £43 million and a 1% decrease is estimated to decrease the portfolio value by £44 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 £327 million and decreasing the discount rate used by 1% would increase the value of the portfolio by £376 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 £224 million. A 1% decrease in the interest rate assumption would increase the value of the portfolio by £221 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. Changing the inflation rate assumption may necessitate consequential changes to other assumptions used in the valuation of each asset. 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 Company generated a total return for the six-month period of £191 million, representing a 6.3% return on opening NAV (September 2022: £247 million, 9.3%), ahead of the target return of 8% to 10% per annum.

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

	2023	2022
Capital return (excluding exchange)	**132**	210
Foreign exchange movement in portfolio	**(15)**	86
Capital return (including exchange)	**117**	296
Movement in fair value of derivatives and exchange on EUR borrowings	**19**	(81)
Net capital return	**136**	215
Total income[1]	**98**	72
Costs including exchange movements	**(43)**	(40)
Total return	**191**	247

1 Includes interest receivable on cash balances held of £1 million (September 2022: £2 million).

The capital return is the largest element of the total return. The portfolio generated a value gain of £132 million in the six-month period to 30 September 2023 (September 2022: £210 million), driven principally by outperformance from a number of portfolio companies, particularly Attero, Tampnet, Valorem and TCR, which was offset by a value reduction for DNS:NET.

The value increase in Attero of £45 million reflects the agreed sale of the investment for a price considerably above its opening valuation. Tampnet's value gain of £37 million is driven by higher forecast revenue per customer due to increasing demand for bandwidth and strong interest in its private network solution. The value increase in TCR of £33 million reflects the outperformance and significant earnings growth of the business during the period. The DNS:NET valuation has been reduced by £50 million due to the revision of cashflow forecasts to reflect delays in the projected rollout of its FTTH network and an increase in the discount rate used.

The movement in foreign exchange rates generated a loss of £15 million in the period (September 2022: gain of £86 million). This was offset by a gain on the movement in the value of derivatives and the exchange gain on Euro drawings of £19 million (September 2022: loss of £81 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 £98 million (September 2022: £72 million), comprising portfolio income of £97 million and interest receivable on cash balances of £1 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 £6 million during the period (September 2022: £26 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)

	2023	2022
Total income	**98**	72
Non-income cash	**6**	26
Total	**104**	98

Costs

Management and performance fees

During the period to 30 September 2023, the Company incurred management fees of £24 million (September 2022: £22 million), including a one-off £1 million transaction fee relating to the additional investments in Future Biogas, Ionisos and DNS:NET (September 2022: £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 not exceeded in the first half of the year, as the total return for the period was 6.3%, resulting in no performance fee accrual (September 2022: £9 million).

Other operating and finance costs

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £1 million in the period (September 2022: £2 million).

Finance costs of £16 million in the period (September 2022: £5 million) comprised interest, arrangement and commitment fees for the Company's £900 million RCF. Finance costs were higher than in the prior period as more funds were drawn and interest rates increased in the UK and Eurozone. During the period, we extended the maturity of the RCF by one year to November 2026.

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 methodology recommended by the Association of Investment Companies ('AIC') and was 1.61% for the period to 30 September 2023 (September 2022: 1.58%).

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. There was no performance fee accrual in the period to 30 September 2023. The ratio including the performance fee accrual for September 2022 was 1.89%.

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

	2023	2022
Investment Manager's fee	**47.3**	40.9
Auditor's fee	**0.8**	0.6
Directors' fees and expenses	**0.5**	0.4
Other ongoing costs	**2.3**	2.4
Total ongoing charges	**50.9**	44.3
Ongoing charges ratio	**1.61%**	1.58%

Balance sheet

The NAV at 30 September 2023 was £3,241 million (31 March 2023: £3,101 million). The principal components of the NAV are the portfolio assets, cash holdings, the fair value of derivative financial instruments, borrowings and other net liabilities. A summary balance sheet is shown in Table 6.

Table 6: Summary balance sheet (£m)

	As at 30 September 2023	As at 31 March 2023
Portfolio assets	**3,892**	3,641
Cash balances	**6**	5
Derivative financial instruments	**16**	39
Borrowings	**(628)**	(501)
Other net liabilities	**(45)**	(83)
NAV	**3,241**	3,101

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 2023, £628 million of the facility was drawn, leaving £272 million available in the facility. Following the expected completion of the sale of the investment in Attero for c.€215 million (equivalent to £187 million based on 30 September exchange rates) in November, c.£459 million will be available. In September, the RCF maturity date was extended by a year to November 2026 with no changes to terms.

