



INTERNATIONAL
PUBLIC
PARTNERSHIPS

2021

**Half-yearly Financial Report
for the six months to 30 June 2021**



OUR PURPOSE IS TO DELIVER LONG-TERM BENEFITS FOR ALL STAKEHOLDERS BY INVESTING RESPONSIBLY IN PUBLIC AND SOCIAL INFRASTRUCTURE.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation.

We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements both now and into the future.

COMPANY FACTS

- London Stock Exchange trading code: INPPL
- Member of the FTSE 250 and FTSE All-Share indices
- £2.7 billion market capitalisation at 30 June 2021
- 1,624 million shares in issue at 30 June 2021
- Eligible for ISA/PEPs and SIPPs
- Guernsey incorporated company
- International Public Partnerships ('the Company', 'INPP', 'the Group' (where including consolidated entities)) shares are excluded from the Financial Conduct Authority's ('FCA') restrictions, which apply to non-mainstream investment products, and can be recommended by independent financial advisers to their clients

RESPONSIBLE INVESTMENT

The Company is committed to responsible investment. Its Investment Adviser, Amber Infrastructure Limited ('Amber') is a signatory of the UN-backed Principles for Responsible Investment ('PRI'). The Company also draws on the Sustainable Development Goals ('SDGs') to help drive environmental and social progress across its investments. The Company has also aligned its investment activity with the objectives of the Paris Agreement and is a supporter of the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').



INTERIM MANAGEMENT REPORT

OVERVIEW

- [01 Half-Year Financial Highlights](#)
- [02 Company Overview](#)
- [04 Business Model](#)
- [06 Objectives and Performance](#)

CHAIR'S LETTER

- [08 Chair's Letter](#)

FINANCIAL AND OPERATING REVIEW

- [11 Top 10 investments](#)
- [12 Operating Review](#)
- [32 Responsible Investment](#)

CORPORATE GOVERNANCE

- [41 Board of Directors](#)
- [43 Directors' Responsibilities Statement](#)

FINANCIAL STATEMENTS

- [44 Independent Review Report to International Public Partnerships Limited](#)
- [46 Interim Condensed Consolidated Financial Statements](#)
- [50 Notes to the Interim Condensed Consolidated Financial Statements](#)
- [65 Key Contacts](#)

COVER IMAGE

Beatrice Offshore Transmission Project ('OFTO'). The image illustrates the Company's Beatrice offshore substation, which was acquired in July 2021. The project's transmission cables link between the onshore and offshore substations.

WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM

International Public Partnerships Limited
Registered number: 45241

HALF-YEAR FINANCIAL HIGHLIGHTS

DIVIDENDS

3.78p

H1 2021 dividend per share¹

2.7%

H1 2021 dividend growth

7.55p

2021 full-year dividend target per share²

1.3X

H1 2021 cash dividend cover³
(H1 2020: 1.3x)

7.74p

2022 full-year dividend target per share²

NET ASSET VALUE ('NAV')⁴

£2.4bn

NAV at 30 June 2021⁴

(31 December 2020: £2.4bn)

145.1p

NAV per share at 30 June 2021⁴

(31 December 2020: 147.1p)

1.2%

Decrease in NAV for the six months to 30 June 2021

1.4%

Decrease in NAV per share for the six months to 30 June 2021

PORTFOLIO ACTIVITY

£22.3m

Cash investments made during H1 2021

INFLATION PROTECTION

0.75%

Portfolio inflation-linkage at 30 June 2021⁵

(31 December 2020: 0.78%)

TOTAL SHAREHOLDER RETURN ('TSR')

231.4%

TSR since Initial Public Offering ('IPO')⁶

8.5% p.a.

Annualised TSR since IPO⁶

PROFIT

£27.2m

H1 2021 profit before tax
(H1 2020: £35.4m)

1 The forecast date for payment of the dividend relating to the six months to 30 June 2021 is 17 November 2021.

2 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty.

3 Cash dividend payments to investors are paid from net operating cash flow before capital activity as detailed on pages 22 to 23.

4 The methodology used to determine the NAV is described in detail on pages 24 to 26. NAV represents the Company's net assets as reported in the financial statements.

5 Calculated by running a 'plus 1.00%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linkage is the increase in the portfolio weighted average discount rate. This measure is designed to provide an estimate of the weighted average increase in the returns generated by the underlying investments, based on the 30 June 2021 valuations, in the event that inflation runs at 100bps above the relevant inflation assumption.

6 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.

COMPANY OVERVIEW

CONSISTENT AND SUSTAINED RETURNS

INPP Dividend ; fck h

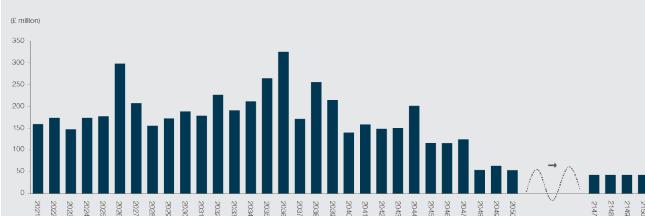
Pence per share



PREDICTABLE PORTFOLIO PERFORMANCE

Projected Investment Receipts

Investment Receipts (£m)



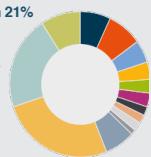
This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 30 June 2021 are included.

LOW RISK AND DIVERSIFIED PORTFOLIO

Sector Breakdown

130 investments in infrastructure assets and businesses across a variety of sectors¹

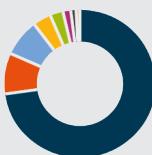
- Energy Transmission 21%
- Transport 19%
- Education 19%
- Gas Distribution 17%
- Waste Water 9%
- Health 4%
- Military Housing 3%
- Courts 2%
- US 3%
- Canada 2%
- Ireland 1%
- Other <1%



Geographic Split

Invested in selected global regions that meet INPP's specific risk and return requirements

- UK 74%
- Australia 9%
- Belgium 7%
- Germany 4%
- US 3%
- Canada 2%
- Ireland 1%
- Italy <1%



Investment Type

Investments across the capital structure, taking into account appropriate risk-return profiles

- Risk Capital² 89%
- Senior Debt 11%



Asset Ownership

Preference to hold majority stakes

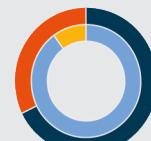
- 100% 49%
- 50%-100% 7%
- <50% 44%



Mode of Acquisition/Asset Status

Early stage investment gives first mover advantage and maximises capital growth opportunities

- Construction 9%
- Operational 91%
- Early Stage Investor⁴ 68%
- Later Stage Investor⁵ 32%



Investment Life

Weighted average portfolio life of 32 years⁶

- <20 years 52%
- 20-30 years 19%
- >30 years 29%



1 The majority of assets and businesses benefit from availability-based revenues.

2 Includes the Company's digital investments representing 2.6% of investments at fair value.

3 Risk Capital includes both asset and business level equity and subordinated shareholder debt.

4 Early Stage Investor – assets developed or originated by the Investment Adviser or predecessor team in primary or early phase investments.

5 Later Stage Investor – assets acquired from a third party investor in the secondary market.

6 Includes non-concession entities which have potentially a perpetual life but assumed to have finite lives for this illustration.



We have a long-standing relationship with Amber, the Company's Investment Adviser

Amber has sourced and managed the Company's assets since IPO in 2006

International Public Partnerships invests in high-quality infrastructure projects and businesses that are sustainable over the long term

Amber is a specialist **international infrastructure investment manager** and one of the largest independent teams in the sector with approximately 150 employees working internationally. It is a leading investment originator, asset and fund manager with a strong track record

The Company has a first right of refusal over qualifying infrastructure assets identified by Amber and within the US, by Amber's long-term investor, US Group, Hunt Companies LLC ('Hunt')

Amber applies an active **asset management approach** to the underlying investments to support sustainable performance

Relationship with the Investment Adviser



Our Strengths

Long-term alignment of interests between the Company, Amber and other key suppliers

Active approach to investment stewardship, which is the cornerstone of successful investment

Amber has physical presence in all of the major countries in which we invest, which provides local insights and relationships

Consideration and integration of material Environmental, Social and Governance ('ESG') risks and opportunities

A vertically integrated model with direct relationships with public sector authorities

Active engagement with all key stakeholders

Experienced team in all aspects of infrastructure development, investment and management

Strong independent Board (six of the seven Directors are independent) with a diversity of experience and strong corporate governance

 See more about the Investment Adviser on pages 16 to 19

 See more about Corporate Governance on page 10

BUSINESS MODEL DELIVERING INVESTOR RETURNS

OUR PURPOSE

OUR PURPOSE IS TO DELIVER LONG-TERM BENEFITS FOR ALL STAKEHOLDERS BY INVESTING RESPONSIBLY IN PUBLIC AND SOCIAL INFRASTRUCTURE.

We aim to provide our investors with long-term, inflation-linked returns, by growing our dividend and creating the potential for capital appreciation.

We support all our stakeholders through responsible investment and active asset management, which meet societal and environmental requirements both now and into the future.

WHAT WE DO

INVEST

We seek new investments through our extensive relationships, knowledge and insights to:

- Enhance long-term, inflation-linked cash flows
- Provide opportunities to create long-term value and enhance returns
- Ensure ESG is core to the investment process

ASSESS

The Company operates a rigorous framework of governance, incorporating a streamlined screening, diligence and execution process. This includes substantive input from the Company's Investment Adviser and, as appropriate, external advisers, with the Company's Board providing robust challenge and scrutiny

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

- We seek a portfolio of investments with no or low exposure to market demand risks and for which financial, macroeconomic, regulatory, ESG and country risks are well understood and manageable
- The Investment Adviser has a strong investment team that originates unique opportunities in line with the Company's investment strategy
- We continually monitor opportunities to enhance the Company's existing investments
- The Company draws on the Investment Adviser's award-winning sustainability programme, 'Amber Horizons' to inform areas for future investment

 For more see pages 12 to 15

EFFICIENT FINANCIAL MANAGEMENT

CONTINUOUS RISK MANAGEMENT

RESPONSIBLE INVESTMENT

VALUE CREATION

OPTIMISE

Using the Investment Adviser's highly experienced in-house asset management team, we seek to actively manage the Company's investments, balancing risk and return, and using detailed research and analysis to optimise the Company's financial and ESG performance

DELIVER

Together with our Investment Adviser's active asset management of our investments, we aim to deliver strong ongoing asset performance for stakeholders and achieve target returns from the portfolio for investors

ACTIVE ASSET MANAGEMENT

- The Investment Adviser has an in-house asset management team dedicated to managing the Company's investments
- Where possible, through the Investment Adviser, we manage the day-to-day activities of each of our investments internally
- We carry out extensive monitoring, including asset level board and management meetings which occur on a quarterly basis
- The Company works with public sector clients, partners and service providers to ensure investments are being managed both responsibly and efficiently to deliver the required outputs
- We focus on project stewardship across the portfolio and recognise the broader value created from our investments

 For more see pages 16 to 19

- Efficient financial management of investment cash flows and working capital
- Maintaining cash covered dividends
- Ensuring cost-effective operations

 For more see pages 22 to 23

- Robust risk analysis during investment origination ensures strong portfolio development
- Integrated risk management throughout the investment cycle to support strategic objectives
- Ongoing risk assessment and mitigation supports successful ongoing asset performance

 For more see page 31

- Fully integrating ESG considerations across the investment lifecycle
- Setting robust ESG objectives to build resilience and drive environmental and social progress
- Upholding high standards of business integrity and governance

 For more see pages 32 to 40



INVESTOR RETURNS

Continuing to deliver consistent financial returns for investors through dividend growth and inflation-linkage from underlying cash flows and providing opportunities for capital appreciation



PUBLIC SECTOR AND OTHER CLIENTS

Providing responsible investment in infrastructure to support the delivery of essential public services. Our ability to deliver services and maintain relationships with our clients and other key stakeholders is vital for the long-term prosperity of each investment



COMMUNITIES

Delivering sustainable social infrastructure for the benefit of local communities. The Company's investments provide vital public assets which strengthen communities, and seek to provide additional benefits through deploying investment in local economies, job creation and by using investments to help strengthen communities



SUPPLIERS AND THEIR EMPLOYEES

The performance of our service providers, supply chain and their employees is crucial for the long-term success of our investments. The Company promotes a progressive approach to:

- Corporate social responsibility
- Healthy, inclusive workplaces
- Opportunities for professional development
- Staff engagement

OBJECTIVES AND PERFORMANCE

INVESTOR RETURNS

Delivering long-term, inflation-linked returns to investors

Target an annual dividend increase of 2.5%

2.7%

Dividend increase achieved for H1 2021
(H1 2020: 2.5%)

Target a long-term total return in excess of 7.0% per annum

7.6% p.a.

IRR achieved since IPO to 30 June 2021¹
(31 Dec 2020: 7.7% p.a.)

Inflation-linked returns on a portfolio basis

0.75%

Inflation-linked returns on a portfolio basis at 30 June 2021
(31 Dec 2020: 0.78%)

1. Calculated by reference to the November 2006 IPO issue price of 100p and reflecting NAV appreciation plus dividends paid.

STRATEGIC PRIORITIES

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

Originate investments with stable long-term cash flows and potential growth attributes, whilst maintaining a balanced portfolio of assets

ACTIVE ASSET MANAGEMENT

Managing strong ongoing asset performance

RESPONSIBLE INVESTMENT

Management of material ESG factors

EFFICIENT FINANCIAL MANAGEMENT

Making efficient use of the Company's finances and working capital

The value we provide to our investors is monitored using our Key Performance Indicators ('KPIs'). The delivery of value to both investors and our wider stakeholders is achieved by carefully monitoring our performance against related strategic priorities.

New investments meet at least three of six key investment attributes:

1. Stable, long-term returns
2. Inflation-linked investor cash flows
3. Early stage investor
4. Investment secured through preferential access
5. Other capital enhancement attributes
6. Positive SDG contribution

100.0%

of the investments made in H1 2021 met at least three of the six attributes
(H1 2020: 100.0%)

Strong ongoing asset performance as demonstrated by:

100.0%

Forecast portfolio distributions received for H1 2021²
(H1 2020: 100.0%)

0.1%

Asset performance deductions achieved against a target of <3% during H1 2021
(H1 2020: 0.1%)

99.7%

Asset availability achieved against a target of >98% during H1 2021
(H1 2020: 99.6%)

Robust integration of ESG into investment lifecycle

A+

UN-backed PRI rating³

Cash covered dividends

1.3x

Dividends fully cash covered for H1 2021
(H1 2020: 1.3x)

Competitive ongoing charges

1.25%

Ongoing charges ratio for H1 2021
(H1 2020: 1.21%)

2. Measured by comparing forecast portfolio distributions against actual portfolio distributions received.
3. In its first year of participation, the Company's Investment Adviser achieved A+ in the UN-backed PRI 2020 assessment for both the strategy and governance and the infrastructure modules.

CHAIR'S LETTER

Dear Shareholders,

I am pleased to report another successful six-month period for the Company to 30 June 2021. Highlights in this period include:

- Sustained levels of strong financial and operational performance from our investment portfolio which continue to ensure our dividend targets are met;
- Continued strength in origination delivering new asset acquisitions with a value in excess of £22 million; and
- The continued development of our ESG initiatives, culminating in the launch of the Company's own Sustainability Report shortly after the period's end.

Since the period's end, the Company also completed a successful capital raising of £135 million - exceeding a target of £100 million.

At the time of writing this letter, restrictions to control the spread of Covid-19 are easing in many of the countries in which the Company holds investments. This provides an encouraging context to these interim results, albeit necessarily moderated by the scale of challenges that still lie ahead for all countries recovering from the effects of the pandemic. Against this backdrop, the Company has continued to perform well with limited disruption from the pandemic.

The Company will continue to take a prudent and realistic view of the future environment for infrastructure investments and remains confident that its business model and investment objectives will continue to offer a significant degree of protection for our investors. The Board continues to believe that long-term responsible investment into public and social infrastructure will remain a central feature of economic development across the geographies in which the Company invests.

PORTFOLIO PERFORMANCE

The Company's approach to the stewardship of its investments remains critical to the portfolio's ongoing performance. During the period, the Company's Investment Adviser has continued to engage actively with its public sector partners to ensure that the infrastructure assets and businesses in which the Company invests remain available and operational to serve the public, to the extent possible, whilst protecting the health and safety of staff and users.

Notwithstanding the limited new impacts on the portfolio's performance arising from the pandemic, the Company has maintained its precautionary approach to the valuation of specific risks in the portfolio.

The Company's half year financial highlights are set out on page one. Over the period, the NAV per share reduced by 1.4% from 147.1 pence at 31 December 2020 to 145.1 pence at 30 June 2021. This modest reduction in NAV per share in the period is principally attributable to:

- The UK corporation tax increase (which we have assumed to be permanent) which has had a negative effect of 2.0 pence;
- Strengthening of Sterling against other currencies which has had a negative effect of 1.2 pence;
- Payment of a dividend of 3.68 pence in the period; and
- A partial offset attributable to the positive effects of unwinding the discount rate and some minor positive revaluations of certain investments.

I am pleased to say that the Company has maintained its dividend cover at 1.3x and has continued to deliver growth in its dividend. In line with its stated dividend target of 7.55 pence per share for the 2021 financial year, the Company declares a dividend of 3.78 pence per share for the six months to 30 June 2021. This represents 2.7% growth on the prior corresponding period and is consistent with the c.2.5% average annual dividend growth that has been delivered to investors since the Company's inception. This dividend will be paid on 17 November 2021. Since its launch in 2006, the Company has now delivered a Total Shareholder Return of 231.4%, or 8.5% on an annualised basis.