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

Other net liabilities predominantly comprise a performance fee accrual of £48 million (31 March 2023: £83 million), relating to fees earned in prior years. £35 million of prior year performance fees were paid during the period.

NAV per share

The total NAV per share at 30 September 2023 was 351.4 pence (31 March 2023: 336.2 pence). This will reduce to 345.5 pence (31 March 2023: 330.6 pence) after the payment of the interim dividend of 5.95 pence (31 March 2023: final dividend of 5.575 pence).

Dividend

The Board has announced an interim dividend for the period of 5.95 pence per share or £55 million in aggregate (September 2022: 5.575 pence; £50 million). This is half of the Company's target full-year dividend for FY24 of 11.90 pence per share. The Board is designating 5.65 pence of the 5.95 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 2023.

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 £191 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £3,101 million net of the final dividend for the previous year of £51 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 £3,241 million divided by the total number of shares in issue at the balance sheet date of 922.4 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.
Investment value including commitments	A measure of the size of the investment portfolio including the value of further contracted future investments committed by the Company.	It is calculated as the portfolio asset value plus the amount of the contracted commitment. At 30 September 2023, the Company had no investment commitments.	The portfolio asset value is the 'Investments at fair value through profit or loss' reported under IFRS. At 30 September 2023, the Company had no investment commitments.
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 £233 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 £3,701 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.
Total liquidity	A measure of the Company's ability to make further investments and meet its short-term obligations.	It is calculated as the cash balance of £6 million plus the undrawn balance available under the Company's revolving credit facility of £272 million.	The calculation uses the cash balance, which is an IFRS measure, and undrawn balances available under the Company's revolving credit facility, which are described in Note 5 to the accounts.

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 2023, 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 73 to 75 of the Annual report and accounts 2023. Developments in relation to these principal risks during the period are outlined below.

External risks – market and competition

During the period, we have seen a rise in interest rates and risk-free rates as central banks responded to higher inflation. The market for high-quality core-plus infrastructure companies, such as those in our portfolio, remains competitive. The realisation of Attero at a c.31% premium to the March 2023 valuation provides evidence that our approach to valuations remains appropriate. There remains a risk that pricing does change for core-plus infrastructure in the medium term.

Inflation in the UK and Europe has eased in the period, although it remains above central bank targets. The portfolio is positively correlated to inflation as most portfolio companies have revenues at least partially linked to inflation. Sensitivities to macroeconomic assumptions are discussed in the Financial review and in Note 4 to the accounts.

Interest rates continued to rise in the period, although there are now signs that they are near the top of the cycle in the UK and Europe. There are no material refinancing requirements in the portfolio until 2026 and over 93% 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. During the period, sterling appreciated c.1% against the euro. The Company operates a hedging programme which substantially offsets any foreign exchange movements.

Current and medium-term power prices remain elevated but have decreased considerably since the prior year. This is broadly in line with forecasts for the period and is reflected in the results of Infinis, Attero and Valorem. These portfolio companies generate electricity and typically sell it on a forward basis in order to avoid spot market volatility.

Strategic risks

The Company actively manages its balance sheet and liquidity position, seeking to maintain adequate liquidity to pursue investment opportunities, without diluting shareholder returns by holding surplus cash. At 30 September 2023, there was £6 million available in cash, with drawings of £628 million under the RCF. During the period, the Company extended the maturity of its facility to November 2026. In July 2023, the Company agreed the realisation of its investment in Attero for c.€215 million, with completion expected in November 2023. Proceeds will be used to repay drawings on the RCF.