ASSET STEWARDSHIP

The Company remains focused on actively managing certain risks within specific assets which are caused by the effects of Covid-19. Chief amongst these risks is our continued monitoring of passenger numbers on the Diabolo Rail Link ('Diabolo'), which remain depressed.

As previously disclosed, the Company committed a further €24.0 million to the Diabolo project in December 2020, with €10.0 million invested at that time, and a further €14.0 million available to protect Diabolo's liquidity position and ensure its debt covenants can continue to be met. The extent and timing of any further cash injections will depend upon the trajectory of the recovery in passenger numbers over the coming months and years. However, the latest traffic forecast report indicates that the outstanding €14.0 million commitment should be sufficient. Whilst forecast cash flows have been updated to reflect the latest advice from our technical adviser, the valuation of our investment in Diabolo has not materially changed over the period (excluding the impact of the change in foreign exchange rates), with Diabolo representing 7.5% of the Company's portfolio by investment at fair value. We will of course continue to closely monitor passenger numbers.

More positively, the duration of our investment with the concession not expiring until 2047, the high levels of historic passenger use, continued high levels of operational performance, the positive and engaged relationship with the Belgian railway authorities and our

CHAIR'S LETTER

CONTINUED

ability to influence revenues via the passenger fare adjustment mechanism, all give us confidence for the future recovery and performance of this investment.

Cadent is the UK's largest gas distribution network, serving 11 million customers and is the Company's largest investment by fair value, representing 16.5% of the Company's portfolio by investment at fair value. As previously announced, in December 2020 Ofgem published its final determination in respect of the next five-year regulatory period which commenced on 1 April 2021. After careful deliberation and consultation with its shareholders (of which the Company is one), Cadent exercised its right to appeal Ofgem's final determination to the Competition and Markets Authority ('CMA'). The CMA announced its provisional findings in August 2021 and whilst the Company commends certain aspects of the CMA's provisional findings, there are areas on which we expect Cadent will continue to work with stakeholders to ensure that the CMA's final decision is in the best interests of its customers, both now and into the future. The Company had previously sought to reflect the final determination issued by Ofgem in its cash flow forecasts used at the 31 December 2020 valuation date and accordingly, the CMA's announcement, if confirmed, is expected to have a modestly positive impact on the Company's valuation of its investment in Cadent compared to that reported as at 30 June 2021. It should however be noted that the findings are only provisional at this stage and the CMA is expected to publish its final decision in October 2021.

Cadent continues to play a role in supporting the UK Government's net zero target and is working on several projects designed to demonstrate the feasibility and safety of using its existing infrastructure to distribute cleaner fuels, such as hydrogen, in the future. Please see more information on page 18.

Despite the ongoing challenges posed by Covid-19 on the construction works being undertaken by Tideway, the company responsible for building the 25km 'super sewer' under the River Thames, we are pleased to report that good progress was made during the period with construction work 68% complete at the end of the period. Please see more information in the asset management section on pages 16 to 21.

The Company expects and strongly supports a continued policy focus on climate change and other ESG-related topics in forthcoming periods. The Board believes that in order for infrastructure investments to be successful, they must deliver benefits beyond financial returns. Whilst the Company has historically had a strong focus on the ESG contributions made by each of its investments and aligned its investment decision-making with sustainability goals, the Company has now put in place a direct alignment of its investment approval processes with the objectives of the Paris Agreement. While not changing our overall approach, this formalises the Company's commitment and will involve enhanced screening and due diligence processes to ensure that we can evidence that all new investments are aligned with the Paris Agreement.

In the period, the Company also formally became a supporter of the recommendations of the TCFD, and is continuing to enhance its disclosures in line with TCFD. The Company supports increased disclosure and has recently published the first edition of its own stand-alone Sustainability Report to complement the ESG reporting already provided in its annual and other reporting. Please see more information in the Responsible Investment section on pages 23 to 40.

Overall, the activities in this period have continued to emphasise the need for and success of the Investment Adviser's active asset management approach, given the key role it plays in the long-term performance of the Company.

INVESTMENT ACTIVITY

During the six months to 30 June 2021, the Company completed over £22 million of new investment in digital infrastructure and social accommodation sectors.

In June 2021, the Company reached financial close on a new police headquarters project in Offenbach in South-East Hesse, Germany. The Company invested £8.1 million for a 45% shareholding. The project was initially awarded to the Company in December 2017; however, financial close took place only after construction reached completion and successful handover to the Federal State of Hesse.

In July 2017, the Company agreed to invest up to £45 million in UK digital infrastructure alongside the UK Government, through the National Digital Infrastructure Fund ('NDIF'). During the period an additional c.£14.2 million was approved for investment into toob, one of NDIF's existing investments. toob is a UK full fibre broadband provider delivering broadband to homes, businesses, public service and community groups in the South of England.

In July 2021, the Company also reached financial close on its eighth OFTO for the long-term ownership and operation of the transmission link to the 588MW Beatrice offshore wind farm, Scotland's largest offshore wind farm. This investment will increase the Company's contribution to the UK's transition to a zero-carbon economy. The Beatrice OFTO will transmit green electricity equivalent to around 450,000 UK homes, increasing the number of homes that are powered via the Company's OFTO portfolio to approximately 1.8 million homes.

CHAIR'S LETTER

CONTINUED

More recently on 3 September 2021, the Company entered into an agreement to acquire an additional c.5% interest in Angel Trains, the largest rolling stock company in the UK. Following completion of the transaction, which is expected to occur later in September 2021, the Company's investment in Angel Trains will, other things being equal, be the third largest holding in its portfolio by value.

Angel Trains serves the UK passenger rail sector with a diversified fleet of more than 4,000 vehicles, the majority of which are electric multiple units. Angel Trains' business plan fully supports the decarbonisation of the UK transport system and benefits from the long-term trends towards modal shift and transportation net zero targets. Please see more information relating to the Company's investment activity on pages 12 to 15.

CORPORATE GOVERNANCE

As reported at 31 December 2020, a comprehensive formal audit tender was completed in late 2020. PricewaterhouseCoopers CI LLP ('PwC') was selected as the Company's new auditor and received shareholder approval at the Company's Annual General Meeting ('AGM') in May 2021. PwC has assumed the role as the Company's auditor for the 2021 financial year. A detailed handover plan has been agreed and all parties are working closely to ensure a smooth and effective auditor transition.

I previously wrote about the formation of the ESG Committee (the 'Committee') in the 2020 Annual Report as part of the Board's culture of continuous improvement. I am pleased to report the Committee formally convened in March 2021 and is chaired by Ms Bond. The Committee will look to continue enhancing the Company's actions, monitoring and disclosures of ESG-related risks and opportunities. The Committee's work commenced with the first edition of the Company's Sustainability Report, already mentioned. The report reflects the Company's long-standing commitment to sustainability and is designed to provide investors and other stakeholders with an in-depth view of the Company's integrated approach to this important subject. The Chair of the ESG Committee will rotate amongst Board members, as we recognise this as a key area of focus to which all Board members wish to and should contribute.

Ms David was appointed Chair of the Risk Sub-Committee in March 2021, taking over from Ms Bond. I and my fellow Board members wish to thank Ms Bond for her years of leadership of this important Sub-Committee.

In addition, in July 2021, the Company advised that it intends to add an additional tier to the annual investment management fee paid to the Company's Investment Adviser. The investment management fee will be reduced from 90bps to 80bps for fully operational assets on that amount of the Company's adjusted gross asset value as is in excess of £2.75 billion.

The Board complies with the Association of Investment Companies Code of Corporate Governance and the UK Corporate Governance Code, as set out in the Corporate Governance section of the 2020 Annual Report and financial statements.

CURRENT ENVIRONMENT AND OUTLOOK

Dealing with Covid-19 continues to place heavy claims on government resources which are at full stretch and, as such, I believe that private sector investment in infrastructure – across the world – will have an even greater role to play going forward, complementing government initiatives for economic recovery.

The Board remains confident in the portfolio's operational and financial resilience, and the Company believes that as a result of the pandemic, which began in 2020, there is an increased recognition from governments of the pivotal role infrastructure will play in generating economic recovery and ensuring resilience to future threats. All countries where the Company invests have echoed similar sentiments that infrastructure investment will also be vital in the transition to decarbonising their economies. For example, infrastructure investment is a key focus of the Build Back Better plan in the UK, recognising that high-quality infrastructure is crucial for economic growth, boosting productivity and helping the UK achieve net zero through its Ten Point Plan. As noted above, we believe governments, globally, will require private capital to help meet these transition targets.

The Company continues to hold an attractive pipeline of near-term investments as well as over 40 additional opportunities currently under examination. These include investments in areas such as social infrastructure, regulated utilities, transport and other essential infrastructure. Notwithstanding the sustained high levels of demand for the types of assets in which the Company invests, the Company remains confident in the ability of its Investment Adviser to continue to source and develop high-quality, well-performing opportunities, across the Company's target geographies. For the Company's shareholders, these will seek to deliver long-term, predictable cash flows with strong inflation-linkage that meet the Company's risk-return profile. Please see more information on pages 14 to 15.

I and my fellow Directors thank you for your continued support.



Mike Gerrard, Chair
8 September 2021

TOP 10 INVESTMENTS

The Company's top 10 investments by fair value at 30 June 2021 are summarised below. A complete listing of the Company's investments is available on the Company's website (www.internationalpublicpartnerships.com).

NAME OF INVESTMENT	LOCATION	SECTOR	STATUS AT 30 June 2021	% HOLDING AT 30 June 2021	% INVESTMENT FAIR VALUE 30 June 2021	% INVESTMENT FAIR VALUE 31 December 2020	Primary SDG supported
Cadent	UK	Gas distribution	Operational	7% Risk Capital	16.5%	16.5%	
Cadent owns four of the UK's eight regional gas distribution networks ('GDNs') and in aggregate provides gas to approximately 11 million consumers.							
Tideway	UK	Waste water	Under construction	16% Risk Capital	9.3%	9.1%	
Tideway is the trading name of the company that was awarded the licence to design, build, commission, maintain and finance a new 25km 'super-sewer' under the River Thames.							
Lincs OFTO	UK	Energy transmission	Operational	100% Risk Capital	7.7%	7.9%	
The project connects the 270MW Lincs offshore wind farm, located 8km off the east coast of England, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 100km in length.							
Diabolo Rail Link	Belgium	Transport	Operational	100% Risk Capital	7.5%	8.6%	
Diabolo integrates Brussels Airport with the national rail network allowing passengers to access high-speed trains, such as Amsterdam-Brussels-Paris and NS International trains.							
Ormonde OFTO	UK	Energy transmission	Operational	100% Risk Capital and 100% senior debt	4.8%	5.3%	
The project connects the 150MW Ormonde offshore wind farm, located 10km off the Cumbrian coast, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 41km in length.							
Reliance Rail	Australia	Transport	Operational	33% Risk Capital	3.9%	3.7%	
Reliance Rail is responsible for financing, designing, delivering and ongoing maintenance of 78 next-generation, electrified, 'Waratah' train sets serving Sydney in New South Wales, Australia.							
BeNEX	Germany	Transport	Operational	100% Risk Capital	3.5%	3.5%	
BeNEX is both a rolling stock leasing company as well as an investor in train operating companies ('TOCs'), providing approximately 42 million train km of annual rail transport.							
Angel Trains	UK	Transport	Operational	5% Risk Capital	3.0%	3.3%	
Angel Trains is a rolling stock leasing company which owns more than 4,000 vehicles. Angel Trains has invested over £5 billion in new rolling stock and refurbishment since 1994, and is the second largest investor in the industry after Network Rail.							
US Military Housing ²	US	Military housing	Operational	100% Risk Capital	2.8%	2.7%	
Two tranches of mezzanine debt underpinned by security over seven operational public-private partnerships ('PPP') military housing projects, relating to a total of 19 operational military bases in the US and comprising c.21,800 individual housing units.							
Robin Rigg OFTO	UK	Energy transmission	Operational	100% Risk Capital and 100% senior debt	2.3%	2.3%	
The project connects the 180MW Robin Rigg East and West offshore wind farms, located 12km off the coast of Cumbria, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 25km in length.							

¹ Risk Capital includes both project level equity and subordinated shareholder debt.

² Includes two tranches of mezzanine debt into US military housing.

More detail on significant movements in the Company's portfolio for the six months to 30 June 2021 can be found on pages 12 to 13 of the Operating Review.

OPERATING REVIEW

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

New investments that meet the Company's Investment Policy are made after assessing their risk and return profile relative to the existing portfolio. In particular, we seek investments to complement the existing portfolio through enhancing long-term, inflation-linked cash flows and/or to provide the opportunity for higher capital growth. The Board regularly reviews the overall composition of the portfolio to ensure it continues to remain aligned with the Company's investment objectives and ensure it is achieving a broad balance of risk in the Company's portfolio.

Desirable key attributes for the portfolio include:

- 1 Long-term, stable returns
- 2 Inflation-linked investor cash flows
- 3 Early stage investor (e.g. the Company is an early stage investor in a new opportunity developed by our Investment Adviser)
- 4 Investment secured through preferential access (e.g. sourced through pre-emptive rights or through the activities of our Investment Adviser)
- 5 Other capital enhancement attributes (e.g. potential for additional capital growth through 'de-risking' or the potential for residual/terminal value growth)
- 6 Positive SDG contribution

Performance against strategic priority KPIs

100%

of investments made in H1 2021 met at least three of the six attributes (31 December 2020: 100%)

As discussed in the Chair's Letter, the six-month period to 30 June 2021 saw the Company continue to focus on its existing portfolio and the impact of Covid-19. However, despite this, the Company invested £22.3 million (30 June 2020: £11.7 million). These opportunities were sourced by the Investment Adviser through existing commitments or increasing its interest in existing investments. These origination approaches avoid bidding in the competitive secondary market and are preferred routes to market for the Company. Details of investment activity for the six months to 30 June 2021, and post-period end, are provided below.

The investments made by the Company during the period meet or exceed the Company's performance indicator of having at least three of the required six key investment attributes. Please refer to the key performance indicators on pages 6 to 7. Further details for each of these transactions are provided below.

INVESTMENTS MADE DURING THE SIX MONTHS TO 30 JUNE 2021	LOCATION	KEY ATTRIBUTES						OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
		1	2	3	4	5	6			
toob	UK		✓	✓	✓	✓	✓	Operational	£14.2 million	April 2021
Offenbach Police Centre	Germany	✓		✓	✓	✓	✓	Operational	£8.1 million	June 2021
£22.3 million										
INVESTMENTS MADE AFTER PERIOD END	LOCATION	KEY ATTRIBUTES						OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
Beatrice OFTO	UK	✓	✓	✓	✓	✓	✓	Operational	£49.8 million	July 2021
Angel Trains	UK	✓	✓		✓	✓	✓	Operational	c.£98 million	September 2021

OPERATING REVIEW

CONTINUED

INVESTMENTS MADE DURING THE PERIOD

OFFENBACH POLICE CENTRE, GERMANY

In June 2021, the Company reached financial close on a new police headquarters project in South-East Hesse in Offenbach, Germany. The Company invested £8.1 million for a 45% shareholding. The project was initially awarded to the Company in December 2017 to a consortium comprising INPP Public Infrastructure Germany GmbH & Co. KG, Amber Infrastructure GmbH, and Goldbeck Public Partner GmbH. Financial close took place after construction reached completion and successful handover to the Federal State of Hesse in June 2021. The 36,645sqm newly built centre will provide a headquarters to the police in South-East Hesse in Offenbach, which is approximately 5km from Frankfurt, accommodating c.1,000 staff. The centre provides the Hesse State Police with office space, meeting areas, a police station, cells, forensic science laboratories, a nursery, a cafeteria, a multi-purpose hall, a parking deck for cars and bicycles and outside facilities. Alongside the provision of these core functions, the headquarters have been sustainably designed and built. Key energy features include c.890 solar power panels generating 302kWp, a combined heat and power plant and a low-energy heating/cooling system.

DIGITAL INFRASTRUCTURE, UK

In July 2017, the Company agreed to invest up to £45 million in UK digital infrastructure alongside the UK Government, through the National Digital Infrastructure Fund ('NDIF'). During the period, an additional £14.2 million was approved for investment into one of NDIF's existing investments, toob. toob is a UK full fibre broadband provider delivering broadband to homes, businesses, public service and community groups in the South of England.

The Company's commitment to digital infrastructure will help to transition the UK to full-fibre at a time when reliance on digital infrastructure has never been greater. There has been increased recognition that digital infrastructure is becoming a more defensive asset class as the critical nature of digital connectivity services has been amplified by the current volume of people working from home.

INVESTMENTS MADE POST-PERIOD END

BEATRICE OFTO, UK

In July 2021, the Company reached financial close on its eighth OFTO for the long-term ownership and operation of the transmission link to the 588MW Beatrice offshore wind farm, Scotland's largest offshore wind farm, as part of the Transmission Capital Partners consortium, comprising the Company, Amber and Transmission Investment. The project relates to the transmission cable connection to the offshore wind farm located in the Outer Moray Firth, approximately 13.5km off the Caithness coastline in Scotland. The wind farm consists of 84 x 7MW wind turbine generators connected to two offshore substation platforms located within the boundaries of Beatrice wind farm. This investment will increase the Company's contribution to the UK's transition to a zero-carbon economy. The Beatrice OFTO will transmit green electricity equivalent to around 450,000 UK homes, increasing the number of homes that are powered via the Company's OFTO portfolio to approximately 1.8 million homes.

ANGEL TRAINS, UK

In September 2021, the Company as part of a consortium including the Public Sector Pension Investment Board of Canada and other investors, reached an agreement which included it acquiring a further c.5% shareholding in Angel Trains.

The acquisition, leveraging INPP's existing shareholding position, will increase the Company's shareholding and provide it with further governance rights through direct board representation. Since making its original acquisition in 2008, Angel has been a successful investment for INPP, delivering both capital growth and yield. Angel is the largest rolling stock company in the UK, serving the passenger rail sector with a diversified fleet of more than 4,000 vehicles, the majority of which are electric multiple units. Angel Trains' business plan fully supports the decarbonisation of the UK transport system.

PRIMARY SDG
SUPPORTED



PRIMARY SDG
SUPPORTED



PRIMARY SDG
SUPPORTED



PRIMARY SDG
SUPPORTED



OPERATING REVIEW

CONTINUED

CURRENT MARKET ENVIRONMENT AND FUTURE OPPORTUNITIES

The pipeline for the types of assets the Company invests in remains strong and the Company continues to be confident in its ability to source and develop quality, high-performing opportunities, across the Company's target geographies, that deliver long-term, predictable cash flows with inflation-linkage that meet the Company's risk-return profile. As part of the Investment Adviser's appraisal process, it considers the long-term viability of investments to ensure they are fit for the future and it considers ESG aspects such as resilience to technology changes, environmental impact and shifting societal expectations. This approach and the types of sectors the Company invests in has meant the majority of the Company's portfolio has not been severely affected by the pandemic, and the Company's portfolio, driven by its active stewardship and prudent approach, benefits from substantial mitigations to Covid-19.

In the UK, following the onset of the pandemic, the government released its 'Build Back Better' paper and announced the establishment of a new national infrastructure bank, which opened in June 2021 and will support private infrastructure projects in sectors including clean energy, transport, digital, water and waste, initially with £12 billion of capital to deploy and with the capability to issue £10 billion of government guarantees. This follows the 2020 Spending Review that announced a commitment to spend £100 billion of capital in 2021/2022 on infrastructure as part of the UK government's commitment to delivering £600 billion of gross public sector investment over the next five years to improve infrastructure, drive economic growth, boost productivity and help the UK achieve net zero by 2050. The UK Infrastructure Bank will have the capacity to invest in sectors such as sustainable fuels, carbon capture usage and storage, and heat efficiency, and will look to increase investment in less-established green industries and into local infrastructure projects. These initiatives highlight the need for private capital to support these ambitions.

Governments outside the UK similarly recognise the role of infrastructure to transition to net zero and help drive economic recovery as a consequence of the Covid-19 pandemic. The Next Generation EU Recovery Fund is focused on infrastructure to address the social and economic impacts of Covid-19 and to become more sustainable and resilient. The emphasis of this package is on providing funding and direction for pan-European infrastructure projects to contribute to net zero by 2050 and on improved digital connectivity. In the US, President Biden announced the 'Build Back Better Recovery Plan' to focus on infrastructure investment with a clear climate-driven agenda; and in Australia, the 2021 infrastructure plan allocated over A\$15 billion for new infrastructure projects for 2021/2022 to support post-Covid-19 recovery building on its A\$110 billion 10-year infrastructure investment pipeline.

The release of the latest assessment of climate science from the Intergovernmental Panel on Climate Change further emphasises the need for swift action. The speed of transitions and of technological change required to limit warming to 1.5°C above pre-industrial levels are larger and have no documented historic precedent. This is particularly relevant for the energy, urban and infrastructure sectors. Whilst this presents a huge challenge, it presents a significant opportunity and strengthens the investment case for net zero infrastructure globally.

While the full consequences of the pandemic and its long-term effects, both economic and social, remain unclear, the Company believes its business model and investment objectives continue to offer a significant degree of protection for investors and there is sustained appetite for long-term responsible investment into public and social infrastructure across the geographies that the Company invests in.

CURRENT PIPELINE

The Company's performance does not depend upon additional investments to deliver current projected returns. Further investment opportunities will be judged by their anticipated contribution to overall portfolio returns relative to risk. Selected commitments and future opportunities that may be considered for investment in due course, as identified by the Investment Adviser, are outlined below.

KNOWN/COMMITTED OPPORTUNITIES	LOCATION	ESTIMATED INVESTMENT ¹	EXPECTED INVESTMENT PERIOD	INVESTMENT STATUS
Diabolo	Belgium	£12.0 million ²	26 years	A further contingent commitment available, if required
Beatrice OFTO	UK	c.£50 million	c.23 years	Investment reached financial close post-period end on 27 July 2021
Angel Trains	UK	c.£98 million	Operational business	Agreement to acquire additional c.5% interest made on 3 September 2021
Rampion OFTO	UK	Up to £40 million	c.20 years	Preferred bidder. Investment expected H2 2021
East Anglia One OFTO	UK	Up to £90 million	c.21 years	Preferred bidder. Investment expected H2 2021

1 Represents the current commitment or preferred bidder positions that meet the Company's investment criteria. There is no certainty that potential opportunities will translate into actual investments for the Company.

2 The Company invested €10 million of funding in 2020 and made a contingent commitment of a further €14.0 million (€12.0 million).

The Company has a longer-term pipeline of investments and has identified over 40 opportunities across the UK, Europe, North America and Australia. Future areas of investment may include:

KEY AREAS OF FOCUS	SOCIAL INFRASTRUCTURE	REGULATED UTILITIES	TRANSPORT AND MOBILITY	OTHER ESSENTIAL INFRASTRUCTURE
Example investments	- Education	- OFTOs	- Government-backed	- Digital connectivity
	- Health	- Distribution and transmission	transport including:	- Energy management
	- Justice		- Light rail	
	- Other social accommodation	- Direct procurement	- Regional rail	

OPERATING REVIEW

CONTINUED

ACTIVE ASSET MANAGEMENT

The Company's Investment Adviser has a highly experienced, well-resourced, dedicated team of over 40 asset managers globally, as part of the wider pool of over 150 infrastructure professionals in 11 offices across the UK, Europe, Australia and North America. The Company's Investment Adviser operates a full-service approach to infrastructure, and this includes day-to-day asset management and oversight of the Company's investments. The Investment Adviser's priority is to meet or exceed asset performance, creating value for investors and communities, and its active asset management approach has been fundamental to the Company's performance since IPO in 2006. It is this performance that has enabled the Company to build a reputation of delivering transparent, responsible stewardship of public infrastructure assets that support essential services. These skills have been evidenced by the Company's robust performance during the current and ongoing unprecedented uncertainty caused by the Covid-19 pandemic.

OPERATIONAL PERFORMANCE

The Company's Investment Adviser adopts a hands-on approach to monitoring asset performance, utilising robust internal processes and the expertise of its dedicated global asset management team. The Investment Adviser's involvement will vary depending on each investment type, noting that each investment is actively managed to optimise performance. During H1 2021, 100% of forecast investment portfolio receipts were received (H1 2020: 100.0%)¹.

The Company has a weighted average investment life of c.32 years and actively monitors the relevant investments within the portfolio to ensure that conditions for the hand-back of investments are met on completion of the project contract, or at the end of the expected investment holding period.

Infrastructure projects inherently involve health and safety risk during construction through to operations. The health and safety of the clients, delivery partners, employees and members of the public who come into contact with our assets are of the utmost importance to the Company, and we accord the highest priority to health and safety management. During construction through to operations, the Company's accident frequency rate for occupational accidents that resulted in lost time was low at 0.34 per 100,000 hours worked (as at 30 June 2021)². Health and safety data is reported and evaluated on a quarterly basis, and includes hours worked, minor injuries, near misses, critical incidents and the number of lost time injuries which occurred as a result of work activities.

PPP PROJECTS

PPP projects account for c.41% of the Company's portfolio (by investment at fair value), and the Company's Investment Adviser has extensive experience in this sector, having been responsible for the development of the majority of the PPP projects in the Company's portfolio. Ensuring that the facilities are available for their intended use, that areas are safe and secure, and that the performance standards set out in the underlying agreements are achieved, are key deliverables, and the Company's Investment Adviser works closely with its partners to ensure these standards are met. For those investments whose achievement is measured by both availability and performance, for the six months to 30 June 2021, the availability of those assets was 99.7% (30 June 2020: 99.6%) and across all projects there were performance deductions of 0.1% (30 June 2020: 0.1%), both exceeding the Company's targets.

In addition, the Company's public sector clients commissioned and funded over 464 contract variations during the period, resulting in a combined value of over £9.3 million of additional project work conducted on behalf of the commissioning bodies. The completed changes during the period ranged from minor building fabric alterations within education facilities, to the delivery of transport facility upgrades. One benchmarking exercise was performed and agreed within our social accommodation project (which included reviewing facilities management services delivered on the asset in order to assess value for money for the public sector).

¹ Measured by comparing forecast portfolio distributions against actual portfolio distributions received.

² This includes UK social accommodation (where the Investment Adviser provides oversight of the management services), BSF minority, NDIF, Cadent, Tideway and all investments in Germany, Australia and Canada.

*Performance against
strategic priority KPIs*

100%

Forecast distributions
received¹

99.7%

Asset availability achieved
against a target of >98%

OPERATING REVIEW

CONTINUED

The vast majority of the Company's social accommodation investments remained open throughout the period. Two social accommodation assets were closed during the period (on instruction from the client): Royal Melbourne Showgrounds in Australia, which has been commandeered as an Urgent Medical Care Centre and is being used as a vaccination centre; and one Neighbourhood Support centre in the UK that is part of a LIFT Project Company (as a result of Covid-19 and government guidelines). In addition, there was one temporary school closure for a one-week period in relation to a minority BSF investment, due to a high number of Covid-19 cases.

Diabolo

Diabolo is a rail infrastructure investment which integrates Brussels Airport with Belgium's national rail network. The majority of the revenues generated by Diabolo are linked to passenger use of either the rail link itself or the wider Belgian rail network. Accordingly, Diabolo has been impacted by the restrictions on international travel and national lockdowns implemented in Belgium as a result of the Covid-19 pandemic and we see the timing of the recovery of Diabolo as directly linked to the resumption of pre-pandemic levels of use of Brussels Airport.

As previously disclosed, the Company committed a further €24 million to the Diabolo project in December 2020 with €10 million invested at that time and a further contingent commitment of €14 million available to protect Diabolo's liquidity position and ensure its debt covenants continue to be met. The extent and timing of any further cash injections will depend upon the trajectory of the recovery in passenger numbers over the coming months and years. However, the latest traffic forecast report indicates that the outstanding €14 million commitment should be sufficient. Whilst forecast cash flows have been updated to reflect the latest advice from our technical adviser, the valuation of our investment in Diabolo has not materially changed over the period (excluding the impact of the change in foreign exchange rates). We will of course continue to closely monitor passenger numbers.

More positively, the duration of our investment, with the concession not expiring until 2047, the high levels of historic passenger use, continued high levels of operational performance the positive and engaged relationship with the Belgian railway authorities and our ability to influence revenues through the passenger fare adjustment mechanism, all give us confidence for the future recovery and performance of this investment.

REGULATED INVESTMENTS

The Company invests in a number of regulated investments, including OFTOs, Cadent and Tideway. The Company owns 100% of each of its OFTO investments and whilst the Company does not hold majority positions in Cadent or Tideway, the Company engages through its Investment Adviser's board director positions and membership of committees. The Company's Investment Adviser actively works with respective boards to maintain alignment and focus on strategic goals to drive financial and operational best practice and ensure effective risk management.

OFTOs

The Company's OFTO investments are regulated by Ofgem, but the revenues are not linked to electricity production or price, instead the OFTO is paid a pre-agreed, availability-based revenue stream for the duration of the licence. The Company's OFTO investments continue to be relatively unaffected by the Covid-19 pandemic and have continued to remain available and meet performance standards.

Ofgem has begun consulting stakeholders on its approach to dealing with the OFTO regime once the contracted revenue stream comes to an end, typically after c.20-25 years. In March 2021, Ofgem issued a consultation which the Company, through its Investment Adviser, responded to. Ofgem released its first decision document covering the initial steps in establishing an economic and efficient process for extending, where appropriate, regulatory revenue periods within the current OFTO regime, in July 2021. It is not possible to assess any likely impact on the Company at this time. The Company notes Ofgem's intention to publish a further consultation on the policy framework in November 2021, with a response due to be published in spring 2022. The Company, through its Investment Adviser, will continue to actively engage with Ofgem and industry stakeholders on this consultation and will seek to keep investors informed of any material developments.

OPERATING REVIEW

CONTINUED

Tideway

Tideway is building a 25km 'super sewer' under the River Thames to create a healthier environment for London by cleaning up the city's greatest natural asset. The impact of Covid-19 on both the cost and schedule of the project has been reported previously and it was noted that, in addition to existing contractual and regulatory safeguards, Tideway has been in discussions with Ofwat on a package of measures that would further mitigate the financial impact of Covid-19 on Tideway's shareholders (the Company is a 16% shareholder in Tideway). Progress has been made in these discussions and the proposed measures were the subject of a public consultation run by Ofwat during the period. The consultation closed in May 2021 and Tideway expects the cost-sharing measures to be formally implemented via modifications to its licence before the end of 2021. The Company is pleased that these modifications seem likely to ensure an appropriate allocation is achieved between stakeholders of the impact that Covid-19 is expected to have on the project's cost and schedule.

Despite the ongoing challenges posed by Covid-19 on the construction works being undertaken by Tideway, good progress was made during the period with construction work 68% complete as at 30 June 2021. Progress towards system commissioning and handover is an increasing area of focus and, as commonly undertaken by major projects at this stage of delivery, Tideway has been working with stakeholders over the past few months on a thorough review of the remaining activities to provide clarity on the schedule to completion. The results of this review were published by Tideway in August 2021 and confirm the appropriateness of the existing schedule dates with only a minor cost increase of c.1% on the previously announced cost estimate of £4.1 billion, which has no material financial impact on investors.

Cadent

Cadent is the UK's largest gas distribution network, serving 11 million customers and is the Company's largest investment by fair value, representing 16.5% of the Company's portfolio by investment at fair value. As previously announced, in December 2020 Ofgem published its final determination in respect of the next five-year regulatory period which commenced on 1 April 2021. After careful deliberation and consultation with its shareholders (of which the Company is one), Cadent exercised its right to appeal Ofgem's final determination to the CMA. The CMA announced its provisional findings in August 2021 and whilst the Company commends certain aspects of the CMA's provisional findings, there are areas on which we expect Cadent will continue to work with stakeholders to ensure the CMA's final decision is in the best interests of its customers, both now and into the future. The Company had previously sought to reflect the final determination issued by Ofgem in its cash flow forecasts used at the 31 December 2020 valuation date and, accordingly, the CMA's announcement, if confirmed, is expected to have a modestly positive impact on the Company's valuation of its investment in Cadent compared to that reported as at 30 June 2021. It should however be noted that the findings are only provisional at this stage and the CMA is expected to publish its final decision in October 2021.

The Company, via its Investment Adviser, also continues to actively engage with Cadent's management team and the Company's co-shareholders in Cadent in relation to the future role of gas initiatives, where Cadent continues to play a role in supporting the UK Government's net zero target and is working on several projects designed to demonstrate the feasibility and safety of using its existing gas infrastructure to distribute cleaner fuel in the future (see page 18 for further information).

In early August 2021, the Government published its long-awaited UK Hydrogen Strategy, the aim of which is to create a 'world-leading hydrogen economy'. The publication of the Hydrogen Strategy marks the beginning of the next stage for the development of the UK's hydrogen economy and is positive news for Cadent. The strategy contained numerous references to the potential conversion of the existing gas network, as well as Cadent's key HyNet project. HyNet is an innovative net zero carbon project, based on the production of hydrogen from national gas based in the North West and North Wales. From 2025, HyNet will produce, store and distribute hydrogen as well as capture and store carbon from industry in the North West of England and North Wales. Cadent will continue to work closely with the Government to turn hydrogen targets into carbon reductions and new jobs and hopes to see the Government's hydrogen ambitions continue to grow.

OTHER OPERATING BUSINESSES

The Company invests in a number of operating businesses including BeNEX, Angel Trains and digital infrastructure businesses. With the exception of Angel Trains, the Investment Adviser holds a board position on each of its operating businesses and uses these positions to influence and strengthen company policies and procedures; for example, enhancing ESG credentials, ensuring health and safety is a priority, as well as protecting value and mitigating operational risk.

OPERATING REVIEW

CONTINUED

BeNEX

BeNEX generates revenues through the contractual leasing of its rolling stock to TOCs as well as through its investments in TOCs themselves. Only a minority of annual revenues (currently less than 20%) are linked to passenger numbers and therefore whilst Germany, like many other countries, continued to see a significant reduction in the number of people using public transport during the first half of 2021 as a result of the ongoing pandemic, the impact on BeNEX has been limited. In addition, BeNEX should continue to receive compensation from the Federal Government and/or the relevant Federal State for the vast majority of revenues lost as a result of the disruption caused by Covid-19. Moreover, during the first six months of 2021, two concessions were re-won, reducing the risk profile of the business.

Angel Trains

Angel Trains currently generates the majority of its revenues from the contractual leasing of its rolling stock to TOCs and therefore its revenues have continued to be largely unaffected by Covid-19 in the six months to 30 June 2021. Following the period in which dividends had been deferred owing to the uncertainty caused by Covid-19, the board of Angel Trains, which includes shareholder representatives, agreed to resume dividends during the period and the Company received a dividend from Angel Trains shortly after the period end. During the period, the results from the Williams Rail Review, which was established in 2018 to review the structure of the rail industry and the way passenger rail services are delivered in the UK, was published. The white paper was titled 'Great British Railways: William-Shapps plan for rail', with the main focus of the recommendations being the establishment of the new public body, Great British Railways, and the replacement of the franchising system with passenger service contracts. The white paper goes on to note that "The reforms set out in this white paper do not assume any direct change to the current industry model for procurement of train fleets".