Statement of comprehensive income

for the six months to 30 September

	Notes	**Six months to 30 September 2023 (unaudited) £m**	Six months to 30 September 2022 (unaudited) £m
Net gains on investments	4	**117**	296
Investment income		**97**	70
Interest receivable		**1**	2
Investment return		**215**	368
Movement in the fair value of derivative financial instruments		**14**	(81)
Management and performance fees	2	**(24)**	(31)
Operating expenses		**(1)**	(2)
Finance costs		**(16)**	(5)
Exchange movements		**3**	(2)
Profit before tax		**191**	247
Income taxes	3	**–**	–
Profit after tax and profit for the period		**191**	247
Total comprehensive income for the period		**191**	247
Earnings per share			
Basic and diluted (pence)	7	**20.7**	27.7

Statement of changes in equity

for the six months to 30 September

For the six months to 30 September 2023 (unaudited)	Notes	**Stated capital account £m**	**Retained reserves £m**	**Capital reserve £m**	**Revenue reserve £m**	**Total shareholders' equity £m**
Opening balance at 1 April 2023		**879**	**1,282**	**940**	**–**	**3,101**
Total comprehensive income for the period		**–**	**–**	**131**	**60**	**191**
Dividends paid to shareholders of the Company during the period	8	**–**	**–**	**–**	**(51)**	**(51)**
Closing balance at 30 September 2023		**879**	**1,282**	**1,071**	**9**	**3,241**

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

Balance sheet
as at 30 September

	Notes	30 September 2023 (unaudited) £m	31 March 2023 (audited) £m
Assets			
Non-current assets			
Investments at fair value through profit or loss	4	**3,892**	3,641
Derivative financial instruments	4	**28**	29
Total non-current assets		**3,920**	3,670
Current assets			
Derivative financial instruments	4	**10**	28
Trade and other receivables		**4**	4
Cash and cash equivalents		**6**	5
Total current assets		**20**	37
Total assets		**3,940**	3,707
Liabilities			
Non-current liabilities			
Derivative financial instruments	4	**(5)**	(10)
Trade and other payables		**(15)**	(48)
Loans and borrowings		**(628)**	(501)
Total non-current liabilities		**(648)**	(559)
Current liabilities			
Derivative financial instruments	4	**(17)**	(8)
Trade and other payables		**(34)**	(39)
Total current liabilities		**(51)**	(47)
Total liabilities		**(699)**	(606)
Net assets		**3,241**	3,101
Equity			
Stated capital account	6	**879**	879
Retained reserves		**1,282**	1,282
Capital reserve		**1,071**	940
Revenue reserve		**9**	–
Total equity		**3,241**	3,101
Net asset value per share			
Basic and diluted (pence)	7	**351.4**	336.2

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 6 November 2023 and signed on its behalf by:

Richard Laing
Chair

Cash flow statement

for the six months to 30 September

	Six months to 30 September 2023 (unaudited) £m	Six months to 30 September 2022 (unaudited) £m
Cash flow from operating activities		
Purchase of investments	**(60)**	(318)
Proceeds from other financial assets	**–**	98
Proceeds from partial realisations of investments	**6**	118
Proceeds from full realisations of investments	**–**	105
Investment income[1]	**18**	18
Fees rebated on investment activities	**–**	2
Operating expenses paid	**(2)**	(2)
Interest received	**1**	–
Management and performance fees paid	**(61)**	(50)
Amounts received/(paid) on the settlement of derivative contracts	**36**	(3)
Net cash flow from operating activities	**(62)**	(32)
Cash flow from financing activities		
Fees and interest paid on financing activities	**(16)**	(5)
Dividends paid	**(51)**	(46)
Drawdown of revolving credit facility	**310**	1,924
Repayment of revolving credit facility	**(179)**	(1,827)
Net cash flow from financing activities	**64**	46
Change in cash and cash equivalents	**2**	14
Cash and cash equivalents at the beginning of the period	**5**	17
Effect of exchange rate movement	**(1)**	(2)
Cash and cash equivalents at the end of the period	**6**	29

1 Investment income includes dividends of £8 million (September 2022: £1 million) and interest of £10 million (September 2022: £17 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 2023.

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 2023 and those which we expect to adopt for the Annual report and accounts 2024, 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 2023, 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 2023. 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 2023, the Company’s liquidity totalled £278 million (31 March 2023: £404 million). Liquidity comprised cash and deposits of £6 million (31 March 2023: £5 million) and undrawn facilities of £272 million (31 March 2023: £399 million) with a maturity date of November 2026. 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. Proceeds of approximately €215 million are due to be received from the sale of Attero in November.

The Half-yearly Financial Statements were authorised for issue by the Directors on 6 November 2023.

The Half-yearly Financial Statements do not constitute statutory accounts. The Financial Statements for the year to 31 March 2023, 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 2023.