Digital Infrastructure

The Company's Investment Adviser continues to actively monitor the four businesses in which the Company is invested (via NDIF), including Community Fibre, Airband, NextGenAccess and toob. Throughout 2020 and H1 2021, many businesses within the digital infrastructure sector faced unprecedented challenges, with government mandated lockdown restrictions impacting staff movement, while also creating a surge in demand for fibre connectivity due to the volume of people working from home. NDIF's portfolio of companies has played a critical role in keeping people connected while at the same time executing their value creation plans. Throughout 2021, and with the easing of lockdown restrictions, the businesses in which NDIF is invested have continued to gain momentum and market share, which again highlights the resilience of digital infrastructure and the continued consumer and business demand for the rollout of fibre.

OPERATING REVIEW

CONTINUED

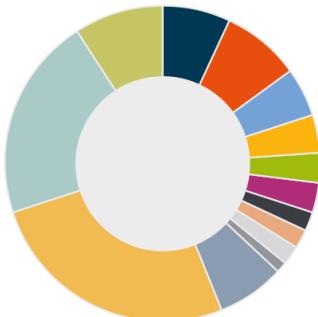
COUNTERPARTY RISK

Counterparty risk exists to some extent across all investments; however, the risk is particularly significant when considered in relation to PPPs which have a long-term fixed-price contract with a facilities management provider. The Company has a diverse exposure to service providers across its portfolio and the Investment Adviser's asset management team ensures counterparty risk is actively managed and mitigated. The chart below illustrates the Company's service providers (by investment fair value), highlighting the diversification across the portfolio.

During the period, all of the Company's facilities have remained operational and available for use, with no disruptions, aside from the three facilities that were repurposed/temporarily closed upon instruction from clients in the public sector (Covid-19 related), there were no disruptions to service delivery. In response to Covid-19, the Company's Investment Adviser has continued to monitor each counterparty as normal, but it has increased the frequency of its reviews to ensure that any issues as a result of Covid-19 are identified as soon as possible.

INPP Service Providers¹

- Downer & Spotless 8%
- Infrabel NV Van Publiek Recht 7%
- Mitie² 5%
- ENGIE 4%
- Hunt Military Communities 3%
- G4S 3%
- OCS 2%
- Amey 2%
- Honeywell International 2%
- Kier 1%
- Others³ 7%
- Regulated Investments – Cadent & Thames Tideway Tunnel³ 26%
- Regulated Investments – OFTOs^{2,3} 21%
- Other – Angel Trains, BeNEX and NDIF 9%



1 Based on percentage of Investments at Fair Value as at 30 June 2021.

2 These include both Risk Capital and senior debt investments. Of the amount shown, senior debt represents the following: Mitie (1.0%), Others (2.0%) and OFTOs (7.7%).

3 These Risk Capital investments operate with no significant exposure to any one service provider or delivery partner.

The Investment Adviser takes a holistic approach to monitoring counterparty risk. A key aspect of the Investment Adviser's risk management activities is a focus on the early identification of signs that a counterparty is encountering problems through regular contract performance monitoring and internal performance benchmarking of contracts, in-depth reviews of counterparty financial and market data, information available in the trade press and drawing upon the Investment Adviser's contacts in the industry for other non-public information. Through contingency planning and identifying any increased counterparty risk early, it allows for corrective measures identified in the contingency plans to be taken early, mitigating potential losses to the Company. Those measures may include working more closely with the contractor to support it in its efforts to improve contract performance or, ultimately, the implementation of the full contingency plan designed to facilitate the replacement of that contractor.

Ultimately, the Company's desire is to see its service providers succeed and to deliver a high-quality service; and the Investment Adviser makes all efforts to ensure this is achieved. However, where a subcontractor does fail, the Investment Adviser has the necessary processes and procedures in place to mitigate and manage the risk to the Company.

PROJECTS UNDER CONSTRUCTION

The Investment Adviser's asset management team has extensive experience and possesses the key skillsets needed to successfully deliver projects through construction and throughout the operational phase. The Company has a strong track record of delivering construction projects safely, on time, to budget and to a high-quality by understanding the project environment and the potential risks that may occur. The team works closely with the contractors, technical advisers and management companies, where applicable, throughout this stage in order to deliver the expected project performance and create value for investors and communities. As at 30 June 2021, Tideway is the Company's only project under construction, representing 9.3% of the Company's portfolio.

OPERATING REVIEW

CONTINUED

During the six months to 30 June 2021, Tideway made good progress on the construction of the tunnel and associated infrastructure. The construction works were 68% complete at the end of the period despite the ongoing challenges posed by Covid-19 and the schedule remains unchanged from the previous update, with handover to Thames Water scheduled to occur in March 2025.

The proportion of assets under construction in the portfolio is no longer reported as a separate KPI, as it was judged that this is no longer a significant performance metric for the Company. Updates on the progress of assets in construction in the portfolio, as well as the proportion of the portfolio which is under construction, will continue to be provided in this section of the Company's annual and interim reports.

The Company has one project under construction as at 30 June 2021, as set out in the table below.

ASSET	LOCATION	CONSTRUCTION COMPLETION DATE	DEFECTS COMPLETION DATE	STATUS AT PERIOD END	% OF INVESTMENTS AT FAIR VALUE
Tideway	UK	2025 ¹	2028	Behind original schedule ²	9.3%

¹ Scheduled handover date. Source: Tideway Annual Report 2020/2021.

² Handover is currently scheduled for March 2025, which is 12 months later than the original schedule. The delay can largely be attributed to the impact of Covid-19.

OPERATING REVIEW

CONTINUED

EFFICIENT FINANCIAL MANAGEMENT

The Company aims to manage its finances efficiently. It achieves this through the active monitoring of cash held and generated from operations to ensure cash covered dividends while managing corporate costs. It also seeks to minimise levels of unutilised cash holdings while retaining the financial flexibility to pursue new investment opportunities. Financial management is supported by appropriate hedging strategies and prudent use of the Company's corporate debt facility ('CDF').

Cash dividends paid in the period of £55.2 million (H1 2020: £51.5 million) were 1.3 times (H1 2020: 1.3 times) covered by the Company's net operating cash flows before capital activity. This achieved the Company's objective to generate dividends paid to investors through its operating cash flows.

Corporate costs were managed effectively during the period and represent 1.25% for the first six months of 2021 (H1 2020: 1.21%). This ratio has increased in the period due to the timing impact of a reduction in NAV during the period and corporate fees being calculated in arrears. Corporate costs include management fees paid of £13.0 million for the period to 30 June 2021 (H1 2020: £13.5 million). There were no changes in the status of the Company's related parties in the period from those reported in the December 2020 Annual Report.

As outlined on page 46 of the financial statements, IFRS profit before tax of £27.2 million was reported (30 June 2020: £35.4 million). The reduction compared to the prior corresponding period reflects a decrease in the valuation of the portfolio overall, primarily as a result of macroeconomic changes in the period.

The Company's cash balance as at 30 June 2021 was £53.4 million, an increase of £11.7 million on the year-end balance at 31 December 2020 of £44.3 million and resulting from portfolio distributions received in the period. Cash receipts from investments increased in the period, to £87.1 million (H1 2020: £82.9 million), reflecting the further growth and maturity of the portfolio. As detailed in note 10 of the financial statements, as well as on page 12 of the Operating Review earlier in this report, £22.3 million of investments were made during the period to 30 June 2021, an increase on the same period last year (H1 2020: £11.7 million). Investment transaction costs paid in H1 2021 were £0.1 million (H1 2020: £0.5 million), a decrease due to the timing of payments, with remaining fees due accrued at the period end.

In March 2021, the Company's CDF was renewed and now matures in March 2024. The new facility has the same overall £400 million capacity as the previous fully committed arrangement but is structured to support the Company's near-term pipeline more efficiently with £250 million available on a fully committed basis together with a flexible 'accordion' component which will, subject to lender approval, allow for a future extension by an additional £150 million. The banking group for the existing facility has been retained, being National Australia Bank, the Royal Bank of Scotland International, Sumitomo Mitsui Banking Corporation and Barclays Bank. At 30 June 2021, the CDF was £56.0 million cash drawn (31 December 2020: £38.4 million cash drawn). Net financing costs paid were £3.3 million, an increase compared to the prior corresponding period (H1 2020: £2.1 million), reflecting the renewal and level of utilisation of the CDF during the period.

*Performance against
strategic priority KPIs*

1.3x

Dividends fully cash
covered

1.25%

Ongoing charges ratio

OPERATING REVIEW

CONTINUED

SUMMARY OF CASH FLOWS

SUMMARY OF CONSOLIDATED CASH FLOW	SIX MONTHS TO 30 JUNE 2021 £ MILLION	SIX MONTHS TO 30 JUNE 2020 £ MILLION	YEAR TO 31 DECEMBER 2020 £ MILLION
Opening cash balance	44.3	45.6	45.6
Cash from investments	87.1	82.9	153.0
Corporate costs (for ongoing charges ratio)	(14.7)	(14.6)	(28.3)
Net financing costs	(3.3)	(2.1)	(4.2)
Net operating cash flows before capital activity¹	69.1	66.2	120.5
Cost of new investments	(22.3)	(11.7)	(30.0)
Investment transaction costs	(0.1)	(0.5)	(0.8)
Net movement of CDF	17.6	(7.7)	10.5
Dividends paid	(55.2)	(51.5)	(101.5)
Closing cash balance	53.4	40.4	44.3
Cash dividend cover	1.3x	1.3x	1.2x

¹ Net operating cash flows before capital activity as disclosed above of c.£69.1 million (30 June 2020: c.£66.2 million) include net repayments from Investments at Fair Value through profit and loss of c.£30.8 million (30 June 2020: c.£17.8 million), and finance costs paid of c.£3.3 million (30 June 2020: c.£2.1 million) and exclude investment transaction costs of c.£0.1 million (30 June 2020: £0.5 million) when compared to net cash inflows from operations of c.£41.9 million (30 June 2020: c.£49.8 million) as disclosed in the statutory cash flow statement on page 49 of the financial statements.

CASH FLOWS ASSOCIATED WITH ONGOING CHARGES RATIO

CORPORATE COSTS	SIX MONTHS TO 30 JUNE 2021 £ MILLION	SIX MONTHS TO 30 JUNE 2020 £ MILLION	YEAR TO 31 DECEMBER 2020 £ MILLION
Management fees	(13.0)	(13.5)	(26.4)
Audit fees	(0.4)	(0.2)	(0.2)
Directors' fees	(0.2)	(0.2)	(0.4)
Other running costs	(1.1)	(0.7)	(1.3)
Corporate costs	(14.7)	(14.6)	(28.3)

ONGOING CHARGES RATIO	SIX MONTHS TO 30 JUNE 2021 £ MILLION	SIX MONTHS TO 30 JUNE 2020 £ MILLION	YEAR TO 31 DECEMBER 2020 £ MILLION
Annualised ongoing charges ¹	(29.4)	(29.2)	(28.3)
Average NAV ²	2,351.0	2,417.3	2,393.3
Ongoing charges	(1.25%)	(1.21%)	(1.18%)

¹ The ongoing charges ratio was prepared in accordance with the Association of Investment Companies' ('AIC') recommended methodology, noting this excludes non-recurring costs.

² Average of published NAVs for the relevant period.

OPERATING REVIEW

CONTINUED

INVESTOR RETURNS

DIVIDEND GROWTH

The Company targets predictable and, where possible, growing dividends. During the period, the Company paid a dividend of 3.68 pence per share in respect of the six months ended 31 December 2020. This brought the total dividends paid in respect of 2020 to 7.36 pence per share, consistent with forward guidance provided previously. As illustrated in the chart on page 2, the Company has delivered a c.2.5% average annual dividend increase since initial public offering ('IPO'). The Company is currently maintaining its previously announced dividend targets of 7.55 pence and 7.74 pence per share in respect of 2021 and 2022, respectively¹.

TOTAL SHAREHOLDER RETURN ('TSR')

The Company's annualised TSR since the IPO to 30 June 2021 was 8.5%². This compares to the annualised FTSE All-Share index TSR over the same period of 5.3%. The total return based on the NAV appreciation plus dividends paid since the IPO to 30 June 2021 is 7.6%³ on an annualised basis compared to the Company's long-term target of 7.0%³.

As shown in the share price performance graph below, the Company has historically exhibited relatively low levels of correlation with the market. Whilst the correlation in 2020 increased owing to the impacts of Covid-19 on economies worldwide, it began to fall in the 12 months to 30 June 2021 and we anticipate the correlation to return to more normal levels over the longer term. For reference, the correlation with the FTSE All-Share index was 0.179 and 0.481 over the 12 months to 30 June 2019 (being the most recent comparable period prior to Covid-19) and 30 June 2021, respectively.

Performance against strategic priority KPIs

7.6% p.a.

IRR achieved since IPO³ (31 December 2020: 7.7%)

Share Price Performance



INFLATION-LINKED CASH FLOWS

In an environment where investors are focused on achieving long-term real rates of return on their investments, inflation protection is an important consideration for the Company. At 30 June 2021, the majority of assets in the portfolio had some degree of inflation-linkage and, in aggregate, the weighted average return of the portfolio (before fund-level costs) would be expected to increase by 0.75% per annum in response to a 1.00% per annum increase in all of the assumed inflation rates⁴.

1 There can be no assurance that these targets will be met or that the Company will make any distributions at all. Whilst we generally have good forward-visibility of cash flows generated by the Company's investments, the current Covid-19 pandemic creates additional uncertainty.

2 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.

3 Calculated by reference to the November 2006 IPO issue price of 100 pence and reflecting NAV appreciation plus dividends paid.

4 Calculated by running a 'plus 1.00%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linkage is the increase in the portfolio weighted average discount rate.

OPERATING REVIEW

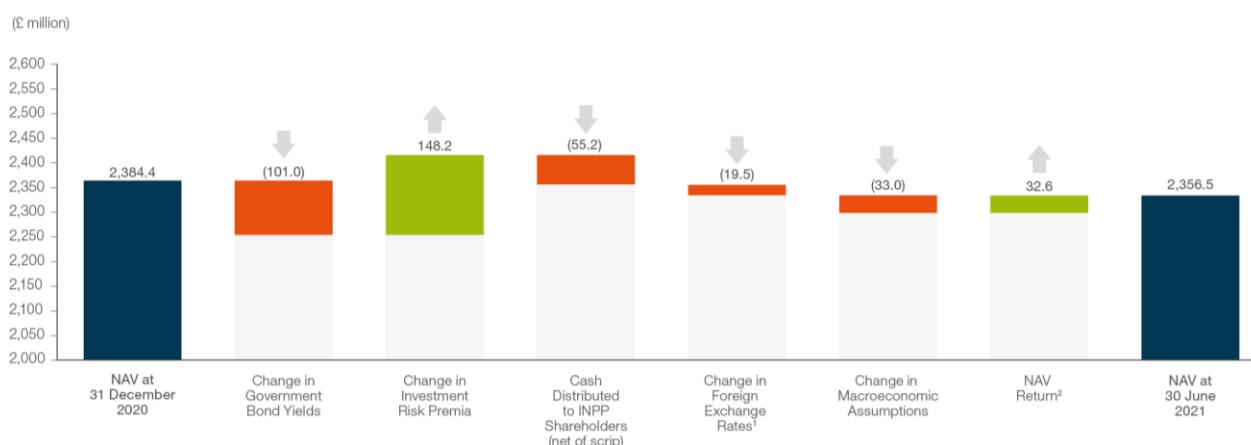
CONTINUED

VALUATIONS

NAV

The NAV represents the fair value of the Company's investments plus the value of other net assets or liabilities held within the Group. The fair values of the Company's investments are determined by the Board, with the benefit of advice from the Investment Adviser, and are reviewed by the Company's auditor on a sample basis. The Company reports a 1.2% decrease in NAV from £2,384.4 million at 31 December 2020 to £2,356.5 million at 30 June 2021. Over the same period, the NAV per share decreased by 1.4% from 147.1 pence to 145.1 pence. The key drivers of the change in NAV are described in more detail below.

NAV Movements (£m)



¹ FX impact is net of hedging.

² The NAV return represents, amongst other things, (i) variances in both realised and forecast investment cash flows, (ii) the unwinding of the discount factor applied to those future investment cash flows, and (iii) changes in the Company's net assets.

The movements seen in the chart above are explained further below:

- The yields on the overwhelming majority of government bonds used as part of the valuation process increased during the period, resulting in a net £101.0 million decrease in the NAV;
- The net negative impact of the increase in government bond yields was more than offset by a decrease in the investment risk premia designed to ensure that (i) the valuations continue to reflect recent market-based evidence of pricing for infrastructure investments, and (ii) the discount rate used to value the Company's investment in Diabolo Rail reflects the lower level of risk within the forecast cash flows which assume a more conservative recovery in passenger numbers. The net impact of these adjustments was an increase in the NAV of £148.2 million;
- In line with forward guidance provided previously, a cash dividend of 3.68 pence per share totalling £55.2 million was paid to the Company's shareholders during the six months to 30 June 2021. This dividend was paid in respect of the six months ended 31 December 2020;
- During the period, Sterling strengthened against the Euro, Australian Dollar and US Dollar, whereas it marginally weakened against the Canadian Dollar (these being the four foreign currencies the Company is exposed to). Including the change in the value of the forward foreign exchange contracts, the net negative impact on the NAV was £19.5 million with the most significant impact seen on the Company's Euro-denominated investments;
- The long-term assumption for the UK Corporate Tax rate was increased from 19% to 25% (applicable from 1 April 2023 onwards) following the 2021 Budget announcement during the period, which was the most significant impact (negative £31.7 million) caused by changes to macroeconomic assumptions. Other, much less significant, changes to the macroeconomic assumptions include a one-year delay in the step up to the long-term deposit rate assumptions and an alignment of UK RPI to CPIH from 2030 onwards for relevant investments. Further details of these changes can be seen from the table on page 28 and in aggregate these had a negative £33.0 million impact on the NAV; and

OPERATING REVIEW

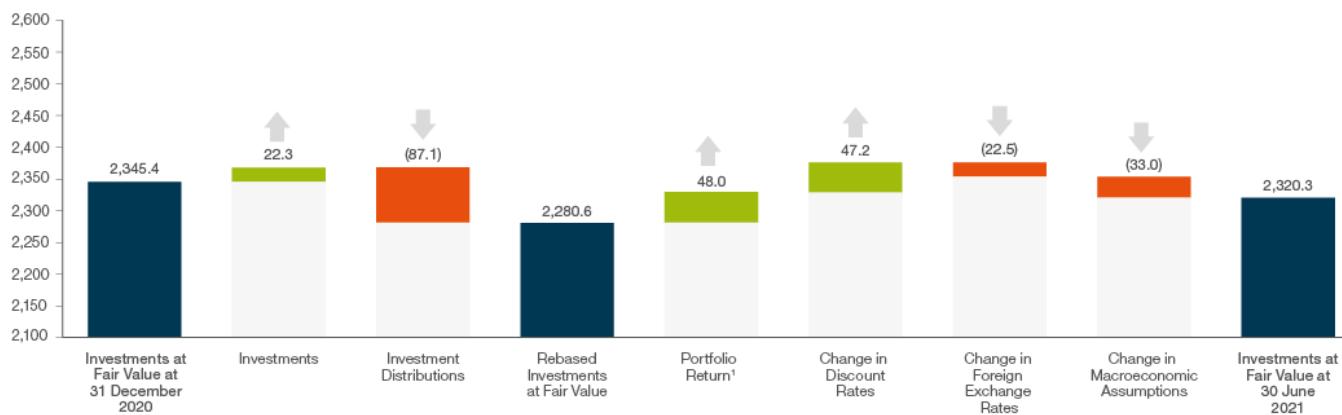
CONTINUED

- Among other things, the NAV Return of £32.6 million captures the impact of the following:
 - o Unwinding of the discount rate;
 - o Updated operating assumptions to reflect current expectations of forecast cash flows. This includes updated forecasts for Diabolo rail passenger numbers, which continue to be subdued owing to travel restrictions caused by Covid-19. This risk had previously been accounted for through the discount rate but is now reflected in the revised forecast cash flows;
 - o Actual distributions received above the forecast amount due to active management of the Company's portfolio; and
 - o Changes in the Company's working capital position.

INVESTMENTS AT FAIR VALUE

The Investments at Fair Value represents the fair value of the Company's investments without consideration of the other net assets or liabilities held within the Group which are captured within the NAV. The Company reports a 1.1% decrease in the investments at fair value, from £2,345.4 million at 31 December 2020 to £2,320.3 million at 30 June 2021. The key drivers of the change in the Investments at Fair Value are described in more detail below.

Investments at Fair Value Movements (£m)



¹ The Portfolio Return represents, amongst other things, (i) variances in both realised and forecast investment cash flows and (ii) the unwinding of the discount factor applied to those future investment cash flows.

The movements seen in the chart above are explained further below:

- An increase of £22.3 million owing to new investments made during the period;
- A decrease of £87.1 million due to distributions paid out from the portfolio during the period;
- The Rebased Investments at Fair Value of £2,280.6 million is presented in order to allow an assessment of the Portfolio Return assuming that the investments and distributions occurred at the start of the relevant period;
- The Portfolio Return of £48.0 million captures broadly the same items as the NAV Return (set out in detail on page 24) with the principal exception being the fund-level operating costs and portfolio working capital movements;
- There was a net decrease in the discount rates used by the Company to value its investments which had a positive £47.2 million impact on the Investments at Fair Value. Further information on the component parts of the impact shown is provided on page 25;
- During the period, Sterling strengthened against the Euro, Australian Dollar and US Dollar; whereas it marginally weakened against the Canadian Dollar (these being the four foreign currencies the Company is exposed to). The net negative impact on the Investments at Fair Value was £22.5 million with the most significant impact seen on the Company's Euro-denominated investments; and
- The long-term assumption for the UK Corporate Tax rate was increased from 19% to 25% (applicable from 1 April 2023 onwards) following the 2021 Budget announcement during the period, which was the most significant impact caused by changes to macroeconomic assumptions. Other, much less significant, changes to the macroeconomic assumptions include a one-year delay in the step up to the long-term deposit rates assumption and an alignment of UK RPI to CPIH from 2030 onwards for relevant investments. Further details of these changes can be seen from the table on page 28 and in aggregate these had a negative £33.0 million impact on the NAV.

OPERATING REVIEW

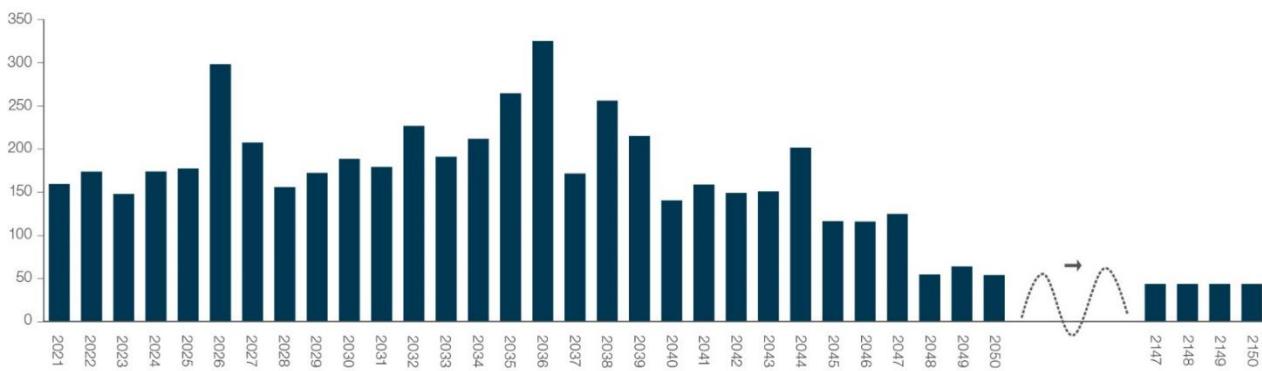
CONTINUED

PROJECTED CASH FLOWS

The Company's investments are generally expected to continue to exhibit predictable cash flows, owing to the principally contracted or regulated nature of the underlying cash flows. As the Company has a large degree of visibility over the forecast cash flows of its current investments, the chart below sets out the Company's forecast investment receipts from its current portfolio before fund-level costs.

The majority of the forecast investment receipts are in the form of dividends or interest and principal payments from subordinated and senior debt investments. The Company's portfolio comprises both investments with finite lives (determined by concession or licence terms) and perpetual investments that may be held for a much longer term. Over the term of investments with finite lives, the Company's receipts from these investments effectively represent a return of capital as well as income, and the fair value of such investments is expected to reduce to zero over time.

Projected Investment Receipts (£m)



Note: This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 30 June 2021 are included.

OPERATING REVIEW

CONTINUED

MACROECONOMIC ASSUMPTIONS

The Company reviews the macroeconomic assumptions underlying its forecasts on a regular basis. Following a thorough market assessment, it was resolved that certain adjustments should be made to the deposit rates and foreign exchange rates used to value the Company's overseas assets.

The key macroeconomic assumptions used as the basis for deriving the Company's investment valuations are summarised below, with further details provided in note 9 of the financial statements.

MACROECONOMIC ASSUMPTIONS		30 JUNE 2021	31 DECEMBER 2020
Inflation rates	UK	2.75% RPI/2.00% CPIH	2.75% RPI/2.00% CPIH
	Australia	2.50%	2.50%
	Europe	2.00%	2.00%
	Canada	2.00%	2.00%
	US ¹	N/A	N/A
Long-term deposit rates ²	UK	1.00%	1.00%
	Australia	2.00%	2.00%
	Europe	0.50%	0.50%
	Canada	1.50%	1.50%
	US ¹	N/A	N/A
Foreign exchange rates	GBP/AUD	1.84	1.77
	GBP/EUR	1.16	1.11
	GBP/CAD	1.72	1.74
	GBP/USD	1.38	1.37
Tax rates ³	UK	19.00%/25.00%	19.00%
	Australia	30.00%	30.00%
	Europe	Various (12.50% - 32.28%)	Various (12.50% - 32.28%)
	Canada	Various (23.00% - 26.50%)	Various (23.00% - 26.50%)
	US ¹	N/A	N/A

1 The Company's US investment is in the form of subordinated debt and therefore not directly impacted by inflation, deposit and tax rate assumptions.

2 The portfolio valuation assumes actual current deposit rates are maintained until 31 December 2023 before adjusting to the long-term rates noted in the table above from 1 January 2024. The 31 December 2020 valuation assumed the long-term rates noted in the table above would apply from 1 January 2023.

3 Tax rates reflect those substantively enacted as at the valuation date or those that could reasonably be expected to be substantively enacted shortly after the valuation date.

DISCOUNT RATES

The discount rate used to value each investment comprises the appropriate long-term government bond yield plus an investment-specific risk premium which reflects the risks and opportunities associated with that particular investment and is designed to ensure that the resulting valuation reflects prevailing market conditions.

The majority of the Company's portfolio (89.2%) comprises Risk Capital investments, while the remaining portion (10.8%) comprises senior debt investments. To provide investors with a greater level of transparency, the Company publishes both a Risk Capital weighted average discount rate and a portfolio weighted average discount rate - the latter of which captures the discount rates of all investments including the senior debt interests.

The weighted average discount rates are presented in the table overleaf.

OPERATING REVIEW

CONTINUED

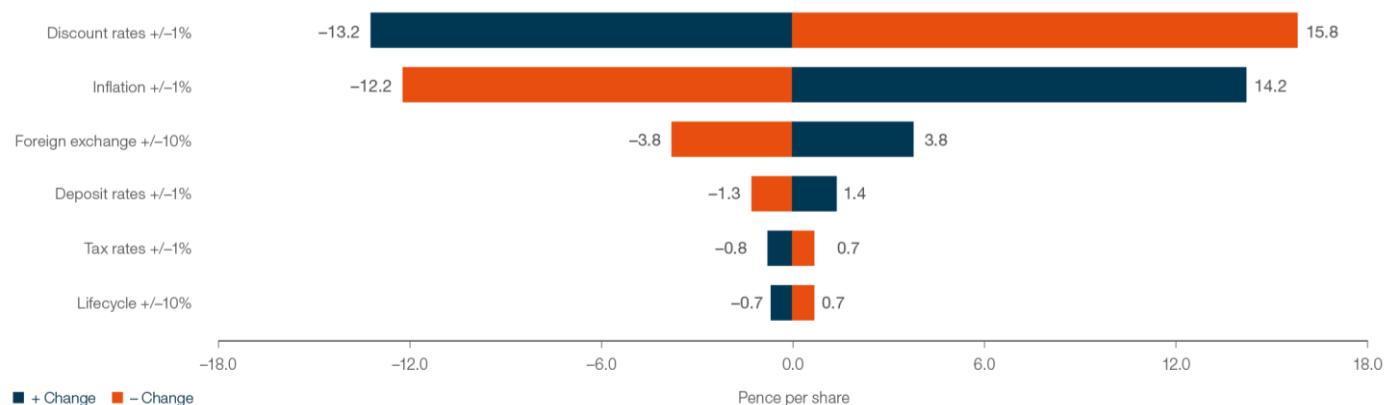
	30 JUNE 2021	31 DECEMBER 2020	MOVEMENT
Weighted average government bond yield – portfolio	0.99%	0.56%	43bps
Weighted average investment premium – portfolio	5.82%	6.41%	(59bps)
Weighted average discount rate – portfolio	6.81%	6.97%	(16bps)
Weighted average discount rate – Risk Capital	7.29%	7.52%	(23bps)

The Company is aware that there are differences in approach to the valuation of investments among listed infrastructure funds similar to the Company. In the Company's view, comparisons of discount rates between different listed infrastructure funds are only meaningful if there is a comparable level of confidence in the quality of forecast cash flows (i.e. assumptions are homogenous); the risk and return characteristics of different investment portfolios are understood; and allowance is made for differences in the quality of asset management employed to manage risk and deliver returns. Any focus on average discount rates without an assessment of these and other factors would be incomplete and could therefore lead to misleading conclusions.

VALUATION SENSITIVITIES

This section indicates the sensitivity of the 30 June 2021 NAV per share of 145.1 pence to changes in key assumptions. Further details can be found in note 9.5 of the financial statements. This analysis is provided as an indication of the potential impact of these assumptions on the NAV per share on the unlikely basis that the changes occur uniformly across the portfolio. The movement in each assumption could be higher or lower than presented. Further, forecasting the impact of these assumptions on the NAV in isolation cannot be relied on as an accurate guide to the future performance of the Company as many other factors and variables will combine to determine what actual future returns are available. These sensitivities should therefore be used only for general guidance and not as an accurate prediction of outcomes.

Estimated impact of changes in key variables on the 30 June 2021 NAV of 145.1 pence per share



OPERATING REVIEW

CONTINUED

DISCOUNT RATES

The chart above indicates the sensitivity of the NAV per share to uniform changes to the discount rates applied to the forecast cash flows from each individual investment.

INFLATION

The impact of inflation on the value of each investment depends upon the extent to which the revenues and costs of that particular investment are linked to an inflation index. On a portfolio basis, there is a positive correlation to inflation with a 1.00% sustained increase in the assumed inflation rates projected to generate a 0.75% increase in returns (31 December 2020: 0.78%). The returns generated by the Company's UK investments are typically linked to the Retail Price Index ('RPI'), whereas the Company's non-UK investments are typically linked to the relevant Consumer Price Index ('CPI') for that jurisdiction. Further to recent announcements by the UK's energy and water regulators, the revenues earned by Cadent and Tideway will be linked to the CPIH (CPI including owner occupied housing costs) from 2021 and 2030, respectively. The regulators have stated that this is not designed to negatively impact companies but rather to reflect the perceived shortcomings of the RPI (i.e. the regulators' intention is for the transition from RPI to CPIH to be valuation neutral).

In anticipation of the UK Government's previously announced intention to align the RPI to the CPIH from 2030 onwards, the inflation assumption used for UK investments which do not benefit from protective contractual agreements or regulatory precedents has been aligned to CPI from 2030. For the avoidance of doubt, the impact of this approach on the NAV is negligible. Furthermore, the inflation sensitivities by geographical region are provided in note 9.5 of the financial statements.

FOREIGN EXCHANGE

The Company has a geographically diverse portfolio and forecast cash flows from investments are subject to foreign exchange rate risk in relation to Euros, Australian Dollars, Canadian Dollars and US Dollars. The Company seeks to mitigate the impact of foreign exchange rate changes on near-term cash flows by entering into forward contracts, but the Company does not hedge exposure to foreign exchange rate risk on long-term cash flows. The impact of a 10% increase or decrease in these rates is provided for illustration.

DEPOSIT RATES

The long-term weighted average deposit rate assumption across the portfolio is 1.05% per annum. While operating cash balances tend to be low given the structured nature of the investments, project finance structures typically include reserve accounts to mitigate certain costs and therefore variations to deposit rates may impact valuations. The impact of a 1.00% increase or decrease in these rates is provided for illustration.

TAX RATES

Post-tax investment cash inflows are impacted by tax rates across all relevant jurisdictions. The impact of a 1.00% increase or decrease in these rates is provided for illustration. Other potential tax changes are not covered by this scenario.

LIFECYCLE SPEND

There is a process of renewal required to keep physical assets fit for use and the proportion of total cost that represents this 'lifecycle spend' will depend on the nature of the asset.

PPPs will typically need to ensure that the assets are kept at the standard required of them under agreements with relevant public sector counterparties. To enhance the certainty around cash flows, the majority of the Company's PPP investments, and all of the Company's OFTO investments, are currently structured such that lifecycle cost risk is taken by a subcontractor for a fixed price (isolating equity investors from such downside risk). As a result, the impact of changes to the forecast lifecycle costs for the Company's PPP investments is relatively small.

The Company's investments in rolling stock leasing or operating businesses, or businesses providing digital infrastructure, are also distinct from PPPs which have fixed revenue streams from which they need to pay lifecycle costs. These businesses will still expect to incur lifecycle costs but will typically aim to recover any changes in lifecycle costs through the prices they charge their end-users.

OPERATING REVIEW

CONTINUED

Tideway and Cadent are treated differently due to the protections offered by the regulatory regimes under which they operate. Regulated assets have their revenues determined for a known regulatory period and each settlement includes revenue sufficient to allow the owner to undertake the efficient lifecycle management of its assets due in that regulatory period. It is common practice to employ reputable subcontractors to undertake lifecycle work under contracts which include incentive and penalty regimes aligned with the businesses' regulatory targets. This approach ensures an alignment of interest and helps to mitigate the risk of increased lifecycle costs falling on the equity investor. Accordingly, no lifecycle sensitivity has been run in respect of the Company's investments in Tideway and Cadent.

The impact of a 10% increase or decrease in the lifecycle costs incurred by the Company's PPPs, OFTOs and operating businesses is provided for illustration.