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 2023 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 a high inflationary market, rising interest rates 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

In previous years, the Directors reviewed information on a regular basis that was analysed by portfolio segment; being Economic Infrastructure businesses, the Projects portfolio and the India fund, and by geography. Following the sale of the Projects portfolio and the India Fund reaching the end of its life, these segments are no longer relevant and the Directors are of the opinion that the Company is engaged in a single segment of business being investment in Core-plus infrastructure. The internal information shared with the Directors on a monthly basis to allocate resources, assess performance and manage the Company presents the business as a single segment comprising the total portfolio of investments.

The Company is an investment holding company and does not consider itself to have any customers. 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 2023.

2 Management and performance fees

	Six months to 30 September 2023 (unaudited) £m	Six months to 30 September 2022 (unaudited) £m
Management fee	**24**	22
Performance fee	**–**	9
	24	31

Total management and performance fees payable by the Company for the period to 30 September 2023 were £24 million (September 2022: £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 2023 (unaudited) £m	Six months to 30 September 2022 (unaudited) £m
Current taxes		
Current year	**–**	–
Total income tax charge in the Statement of comprehensive income	**–**	–

3 Income taxes continued

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 25% (2022: 19%), and the differences are explained below:

	Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
Profit before tax	**191**	247
Profit before tax multiplied by rate of corporation tax in the UK of 25% (2022: 19%)	**48**	47
Effects of:		
Non-taxable capital profits due to UK approved investment trust company status	**(33)**	(40)
Non-taxable dividend income	**(2)**	–
Dividends designated as interest distributions	**(13)**	(9)
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 2023. For all other assets and liabilities, their carrying value approximates to fair value. During the period ended 30 September 2023, there were no transfers of financial instruments between levels of the fair value hierarchy (31 March 2023: none).

Trade and other receivables on the Balance sheet includes £4 million of deferred finance costs relating to the arrangement fee for the revolving credit facility (31 March 2023: £4 million). This has been excluded from the table below as it is not categorised as a financial instrument.

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

Financial instruments classification

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
				As at 30 September 2023 (unaudited)
Financial assets				
Investments at fair value through profit or loss	**–**	**–**	**3,892**	**3,892**
Derivative financial instruments	**–**	**38**	**–**	**38**
	–	**38**	**3,892**	**3,930**
Financial liabilities				
Derivative financial instruments	**–**	**(22)**	**–**	**(22)**
	–	**(22)**	**–**	**(22)**

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
				As at 31 March 2023 (audited)
Financial assets				
Investments at fair value through profit or loss	–	–	3,641	3,641
Derivative financial instruments	–	57	–	57
	–	57	3,641	3,698
Financial liabilities				
Derivative financial instruments	–	(18)	–	(18)
	–	(18)	–	(18)

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

Level 3 fair value reconciliation	**As at 30 September 2023 (unaudited) £m**	As at 31 March 2023 (audited) £m
Opening fair value	**3,641**	2,873
Additions	**126**	824
Disposal proceeds and repayment	**(6)**	(426)
Movement in accrued income	**14**	31
Fair value movement (including exchange movements)	**117**	339
Closing fair value	**3,892**	3,641

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, including the intermediate holding company through which the investment in Attero is held.

Investment income of £97 million (September 2022: £70 million) comprises dividend income of £8 million (September 2022: £1 million) and interest income of £89 million (September 2022: £69 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 of the Annual report and Accounts 2023.

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 2023, the fair value of unquoted investments was £3,892 million (31 March 2023: £3,641 million). Individual portfolio asset valuations are shown in Table 1 in the Financial review section.

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

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 rate assumption used to project the future cash flows and the forecast cash flows themselves.

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 £327 million (31 March 2023: £296 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £376 million (31 March 2023: £343 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% (31 March 2023: 2.0%). The long-term RPI assumption for UK assets is 2.5% (31 March 2023: 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 £43 million (31 March 2023: £47 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 £44 million (31 March 2023: £52 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 £224 million (31 March 2023: £182 million). Decreasing the interest rate assumption used in the valuation of each asset by 1% would increase the value of the portfolio by £221 million (31 March 2023: £175 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 2023, the fair value of the other assets and liabilities within these intermediate holding companies was less than £1 million (31 March 2023: 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 2023. In September 2023, the maturity of the RCF was extended to 3 November 2026 with no changes to terms.

The RCF is secured by a floating charge over the bank accounts of the Company. Interest is payable at EURIBOR or SONIA plus a fixed margin on the drawn amount. This fixed margin is subject to a small adjustment annually based upon performance against agreed sustainability metrics. As at 30 September 2023, the Company had £628 million of drawings under the RCF (31 March 2023: £501 million). The RCF has one financial covenant, 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 2023 (unaudited)		As at 31 March 2023 (audited)
	Number	**£m**	Number	**£m**
Authorised, issued and fully paid				
Opening balance	**922,350,000**	**1,598**	891,434,010	1,496
Issue of ordinary shares	**–**	**–**	30,915,990	102
Closing balance	**922,350,000**	**1,598**	922,350,000	1,598

Reconciliation to Stated capital account

	As at 30 September 2023 £m	As at 31 March 2023 £m
Proceeds from issue of ordinary shares	**1,598**	1,598
Transfer to retained reserves on 20 December 2007	**(693)**	(693)
Cost of issue of ordinary shares	**(26)**	(26)
Stated capital account closing balance	**879**	879

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 2023 (unaudited)	Six months to 30 September 2022 (unaudited)
Earnings per share (pence)		
Basic and diluted	**20.7**	27.7
Earnings (£m)		
Profit after tax for the year	**191**	247
Number of shares (million)		
Weighted average number of shares in issue	**922.4**	891.4

	As at 30 September 2023 (unaudited)	As at 31 March 2023 (audited)
Net asset value per share (pence)		
Basic and diluted	**351.4**	336.2
Net assets (£m)		
Net assets	**3,241**	3,101

8 Dividends

	Six months to 30 September 2023 (unaudited)		Six months to 30 September 2022 (unaudited)	
Declared and paid during the period	**pence per share**	**£m**	pence per share	£m
Prior year final dividend paid on ordinary shares	**5.575**	**51**	5.225	46

The Company proposes paying an interim dividend of 5.95 pence per share (September 2022: 5.575 pence) which will be payable to those shareholders that are on the register on 24 November 2023. On the basis of the shares in issue at 30 September 2023, this would equate to a total interim dividend of £55 million (September 2022: £50 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 29.2% (31 March 2023: 29.2%) 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 £15 million (September 2022: £14 million) from the Company.

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 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 2023, £24 million (September 2022: £22 million) was payable and advance payments of £24 million were made resulting in no amount due to 3i plc at 30 September 2023 (31 March 2023: £2 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 that increases each year on 1 October by the amount of the prevailing CPI rate of the current year. The cost for the support services incurred for the period to 30 September 2023 was £0.5 million (September 2022: £0.5 million). There was no outstanding balance payable at 30 September 2023 (31 March 2023: 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 not exceeded for the period to 30 September 2023 and, therefore, no performance fee accrual was recognised (September 2022: £9 million). The outstanding balance payable as at 30 September 2023 was £48 million (31 March 2023: £83 million), which includes the second and third instalments of the FY23 fee and the third instalment of the FY22 fee.

Year	Performance fee (£m)	Outstanding balance at 30 September 2023 (£m)	Payable in FY24 (£m)
FY23	45	30	15
FY22	54	18	18

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 2023 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 2023 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: 6 November 2023

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
6 November 2023

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.

Jennifer Dunstan (appointed 20 July 2023)
Non-executive Director.

Stephanie Hazell
Senior Independent Non-executive Director and chair of the Remuneration Committee.

Samantha Hoe-Richardson
Independent Non-executive Director.

Ian Lobley (resigned 20 July 2023)
Non-executive Director.

Martin Magee (appointed 20 July 2023)
Independent Non-executive Director.

Paul Masterton (resigned 20 July 2023)
Senior Independent Non-executive Director and chair of the Remuneration Committee.

Information for shareholders

Financial calendar

Ex-dividend date for final dividend	23 November 2023
Record date for final dividend	24 November 2023
Interim dividend expected to be paid	11 January 2024
Full year results expected date	8 May 2024

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 5.65 pence of the 5.95 pence interim dividend payable in respect of the period as an interest distribution.

3i Infrastructure plc

Registered office
11-15 Seaton Place
St. Helier
Jersey JE4 0QH
Channel Islands
www.3i-infrastructure.com