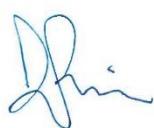
PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board seeks to mitigate and manage risks relating to the Company through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's portfolio. The Company's approach to risk is set out in the Risk Report in the 2020 Annual Report and financial statements (pages 48 to 60), the Risk Report includes an overview of the principal and emerging risks and their mitigation. Risk factors are also detailed further in the Company's last Prospectus (the Placing, Open Offer and Offer for Subscription and Placing Programme Prospectus published on 12 April 2017). There have been no significant changes in the nature or assessment of the principal and emerging risks reported in the 2020 Annual Report and financial statements. These risks and uncertainties are expected to remain relevant to the Company for the next six months of its financial year and include (but are not limited to):

- Political and regulatory risk – the businesses in which the Company invests are subject to potential changes in policy and legal requirements;
- Asset performance and physical asset risk – the Company's ability to meet investment return targets is affected by the performance of the assets in its portfolio;
- Counterparty risk – the Company's investments are dependent on the performance of a series of counterparties to contracts
- Macroeconomic risk – the Company's ability to meet target returns may be adversely or positively impacted by macroeconomic changes including inflation, foreign exchange and interest rate movements;
- Contract risk – the ability of counterparties to operate contracts to the detriment of the Company and the risk of default under contract whether by the Company, its subsidiaries or their counterparties;
- Climate change – an emerging risk which has the potential to impact infrastructure assets through such effects as physical damage as a result of extreme weather, change in demand and usage and impact from new regulatory requirements; and
- Other risks – including other regulatory risks (including tax and accounting policies and practices) associated with the Company and its projects, financial forecasting, IT and cyber risks; Covid-19-related risks; and changes in the competitive environment which may have an adverse impact on the Company.

The Board considers and reviews, on a regular basis, the risks to which the Company is exposed.

By order of the Board

Mike Gerrard
Chair
8 September 2021

John Le Poidevin
Director
8 September 2021

RESPONSIBLE INVESTMENT

RESPONSIBLE INVESTMENT

APPROACH

The Company believes that the financial performance of its investments is linked to environmental and social success and as such, the Company considers issues that have the potential to impact the performance of its investments, both now and in the future.

Consideration of ESG drivers is an essential part of how the Company assesses the long-term viability of the investments that it makes and its associated asset management strategies. ESG drivers are non-financial factors that can influence and be influenced by the Company's business activities and include factors such as climate change, demographics, resources, technology and social values.

ESG is important to the Company for the following key reasons:

- ESG drivers present an opportunity for new markets and investments;
- Incorporating ESG into the Company's management processes supports its high standards of financial rigour and requirements for long-term financial performance; and
- By investing in infrastructure and associated businesses, the Company can meaningfully support sustainable development.

The Company's approach to sustainability and ESG integration is described in more detail in its recently published Sustainability Report, which can be found on the Company's website¹.

POLICY

The Company has a common ESG Policy² with its Investment Adviser. It defines the objectives and approach to embedding ESG in operations, investments and the communities in which the Company's investments operate.

GOVERNANCE

THE ROLE OF THE BOARD AND COMMITTEES

The Board has overall responsibility for ESG and ensuring it is fully integrated into all aspects of the investment strategy. To support it in this role, the Board established a new ESG Committee in March 2021. The ESG Committee provides a forum for discussion, support and challenge, with respect to ESG. This includes the policies adopted by the Company in relation to both investments and divestments and by its Investment Adviser regarding its asset management and reporting activities on such matters that

relate to the Company. The ESG Committee meets quarterly, and its full Terms of Reference can be found on the Company's website.

In addition to the ESG Committee, ESG responsibilities are applied through the following committees:

- Investment Committee: The Company's Investment Committee ensures ESG has been appropriately considered through the investment and divestment processes and provides a robust challenge to the Investment Adviser on such processes;
- Audit and Risk Committee: The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and reporting to its stakeholders and ensures all risk management frameworks consider material ESG risks (e.g. climate change); and
- Management Engagement Committee: The Company's Management Engagement Committee reviews the effectiveness of ESG integration by the Investment Adviser.

ROLE OF THE INVESTMENT ADVISER

The Company's Investment Adviser is responsible for implementing the Company's ESG policies into the Company's activities on a day-to-day basis. This includes the integration of ESG considerations through investment origination and the management of the Company's investments.

Amber's Executive Committee is responsible for the stewardship of Amber's business and affairs. The Executive Committee discharges its sustainability responsibilities directly through its internal Risk Committee, ESG Steering Committee and Corporate Social Responsibility ('CSR') Sub-Committee.

Amber's ESG Steering Committee also interfaces with the Company's ESG Committee, ensuring the Company is able to monitor the ESG performance of the Company's portfolio, and is kept abreast of emerging ESG risks and opportunities, such as climate change, to inform the Company's strategy.

For more information, please refer to Amber's Global Sustainability Report, which can be found on the Amber website: www.amberinfrastructure.com.

1 <https://www.internationalpublicpartnerships.com/media/2471/inpp-2021-sustainability-report.pdf>

2 https://www.amberinfrastructure.com/media/2231/esg-policy_final.pdf.

RESPONSIBLE INVESTMENT

CONTINUED

SUSTAINABILITY AND ESG FRAMEWORKS

To deliver the ESG Policy and guide the Company's ESG strategy, the Company draws on several frameworks and benchmarks to provide direction. These frameworks are reviewed on an annual basis to ensure that the Company remains at the forefront of sustainable investment, operations and reporting.

Ambition

The Company believes that investing in infrastructure which supports a sustainable, prosperous, equitable and resilient society will maintain robust financial performance for its shareholders. It is supportive of the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alongside the research of its Investment Adviser into emerging trends and technologies, the Company draws on the SDGs to help guide its approach to sustainability.



Climate change

Climate change presents both transitional and physical risks to the Company's investments. As such, it continues to be a high priority for the Company. The Company has aligned its investment activity with the objectives of the Paris Agreement and has commenced the process of adopting the TCFD recommendations.

As previously noted, during 2020, the Company's Investment Adviser commissioned an external third party to review the Company's current practices and make recommendations as to how it can enhance its approach and disclosures according to the TCFD Guidelines. Please see more information on page 40.



ESG integration

To benchmark its ESG integration performance, the Company's Investment Adviser became a signatory of the PRI in August 2019. The Company's investment-related activities, as overseen by the Investment Adviser, are in line with commitments to the Principles.

The Company is pleased to report that its Investment Adviser obtained an A+ ranking for both the Strategy and Governance and the Infrastructure modules in 2020.



Infrastructure performance standards

The Company recognises its biggest impact on sustainable development is through its investments, which are wide-ranging in their nature. The Company's priority is to ensure it focuses on material issues for each sector in which it invests, and it draws on international industry practice to help identify what is important for each sector.

Where possible, the Company draws on recognised third party benchmarks ('designated index') to serve as a proxy for assessing whether an investment meets or manages material sustainability credentials.

Emerging regulatory frameworks

The Company is mindful and supportive of several emerging regulatory frameworks in relation to sustainable finance, particularly the EU Sustainable Finance Disclosure ('SFDR'), EU Taxonomy for Sustainable Activities ('EU Taxonomy') and expected UK Sustainability Disclosure Requirements ('SDR'). As a Guernsey-based investment company listed on the London Stock Exchange, the Company is not required to make any specific disclosures at the time of publishing this report. However, the Board is committed to supporting its shareholders and upholding the highest levels of transparency and appreciates the importance of considering sustainability risks and opportunities as part of its investment process.

RESPONSIBLE INVESTMENT

CONTINUED

IMPACT

By investing in the 'right type' of infrastructure, the Company believes its investments can significantly support the targets set out by the SDGs. For each investment sector, the Company has identified which SDGs its investments are positively supporting. The Company's contribution to the SDGs at the macro level is summarised below¹.

SDG	Contribution	Impact	SDG Portfolio alignment ²
 3 GOOD HEALTH AND WELL-BEING	Good Health and Wellbeing. The Company has investments in 37 health facilities, including the award-winning Royal Children's Hospital in Melbourne, providing access to quality essential health-care services.	>544,000 Patients treated annually in healthcare facilities developed and managed by the Company	40%
 6 CLEAN WATER AND SANITATION	Clean Water and Sanitation. The Thames Tideway Tunnel is the biggest infrastructure project ever undertaken by the UK water industry.	37,000,000 The three components of the London Tideway improvements will work conjunctively to reduce discharges in a typical year by about 37 million cubic metres	9%
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, Innovation and Infrastructure. Investing in resilient infrastructure is at the heart of what we do. The Company's portfolio is invested into quality, reliable, sustainable and resilient infrastructure ¹ .	131,000km Length of gas transportation pipeline	20%
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Peace, Justice and Strong Institutions. Through the provision of high-quality judicial buildings, the Company is supporting effective, accountable, and transparent institutions at all levels.	13 Police Stations and Judicial buildings	5%
 4 QUALITY EDUCATION	Quality Education. Good infrastructure is at the base of quality education. By investing directly in 267 education facilities, and managing them sustainably, the Company can support effective learning environments for all.	>195,000 Students attending schools developed and managed by the Company	19%
 7 AFFORDABLE AND CLEAN ENERGY	Affordable and Clean Energy. Through the Company's investments in offshore transmission investments, we are supporting the provision of affordable and clean energy.	>1,300,000 Homes powered by renewable energy transmitted through offshore transmission investments	22%
 11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable Cities and Communities. The Company's investments in transport provide safe, affordable, accessible and sustainable transportation.	>151,000,000 Annual passenger journeys through sustainable transport investments	21%

¹ Data reflects annual performance.

² Market capitalisation.

RESPONSIBLE INVESTMENT

CONTINUED

SUSTAINABLE MANAGEMENT

The Company's metrics against the SDGs illustrate the positive social effects that its portfolio of investments can provide. However, there are also potential adverse impacts from any investment and these need to be managed responsibly.

The Company is focused on managing material ESG risks and opportunities at the individual investment level. This allows the Company to target and manage material ESG issues, which can vary considerably across a diverse portfolio of investments. The Company's Investment Adviser monitors over 30 indicators to assess portfolio performance against its minimum requirements and active management sustainability aims through its bi-annual survey.

The Company is working towards producing a harmonised suite of portfolio level indicators that will support its shareholders in monitoring progress and provide them with disclosures to support their own reporting requirements, including TCFD, SFDR and expected UK-specific SDR. To support the Company in developing these overarching disclosures, it is working towards ensuring all its investments:

- Monitor energy, water and waste and provide appropriate metrics;
- Implement a robust Diversity and Inclusion Policy and develop appropriate metrics; and
- Implement a robust Health and Safety Policy and monitor and disclose Accident Frequency Rate.

Progress against these is disclosed on the following pages, along with selected sector-specific indicators across five asset categories¹: social infrastructure, waste water, transport, energy transmission and gas distribution. Where the Company has relevant data, e.g. greenhouse gas ('GHG') emissions, they have been disclosed. Please see more information in the Company's Sustainability Report, which can be found on the Company's website².

ENERGY TRANSMISSION

As the impacts of a changing climate become more apparent to our society and the solutions more urgent, it has never been more important to transition towards efficient, sustainable energy systems. Offshore wind generation is a success story for the UK. Long-term government support has underpinned innovation and investment in the sector, helping to drive down costs while contributing to decarbonisation of the economy.

IMPACT



1.3 m

Homes powered
by renewable
energy
transmitted by
OFTOs



1.5 GW

Transmission
capacity

KEY SECTOR SUSTAINABILITY METRICS

100%	0
OFTO investments monitor energy	Accident Frequency Rate
100%	100%
OFTO investments monitor waste	OFTO investments monitor water usage

Case study

Sustainability aim – Encourage a zero-harm culture across all investments.

Whilst the positive impacts of the Company's OFTO investments are clear, it's imperative that they are managed safely. The Company, through its Investment Adviser, directly manages the Company's OFTO investments. This enables it to directly manage its approach to health and safety, which is extremely strong with a zero-accident frequency rate.

The asset management framework is governed by the ISO9001 (Quality) and OHSAS 18001 (Health and safety) management system that is used to control and measure all activities discharged by Transmission Capital Services.

¹ The data described in this section does not include the Company's investments in NDIF, US Military Housing or Brescia Hospital.

² <https://www.internationalpublicpartnerships.com/media/2471/inpp-2021-sustainability-report.pdf>

RESPONSIBLE INVESTMENT

CONTINUED

TRANSPORT

Well-planned and coordinated transport infrastructure is fundamental to the economic and social wellbeing of a community. It is also becoming increasingly important to combat climate change and has been identified as a crucial part of net zero carbon strategies emerging internationally.

IMPACT

 11	>151 m	 8	>2,290
Annual passenger journeys		8	Full time equivalent employees
 11	>825 m		
Annual train km travelled			

KEY SECTOR SUSTAINABILITY METRICS

100%	2.39
Rail investments monitor energy	Accident Frequency Rate
60%	24%
Rail investments monitor waste	Female employees
80%	89%
Rail investments monitor water usage	Composition of train fleet that is electric

Case study

Sustainability aim – Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement.

Rail is a low-carbon mode of transport, and there is an opportunity to improve environmental performance further and help support net zero ambitions. Angel Trains has developed HyDrive, an innovative, intelligent and flexible hybrid drive system for rail vehicles. It will result in smarter trains through intelligent management of energy to enable maximum energy recovery and enable high levels of efficiency. Trains will be quieter through the use of the smaller, modern range engines with less noise and vibration and battery only running in stations and other urban areas.

WASTE WATER

Environmental infrastructure provides cities and towns with water supply, waste disposal and pollution control services. These municipal works serve two important purposes, including protecting human health and safeguarding environmental quality.

IMPACT

 6	>37 m	 8	>2,200
Cubic metres diverted waste	water discharges when operational	8	Full time equivalent employees
 11	3 acres		
New public space post construction			

KEY SECTOR SUSTAINABILITY METRICS¹

12 tCO ₂ e	0.45
Scope 2 GHG emissions	Accident Frequency Rate
79,295 tCO ₂ e	55%
Scope 3 GHG emissions	Female employees
100%	
Beneficial reuse of excavated material	

Case study

Sustainability aim - Reduce all types of pollution and work towards improved air quality.

Through Tideway's More by River strategy, the project ensures that it transports as many materials as possible by river, keeping lorry movements off London's roads to limit pollution, congestion and to protect road users.

The project's use of river transport is on a scale unprecedented in the UK in modern times. Tideway has committed to transport 90% of tunnel spoil – about 4.2 million tonnes – by river. This requires a major modernisation of the fleet of commercial boats operating on the river, and Tideway has been a key partner in a new training centre for river boat operators called the Thames Skills Academy ('TSA').

¹ Tideway monitors energy, water, waste and has robust health and safety and diversity and inclusion policies.

RESPONSIBLE INVESTMENT

CONTINUED

GAS DISTRIBUTION

Natural gas is one of the mainstays of global energy. Where it replaces more polluting fuels, it improves air quality and limits emissions of carbon dioxide. Since 2010, coal to gas as a source of energy has saved around 500 million tonnes of CO₂. Natural gas is also a potential complement to renewable energy in that it can provide cover for the intermittency of power generated by renewables when the wind is not blowing or when the sun is not shining.

IMPACT

 9	RENEWABLES MAXIMUM ENERGY THROUGHPUT	5.7 million
	GJ/day Maximum energy throughput	 11
 8	TECHNOLOGY AND INNOVATION	>6,000

>11 million
Homes and businesses connected to gas

Full-time equivalent employees

KEY SECTOR SUSTAINABILITY METRICS¹

11,018tCO ₂ e	0.05
Scope 1 GHG emissions	Accident Frequency Rate
3,037tCO ₂ e	21%
Scope 2 GHG emissions	Female employees
98%	

Waste diverted from landfill

Case study

Sustainability aim – Reduce carbon emissions to work towards alignment with the goals of the Paris Agreement.

HyDeploy is a pioneering hydrogen energy project designed to help reduce UK CO₂ emissions and reach the Government's net zero target for 2050. As the first-ever live demonstration of hydrogen in homes, HyDeploy aims to prove that blending up to 20% volume of hydrogen with natural gas is a safer and greener alternative to the gas we use now. It is providing evidence on how customers do not have to change their cooking or heating appliances to take the blend, which means less disruption and cost.

We see this as a significant step towards supporting the transition to clean forms of hydrogen, and decarbonisation of heat.

SOCIAL INFRASTRUCTURE

Social infrastructure is pivotal to the development of sustainable communities. While the provision of housing, clean water and electricity are vital for meeting basic human needs, other services such as schools and healthcare facilities are equally important for ensuring the long-term wellbeing of people.

IMPACT

 4	QUALITY EDUCATION	>195,000
	Pupils	 3
 16	POLICE AND JUDICIAL BUILDINGS	13
	Police stations and judicial buildings	 8

Pupils

Patients

Police stations and judicial buildings

Full-time equivalent employees

KEY SECTOR SUSTAINABILITY METRICS

99%	0.48
Social infrastructure investments monitor energy	Accident Frequency Rate
33%	96%
Social infrastructure investments monitor waste	Social infrastructure investments monitor water usage

Case study

Sustainability aim – Investments actively considering future technology-driven risks and opportunities.

Melbourne's Royal Children's Hospital ('RCH') has been providing outstanding care for Victoria's children and their families for over 150 years. The new hospital was built in 2011, bringing together six levels of clinical, research and education facilities. Inspired by the quality of light, the textures and forms of its parkland setting, the RCH delivers a patient and family-focused healing environment based on the latest evidence and research-based design principles. Innovative features incorporated into the design include a meerkat enclosure, interactive gaming screen, an aquarium, and a children-only activity room. These types of features present the hospital, not as a frightening or intimidating place for the children who are the recipients of care, but as an exciting hub of activity with things to do and friends to meet.

¹ Cadent monitors energy, water, waste and has robust health and safety and diversity and inclusion policies.

RESPONSIBLE INVESTMENT

CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change presents both transitional and physical risks to the Company's investments. As such, it continues to be a high priority for the Company, and it has commenced adopting the recommendations of the TCFD. As previously reported, during 2020, the Company's Investment Adviser commissioned an external third party to undertake a review of the Company's current practices and make recommendations as to how we can enhance our approach and disclosures in accordance with the TCFD Guidelines.

Climate change is considered alongside other ESG risks by the Company's ESG Committee, Investment Committee and Audit and Risk Committee. The table below shows a summary of our progress against the TCFD recommendations, which will be enhanced in due course.

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities.

The Board sets the strategy for the Company and makes decisions on changes to the portfolio (including approval of acquisitions, disposals and valuations).

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Through Board committees, and the advice of external independent advisers, it manages the governance and risks of the Company.

The Board has overall responsibility for ESG and ensuring it is integrated into the Company's investment strategy, including in relation to climate change. The Board maintains oversight of climate risk in the following ways:

- Investment Committee: The Company's Investment Committee ensures climate change risks and opportunities have been appropriately considered through the investment and divestment processes and provides a robust challenge to the Investment Adviser.
- Audit and Risk Committee: The Company's Audit and Risk Committee oversees the Company's approach to ESG disclosures and ensures all risk management frameworks consider material climate change disclosures.
- ESG Committee: The Company's ESG Committee monitors its approach to climate change, including consideration of climate change strategy, disclosures and targets.

The Company's Investment Adviser is responsible for implementing the Company's ESG policies into the Company's activities on a day-to-day basis. This includes the integration of ESG, and specifically climate change, considerations through investment origination and management of the Company's investments.

RESPONSIBLE INVESTMENT

CONTINUED

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Both the risks and opportunities presented by climate change are a key focus for the Board. Alongside aligning with the recommendations of the TCFD, the Company has aligned its investment activity with the objectives of the Paris Agreement.

The Company's investments are located in the UK, Ireland, mainland Europe, North America and Australia. All these regions are forecast to experience a changing climate, including increasing episodes of extreme heat, water stress, flooding and extreme precipitation to varying degrees. As an investor in infrastructure projects and associated businesses, the Company's investments will be directly exposed to changes in weather.

The transition to a low-carbon economy will largely be dependent on the right types of infrastructure being in place to allow communities to live net zero lifestyles. The changes required are wide-ranging, including decarbonisation of heat, increased electrification of transportation and other systems previously dependent on fossil fuels, and decarbonisation of construction. As an investor in infrastructure, which will be required to support this, there is a significant opportunity for the Company.

The Company believes its portfolio is well positioned to align with a low-carbon economy. By way of example, over 80% of the portfolio is either directly linked to clean energy transmission, sustainable transport or other easier to transition sectors (e.g. waste water, social infrastructure). 21% of the portfolio is committed to rail investments, where the majority use electric trains and are playing an important role in modal shift (e.g. encouraging people out of cars and into cleaner public transport). Only a small minority of the value is linked to diesel units where the railway is not yet electrified. The Company is reassured that, within this small minority, plans are in place to align fleets with a low-carbon economy. For example, the product management team within Angel Trains has developed a decarbonisation road map which focuses on new propulsion technologies that eliminate classic diesel propulsion or reduce its impact in terms of emissions and fuel usage. This includes its innovative programme, HyDrive, which is looking to retrofit diesel units with hybrid technology. Please see more information on page 35.

The remaining 16.5% of the portfolio is invested in Cadent, a gas distribution network. Whilst currently distributing natural gas, Cadent is taking great strides to advance research required to support hydrogen within its networks. The UK Government's ten-point plan outlines the integral role of hydrogen and Carbon Capture and Storage in its net zero strategy. One of the great advantages of using hydrogen to decarbonise the gas grid is the reuse of existing infrastructure, rather than building hydrogen infrastructure from scratch, at great financial and environmental cost. There is much to be gained from using existing infrastructure. Cadent is very much leading this initiative with its innovative hydrogen pilot, HyDeploy, as described on page 36.

The Company is focused on identifying current and evolving climate risks and mitigating these risks. The Company's Investment Adviser is also working towards obtaining a better understanding of the potential financial impacts and our resilience with regard to different climate scenarios.

RESPONSIBLE INVESTMENT

CONTINUED

RISK

Disclose how the organisation identifies, assesses and manages climate-related risks.

- a) Describe the organisation's processes for identifying and assessing climate-related risks.
- b) Describe the organisation's processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

The Company anticipates that parts of its investment portfolio may need to adapt, adjust and manage risks in response to climate-related exposures. As a result, the Company is implementing a process that seeks to improve its existing framework for identifying climate-related risks across the portfolio and to assess areas requiring greater scrutiny. The climate risk identification and management process is integrated within the risk management process where climate risk is a subset of wider risk categories including political, financial, operational and strategic risks.

The Board is ultimately responsible for risk management. Oversight of the risk framework and management process is delegated to the Audit and Risk Committee. The risk framework has been designed to manage, rather than eliminate, the risk of failure to meet business objectives. No system of control can provide absolute assurance against the incidence of risk, misstatement, or loss. Regard is given to the materiality of relevant risks in designing systems of risk management and internal control. While responsibility for risk management ultimately rests with the Board, the aim is for the risk management framework to be embedded as part of the everyday operations and culture of the Company and its key advisers.

The Company's approach to climate change risk sits alongside other requirements to which we are subject under applicable law and the Company's internal policies and procedures, such as the requirement to have robust risk management policies and procedures. Please refer to the Company's Annual Report for more information in relation to the Company's approach to risk management.

METRICS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.
- c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Company has been monitoring and disclosing greenhouse gas in its reporting since 2018. Please refer to pages 35 to 36 for available emissions data.

The Company is actively developing a carbon footprint across all its investments to establish a baseline and will be developing ways to enhance its consideration and disclosure of transition and physical risks of climate change. This baseline is focusing on Scope 1 and 2 emissions initially and will seek Scope 3 emissions where available.

The Company is in the process of reviewing relevant climate-related metrics and targets, which include the consideration of TCFD's supplementary guidance on metrics. To support the Company in developing these overarching disclosures, it is working towards ensuring 100% of its investments monitor energy, water and waste and provide appropriate metrics. Currently 99% of the investments within the Company's portfolio monitor energy.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The table below details all Directors of the Company during the six-month period ended 30 June 2021.

BACKGROUND AND EXPERIENCE	LISTED COMPANY AND OTHER RELEVANT DIRECTORSHIPS	
Mike Gerrard Board Chair, Chair, Investment Committee Date of Appointment: 4 September 2018	A resident in the UK, Mike has over 30 years of financial and management experience in global infrastructure investment. He has held a number of senior positions, including as an assistant director of Morgan Grenfell plc, a director of HM Treasury Taskforce, deputy CEO and later CEO of Partnerships UK plc and, most recently, a managing director of Thames Water Utilities Limited. Mike has a breadth of experience across a range of economic and social infrastructure sectors and has been involved in some of the largest infrastructure projects in the UK. He is a Fellow of the Institution of Civil Engineers.	Mike holds no other listed company positions but holds several non-executive positions within boards and committees that oversee the development and delivery of infrastructure investments in the UK and Europe.
John Le Poidevin ¹ Chair, Audit and Risk Committee Date of Appointment: 1 January 2016	A resident of Guernsey, John has over 25 years of business experience. John is a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP, where he held a number of leadership roles, including Head of Consumer Markets, where he developed an extensive breadth of experience and knowledge across the real estate, leisure and retail sectors in the UK and overseas. John is a non-executive director on several plc boards and chairs a number of audit committees.	BH Macro Limited TwentyFour Income Fund Limited
Claire Whittet ¹ Senior Independent Director; Chair, Management Engagement Committee Date of Appointment: 10 September 2012	A resident of Guernsey, Claire has over 40 years' experience in the banking industry with Bank of Scotland, Bank of Bermuda and Rothschild and Co Bank International, where she was latterly managing director and co-Head until May 2016 when she became a non-executive director. She is also a non-executive director of a number of listed and private equity investment companies, none of which is a trading company. Claire is a member of the Chartered Institute of Bankers in Scotland, the Chartered Insurance Institute and the Institute of Directors and is a Chartered Banker and holds the Institute of Directors Diploma in Company Direction.	BH Macro Ltd Eurocastle Investment Ltd Riverstone Energy Ltd TwentyFour Select Monthly Income Fund Ltd Third Point Offshore Investors Ltd
Julia Bond ¹ Chair, Nomination and Remuneration Committee; Chair, ESG Committee (with effect from 22 March 2021); Chair, Risk Sub-Committee (until 22 March 2021) Date of Appointment: 1 September 2017	A resident in the UK, Julia has 27 years' experience of capital markets in the financial sector and held senior positions within Credit Suisse, including Head of One Bank Delivery and Global Head of Sovereign Wealth funds activity.	European Assets Trust ('EAT')
Sally-Ann David Chair, Risk Sub-Committee (with effect from 23 March 2021) Date of Appointment: 10 January 2020	A resident of Guernsey, Sally-Ann has over 35 years of experience in infrastructure projects in the energy sector, including international offshore transmission systems and the challenges of the energy transition. Having held senior positions within the power utility arena, Sally-Ann is currently the Chief Operating Officer of Guernsey Electricity Ltd. She is a Chartered Engineer and Chartered Director.	Guernsey Electricity Ltd Channel Islands Electricity Grid Sally-Ann is also a director of a health-related charity.
Meriel Lenfestey Date of Appointment: 10 January 2020	A resident of Guernsey, Meriel has 27 years of multi-sector business experience. With a background in human-centred design for technology, she brings a strategic end-user focus and a broad set of experiences encompassing many sectors and scales of organisation ranging from her own start-ups through global corporations and governmental programmes.	Bluefield Solar Income Fund Limited Meriel sits on a number of other commercial boards including Gemberv, Jersey Telecom and Aurigny Air Services and is a committee member for the Guernsey Institute of Directors.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Giles Frost

A resident in the UK, Giles is a founder of Amber Infrastructure and has worked in the infrastructure investments sector for over 20 years.

Date of Appointment: 2 August 2006

Giles is Chair and a director of Amber Infrastructure Group Holdings Ltd, the ultimate holding company of the Investment Adviser to the Company and various of its subsidiaries.

Giles is also a director of a number of the Company's subsidiary and investment holding entities and of other entities in which the Company has an investment. He does not receive directors' fees from such roles for the Company.

¹ All of the independent directors are members of all Committees with the exception of Mr Gerrard, who is not a member of the Audit and Risk Committee. Mr Frost is a non-independent director.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Half-yearly Financial Report in accordance with applicable law and regulations.
The Directors confirm to the best of their knowledge:

- a) The condensed set of financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' as contained within UK-adopted International Accounting Standards;
- b) The Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) The Interim Management Financial Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board



Mike Gerrard
Chair
8 September 2021



John Le Poidevin
Director
8 September 2021

INDEPENDENT REVIEW REPORT TO INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

OUR CONCLUSION

We have reviewed International Public Partnerships Limited's interim condensed consolidated financial statements (the "interim financial statements") in the Half-yearly Financial Report of International Public Partnerships Limited for the 6-month period ended 30 June 2021. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

WHAT WE HAVE REVIEWED

The interim financial statements comprise:

- the interim condensed consolidated balance sheet (unaudited) as at 30 June 2021;
- the interim condensed consolidated statement of comprehensive income (unaudited) for the period then ended;
- the interim condensed consolidated cash flow statement (unaudited) for the period then ended;
- the interim condensed consolidated statement of changes in equity (unaudited) for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-yearly Financial Report have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

The Half-yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-yearly Financial Report in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half-yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT A REVIEW OF INTERIM FINANCIAL STATEMENTS INVOLVES

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, 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 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.

INDEPENDENT REVIEW REPORT TO INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

We have read the other information contained in the Half-yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.


PricewaterhouseCoopers CI LLP

Chartered Accountants
Guernsey, Channel Islands
8 September 2021

- a) The maintenance and integrity of International Public Partnerships Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Interest income	4	39,377	39,775
Dividend income	4	18,032	17,439
Net change in investments at fair value through profit or loss	4	(16,684)	(1,418)
Total investment income		40,725	55,796
Other operating income / (expense)	5	2,785	(4,251)
Total income		43,510	51,545
Management costs	15	(12,861)	(13,027)
Administrative costs		(1,132)	(852)
Transaction costs	15	(335)	(150)
Directors' fees		(200)	(209)
Total expenses		(14,528)	(14,238)
Profit before finance costs and tax		28,982	37,307
Finance costs	6	(1,765)	(1,888)
Profit before tax		27,217	35,419
Tax credit	7	48	171
Profit for the period		27,265	35,590
Earnings per share			
Basic and diluted (pence)	8	1.68	2.21

All results are from continuing operations in the period.

All income is attributable to the equity holders of the parent. There are no non-controlling interests within the consolidated Group.

There are no other Comprehensive Income items in the current period (30 June 2020: £nil). The profit for the period represents the Total Comprehensive Income for the period.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021

	Notes	Share Capital and Share Premium £'000s	Other Distributable Reserve £'000s	Retained Earnings £'000s	Total £'000s
Balance at 31 December 2020		1,769,582	182,481	432,373	2,384,436
Total comprehensive income		-	-	27,265	27,265
Issue of Ordinary Shares	13	4,413	-	-	4,413
Distributions in the period	13	-	-	(59,650)	(59,650)
Balance at 30 June 2021		1,773,995	182,481	399,988	2,356,464

SIX MONTHS ENDED 30 JUNE 2020

	Notes	Share Capital and Share Premium £'000s	Other Distributable Reserve £'000s	Retained Earnings £'000s	Total £'000s
Balance at 31 December 2019		1,753,840	182,481	488,918	2,425,239
Total comprehensive income		-	-	35,590	35,590
Issue of Ordinary Shares	13	6,364	-	-	6,364
Distributions in the period	13	-	-	(57,828)	(57,828)
Balance at 30 June 2020		1,760,204	182,481	466,680	2,409,365

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2021

	Notes	30 June 2021 £'000s	31 December 2020 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	2,320,276	2,345,433
Total non-current assets		2,320,276	2,345,433
Current assets			
Other financial assets	9, 11	45,523	42,188
Cash and cash equivalents	9	53,431	44,263
Derivative financial instruments	9	2,398	268
Total current assets		101,352	86,719
Total assets		2,421,628	2,432,152
Current liabilities			
Trade and other payables	9, 12	9,167	9,316
Bank loans	6, 9	-	38,400
Total current liabilities		9,167	47,716
Non-current liabilities			
Bank loans	6, 9	55,997	-
Total non-current liabilities		55,997	-
Total liabilities		65,164	47,716
Net assets		2,356,464	2,384,436
Equity			
Share capital and share premium	13	1,773,995	1,769,582
Other distributable reserve	13	182,481	182,481
Retained earnings	13	399,988	432,373
Equity attributable to equity holders of the parent		2,356,464	2,384,436
Net assets per share (pence per share)	14	145.1	147.1

The financial statements were approved by the Board of Directors on 8 September 2021.

They were signed on its behalf by:



Mike Gerrard
Chair
8 September 2021



John Le Poidevin
Director
8 September 2021

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Profit before tax in the Interim Condensed Consolidated Statement of Comprehensive Income¹		27,217	35,419
Adjusted for:			
Net change in investments at fair value through profit or loss	4	16,684	1,418
Finance costs ²	6	1,765	1,888
Fair value movement on derivative financial instruments	5	(2,130)	4,788
Working capital adjustments			
(Increase) / decrease in receivables		(1,437)	2,940
(Decrease) / increase in payables		(149)	2,996
		41,950	49,449
Income tax (paid) / received ³		(68)	340
Net cash inflow from operations⁴		41,882	49,789
Investing activities			
Acquisition of investments at fair value through profit or loss	10	(22,343)	(11,741)
Net repayments from investments at fair value through profit or loss		30,816	17,789
Net cash flow from investing activities		8,473	6,048
Financing activities			
Dividends paid	13	(55,237)	(51,463)
Finance costs paid ²		(3,338)	(2,098)
Loan drawdowns ²		21,997	11,302
Loan repayments ²		(4,400)	(19,000)
Net cash used in financing activities		(40,978)	(61,259)
Net movement in cash and cash equivalents		9,377	(5,422)
Cash and cash equivalents at beginning of period		44,263	45,610
Foreign exchange (loss) / gain on cash and cash equivalents		(209)	176
Cash and cash equivalents at end of period		53,431	40,364

1 Includes interest received of £37.6 million (H1 2020: £46.8 million) and dividends received of £18.0 million (H1 2020 £17.4 million).

2 These cash flows represent the changes in liabilities arising from financing liabilities during the period, in accordance with IAS 7, 44A-E.

3 Includes cash flows received from unconsolidated subsidiary entities in respect of surrender of tax losses.

4 Net cash flows from operations above are reconciled to net operating cash flows before capital activity as shown in the Operating Review on pages 22 to 23.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

International Public Partnerships Limited is a closed-ended authorised investment company incorporated in Guernsey under the Companies (Guernsey) Law, 2008. The address of the registered office is given on the inside back cover. The nature of the Group's ('Parent and consolidated subsidiary entities') operations and its principal activities are set out on pages 4 to 5.

These financial statements are presented in Pounds Sterling as this is the currency of the primary economic environment in which the Group operates and represents the functional currency of the Parent and all values are rounded to the nearest (£'000), except where otherwise indicated.

The financial information for the year ended 31 December 2020 included in this Half-yearly Financial Report is derived from the 31 December 2020 Annual Report and financial statements and does not constitute statutory accounts as defined in the Companies (Guernsey) Law, 2008. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 263 (2) and (3) of the Companies (Guernsey) Law, 2008.

ACCOUNTING POLICIES

The annual financial statements of the Company were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. This set of interim condensed consolidated financial statements included in this Half-yearly Financial Report have been prepared in accordance with UK adopted International Accounting Standard 34 – 'Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, as they provide an update of previously reported information.

The Company transitioned to UK-adopted International Accounting Standards on 1 January 2021 and this change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The same accounting policies, presentation and methods of computation are followed in this set of interim condensed consolidated financial statements as applied in the Group's latest annual audited financial statements for the year ended 31 December 2020. The new and revised standards and interpretations becoming effective in the period have had no material impact on the accounting policies of the Group.

The Directors have determined that International Public Partnerships Limited is an investment entity as defined by IFRS 10 on the basis that the Company:

- a) obtains funds from one or more investor(s) for the purpose of providing those investor(s) with investment management services;
- b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Accordingly, these financial statements consolidate only those subsidiaries that provide services relevant to its investment activities, such as management services, strategic advice and financial support to its investees, and that are not themselves investment entities. Subsidiaries that do not provide investment-related services are required to be measured at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

GOING CONCERN

The Directors have reviewed cash flow forecasts prepared by management. Based on those forecasts and an assessment of the Group's committed banking facilities, it has been considered appropriate to prepare these interim condensed consolidated financial statements of the Group on a going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £53.4 million as at 30 June 2021. The Company continues to fully cover operating costs and distributions from underlying cash flows from investments. The Company has access to a corporate debt facility of £250 million on a fully committed basis, and a flexible 'accordion' component which, subject to lender consent, allows for a future extension by an additional £150 million. At the date of this report, all of the fully committed portion is available, with cash drawn amounts on the facility being repaid following the £135 million capital raise which took place in July 2021. A £20 million portion of the facility is available to be utilised for working capital purposes. The facility is forecast to continue in full compliance with the associated banking covenants. The facility is available for investment in new and existing assets until March 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

FAIR VALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Fair values are determined using the income approach, which discounts the expected cash flows at a rate appropriate to the risk profile of each investment. In determining the discount rate, relevant long-term government bond yields, specific investment risks and evidence of recent transactions are considered. Details of the valuation process and key sensitivities are provided in note 9.

3. SEGMENTAL REPORTING

Based on a review of information provided to the chief operating decision makers of the Company (determined to be the Board), the Group has identified four reportable segments based on the geographical risk associated with the jurisdictions in which it operates. The factors used to identify the Group's reportable segments are centred on the risk-free rates and the maturity of the infrastructure sector within each region. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated. The four reportable segments are UK, Europe (excl. UK), North America and Australia.

	Six months ended 30 June 2021				
	UK £'000s	Europe (Excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	43,279	4,170	3,711	6,249	57,409
Fair value (loss) / gain on investments	(14,916)	(1,099)	1,189	(1,858)	(16,684)
Total investment income	28,363	3,071	4,900	4,391	40,725
Reporting segment profit¹	12,119	4,632	4,933	5,581	27,265
Segmental financial position					
Investments at fair value	1,703,241	299,629	105,630	211,776	2,320,276
Current assets	101,352	-	-	-	101,352
Total assets	1,804,593	299,629	105,630	211,776	2,421,628
Total liabilities	(65,164)	-	-	-	(65,164)
Net assets	1,739,429	299,629	105,630	211,776	2,356,464

	Six months ended 30 June 2020				
	UK £'000s	Europe (Excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	42,274	4,371	4,310	6,259	57,214
Fair value (loss) / gain on investments	(11,753)	(5,463)	6,686	9,112	(1,418)
Total investment income	30,521	(1,092)	10,996	15,371	55,796
Reporting segment profit¹	14,566	(3,174)	9,859	14,339	35,590
Segmental financial position					
Investments at fair value	1,745,345	309,863	111,141	208,830	2,375,179
Current assets	64,111	-	-	-	64,111
Total assets	1,809,456	309,863	111,141	208,830	2,439,290
Total liabilities	(29,925)	-	-	-	(29,925)
Net assets	1,779,531	309,863	111,141	208,830	2,409,365

¹ Reporting segment results are stated net of operational costs including management fees.

Revenue from investments which individually represent more than 10% of the Group's interest and dividend income approximates £5.8 million (30 June 2020: £14.2 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

4. INVESTMENT INCOME

	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Interest income		
Interest on investments	39,377	39,770
Interest on bank deposits	-	5
Total interest income	39,377	39,775
Dividend income	18,032	17,439
Net change in fair value of investments at fair value through profit or loss	(16,684)	(1,418)
Total investment income	40,725	55,796

Dividend and interest income includes that from transactions with unconsolidated subsidiary entities. Changes in investments at fair value through profit or loss are also recognised in relation to the Group's investments in unconsolidated subsidiaries.

5. OTHER OPERATING (EXPENSE) / INCOME

	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Fair value gain / (loss) on foreign exchange contracts	2,130	(4,788)
Other foreign exchange movements	655	537
Total other operating (expense) / income	2,785	(4,251)

6. FINANCE COSTS

Finance costs for the period were £1.8 million (30 June 2020: £1.9 million). The Group has a corporate debt facility ('CDF') available consisting of £250 million on a fully committed basis, together with a flexible 'accordion' component which will, subject to lender approval, allow for a future extension by an additional £150 million. The drawdowns in the period were in the form of cash drawdowns, used to partially fund investments. As at 30 June 2021, the facility was £56.0 million cash drawn (31 December 2020: £38.4 million). The interest rate margin on the CDF is 170 basis points over SONIA. The previous facility was due to expire in July 2021, so was shown as current in the December 2020 Annual Report and financial statements. The facility was renegotiated in March 2021, maturing in March 2024, so is now shown as non-current. The loan facility is provided by Royal Bank of Scotland International, National Australia Bank, Barclays Bank and Sumitomo Mitsui Banking Corporation, and is secured over the assets of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

7. TAX

	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Current tax:		
UK corporation tax credit – current period	(2)	(196)
UK corporation tax credit – prior period	(1)	-
Other overseas tax (credit) / charge – current period	(45)	25
Tax credit for the period	(48)	(171)

Reconciliation of effective tax rate:

	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Profit before tax	27,217	35,419
Exempt tax status in Guernsey	-	-
Application of overseas tax rates	(45)	25
Group tax losses surrendered to unconsolidated investee entities	(2)	(196)
Adjustment to prior period	(1)	-
Tax credit for the period	(48)	(171)

The income tax credit above does not represent the full tax position of the entire Group as the investment returns received by the Company are net of tax payable at the underlying investee entity level. As a consequence of the adoption of the IFRS 10 investment entity consolidation exception, underlying investee entity tax is not consolidated within these financial statements. To provide an indication of the tax paid across the wider portfolio, total forecasted corporation tax payable by the Group's underlying investments is in excess of £1 billion (30 June 2020: £1 billion) over their full concession lives.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2021 £'000s	Six months ended 30 June 2020 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	27,265	35,590
Number	Number	
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	1,621,326,795	1,611,047,072
Basic and diluted (pence)	1.68	2.21

The denominator for the purposes of calculating both basic and diluted earnings per share is the same as the Group has not issued any share options or other instruments that would cause dilution.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for derecognition in accordance with IFRS 9 Financial Instruments. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Carrying values of financial assets and financial liabilities are considered to approximate their fair value.

9.1 FINANCIAL ASSETS

	30 June 2021 £'000s	31 December 2020 £'000s
Investments at fair value through profit and loss	2,320,276	2,345,433
Financial assets at amortised cost		
Other financial assets	45,523	42,188
Cash and cash equivalents	53,431	44,263
Derivative financial instruments		
Foreign exchange contracts	2,398	268
Total financial assets	2,421,628	2,432,152

9.2 FINANCIAL LIABILITIES

	30 June 2021 £'000s	31 December 2020 £'000s
Financial liabilities at amortised cost		
Trade and other payables	9,167	9,316
Bank loans	55,997	38,400
Total financial liabilities	65,164	47,716

9.3 FINANCIAL RISK MANAGEMENT

The Group's objective in managing risk is the protection of stakeholder value. Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to market risk (which includes currency risk, interest rate risk and inflation risk), credit risk and liquidity risk arising from the financial instruments it holds. The Board of Directors is ultimately responsible for the overall risk management of the Group, with delegation of oversight and activities (including identifying and controlling risks) provided to the Audit and Risk Committee and the Group's Investment Adviser. The Group's risk management framework and approach is set out within the Strategic Report (pages 48 to 60 of the 2020 Annual Report and financial statements). The Board takes into account market, credit and liquidity risks in forming the Group's risk management strategy.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as changes in inflation, foreign exchange rates and interest rates.

Inflation risk

The majority of the Group's cash flows from underlying investments are linked to inflation indices. Changes in inflation rates can have a positive or negative impact on the Group's cash flows from investments. The long-term inflation assumptions applied in the Group's valuation of investments at fair value through profit or loss are disclosed in the fair value hierarchy section 9.4.

The Group's portfolio of investments has been developed in anticipation of continued inflation at or above the levels used in the Group's valuation assumptions. Where inflation is at levels below the assumed levels for a sustained period of time, investment performance may be impaired. The level of inflation-linkage across the investments held by the Group varies and is not consistent.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows from underlying investments, therefore, impacting the value of investments at fair value through profit or loss. The Group has limited exposure to interest rate risk as the underlying borrowings within the unconsolidated investee entities are either hedged through interest rate swap arrangements, are fixed rate loans or the risk of adverse movement in interest rates is limited through protections provided by the regulatory regime. For example, it is generally a requirement under a PFI/PPP concession that any borrowings are matched to the life of the concession. Hedging activities are aligned with the period of the loan, which also mirrors the concession period, and are highly effective. However, particularly in Australia, refinancing risk exists in a number of such investments. The Group's corporate debt facility is unhedged on the basis it is utilised as an investment bridging facility and therefore drawn for a relatively short period of time. Therefore, the Group is not significantly exposed to cash flow risk due to changes in interest rates over its variable rate borrowings. Interest income on bank deposits held within underlying investments is included within the fair value of investments.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies and therefore is exposed to exchange rate fluctuations. Currency risk arises in financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Group uses forward foreign exchange contracts to mitigate the risk of short-term volatility in foreign exchange on significant investment returns from overseas investments. The Group doesn't hedge its exposure to foreign exchange in relation to foreign currency denominated investment balances. The carrying amounts of the Group's foreign currency denominated monetary financial instruments at the reporting date are set out in the table below:

	30 June 2021 £'000s	31 December 2020 £'000s
Cash		
Euro	888	414
Canadian Dollar	526	675
Australian Dollar	69	68
US Dollar	406	517
	1,889	1,674
Current receivables		
Euro receivables	692	126
US Dollar receivables	974	989
	1,666	1,115
Investments at fair value through profit or loss		
Euro	299,629	295,824
Canadian Dollar	40,406	39,391
Australian Dollar	211,776	215,455
US Dollar	65,224	65,572
	617,035	616,242
Total	620,590	619,031

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis showing the impact of variations of the above risks on the fair value of investments is shown in section 9.5.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and reviewing this on a regular basis at the underlying entity level. The majority of underlying investments are in public-private partnerships and similar concessions (which are entered into with government, quasi government, other public, equivalent low risk bodies), or in regulated businesses that inherently exhibit low levels of credit risk. The maximum exposure of credit risk over financial assets as a result of counterparty default is the carrying value of those financial assets in the balance sheet. In addition, the underlying investee entities contract with third-party construction and facilities management contractors. The Group seeks to mitigate this risk through using a diverse range of sub-contractors and through at least quarterly review of the credit position of major contractors. The Group considers that any impairment under the expected credit losses model was not material at the balance sheet date.

Liquidity risk

Liquidity risk is defined as the risk that the Group would encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group invests in relatively illiquid investments (mainly non-listed equity and loans). As a closed-ended investment vehicle there are no automatic capital redemption rights. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows. Cash flow forecasts assume full availability of underlying infrastructure to the relevant public sector body or end user. Failure to maintain assets available for use or operating in accordance with pre-determined performance standards or licence conditions may lead to a reduction (wholly or partially) in the investment income that the Group has projected to receive. The Directors review the underlying performance of each investment on a quarterly basis, allowing asset performance to be monitored. The terms of public-private partnership contractual mechanisms also allow for significant pass-down of unavailability and performance risk to subcontractors. Regulated asset regimes allow for the pass through of efficiently incurred costs to the purchaser.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY

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 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the period there were no transfers between Level 2 and Level 3 categories.

Level 1:

The Group has no financial instruments classified as Level 1.

Level 2:

This category includes derivative financial instruments such as interest rate swaps, RPI Swaps and currency forward contracts. As at 30 June 2021, the Group's only derivative financial instruments were currency forward contracts amounting to an asset of £2.4 million (31 December 2020: asset of £0.3 million).

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market (spot exchange rates, yield curves, interest rate curves). Valuations based on observable inputs include financial instruments such as swaps and forward contracts which are valued using market standard pricing techniques where all the inputs to the market standard pricing models are observable.

Level 3:

This category consists of investments in equity and loan instruments in underlying unconsolidated subsidiary entities and other non-controlled investments which are classified at fair value through profit or loss. At 30 June 2021, the fair value of financial instruments classified within Level 3 totalled £2,320.3 million (31 December 2020: £2,345.4 million).

Financial instruments are classified within Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation process

Valuations are the responsibility of the Board of Directors. The valuation of unlisted equity and debt investments is performed on a quarterly¹ basis by the Investment Adviser and reviewed by the senior members of the Investment Adviser.

¹ Indicative valuations are calculated in respect of each at 31 March and 30 September.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY (CONTINUED)

Valuation methodology

The valuation methodologies used are primarily based on discounting projected net cash flows at appropriate discount rates.

Valuations are also reviewed against recent market transactions for similar assets in comparable markets observed by the Group or the Investment Adviser and adjusted where appropriate.

Cash flow forecasts for the full-term of each underlying investment are generated by detailed investment specific financial models. These models forecast the dividend, shareholder loan interest payments, capital repayments and senior debt repayments (where applicable) expected from the underlying investments. The cash flows included in the forecasts used to determine fair value are typically fixed under contracts, however there are certain variable cash flows which are based on management's estimations. The significant unobservable inputs and assumptions used in projecting the Group's net future cash flows are shown below.

30 June 2021	UK	Europe (Excl. UK)	North America	Australia
Inflation rates	2.75% RPI, 2.00% CPIH	2.00%	2.00%	2.50%
Long-term tax	25.00%	12.50% - 32.28%	23.00% - 26.50%	30.00%
Foreign exchange rates	N/A	1.16	1.38 - 1.72	1.84
Long-term deposit rates	1.00%	1.00%	2.00%	2.00%

31 December 2020	UK	Europe (Excl. UK)	North America	Australia
Inflation rates	2.75% RPI, 2.00% CPIH	2.00%	2.00%	2.50%
Long-term tax	19.00%	12.50%-32.28%	23.00% -26.50%	30.00%
Foreign exchange rates	N/A	1.11	1.37-1.74	1.77
Long-term deposit rates	1.00%	0.50%	1.50%	2.00%

Discount rate

The discount rate used in the valuation of each investment is the aggregate of the following:

- Yield on a government bond with a remaining term equivalent to (or as close as possible to) the investment being valued, issued by the national government for the location of the relevant investment ('government bond yield');
- A premium to reflect the inherent greater risk in investing in infrastructure assets over government bonds;
- A further premium to reflect the state of maturity of the asset with a larger premium applied to immature assets and/or assets in construction and/or to reflect any current asset specific or operational issues. Typically, this risk premium will reduce over the life of any asset as an asset matures, its operating performance becomes more established, and the risks associated with its future cash flows decrease. However, the rate may increase in relation to investments with unknown residual values at the end of the relevant concession life as that date nears;
- A further adjustment reflective of market-based transaction valuation evidence for similar assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY (CONTINUED)

Discount rate (continued)

Over the period, the weighted average government bond yield increased by 0.43%. The weighted average investment premium decreased, reflecting observable market-based evidence.

Valuation assumptions	30 June 2021	31 December 2020	Movement
Weighted Average Government Bond Yield	0.99%	0.56%	0.43%
Weighted Average Investment Risk Premium	5.82%	6.41%	(0.59)%
Weighted Average Discount Rate	6.81%	6.97%	(0.16)%
Weighted Average Discount Rate on Risk Capital¹		7.29%	7.52%
			(0.23)%

¹ Weighted average discount rate on Risk Capital only (equity and subordinated debt).

	30 June 2021 £'000s	31 December 2020 £'000s
Reconciliation of Level 3 fair value measurements of financial assets:		
Opening balance	2,345,433	2,382,645
Additional investments during the period	22,343	29,984
Net repayments during the period	(30,816)	(39,465)
Net change in fair value of investments at fair value through profit or loss	(16,684)	(27,731)
Closing balance	2,320,276	2,345,433

9.5 SENSITIVITY ANALYSIS

The valuation requires management to make certain assumptions in relation to unobservable inputs to the model. There are no straightforward inter-relationships between the unobservable inputs. A sensitivity analysis for reasonably possible alternative assumptions is provided below:

Significant assumptions at 30 June 2021	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	6.81%	+1.00%	(214,496)	-1.00%	257,045
Inflation rate (overall)	2.40%	+1.00%	231,043	-1.00%	(197,418)
UK	2.00% / 2.75%	+1.00%	181,697	-1.00%	(153,627)
Europe	2.00%	+1.00%	37,491	-1.00%	(32,848)
North America	2.00%	+1.00%	965	-1.00%	(1,607)
Australia	2.50%	+1.00%	10,915	-1.00%	(9,329)
FX rate	N/A	+10.00%	61,971	-10.00%	(61,985)
Tax rate	25.56%	+1.00%	(12,497)	-1.00%	11,356
Deposit rate	1.05%	+1.00%	22,871	-1.00%	(21,869)

Significant assumptions 31 December 2020	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	6.97%	+1.00%	(224,463)	-1.00%	272,586
Inflation rate (overall)	2.40%	+1.00%	259,082	-1.00%	(213,162)
UK	2.00% / 2.75%	+1.00%	207,854	-1.00%	(167,786)
Europe	2.00%	+1.00%	39,622	-1.00%	(34,525)
North America	2.00%	+1.00%	916	-1.00%	(1,525)
Australia	2.50%	+1.00%	10,682	-1.00%	(9,309)
FX rate	N/A	+10.00%	62,014	-10.00%	(62,007)
Tax rate	21.66%	+1.00%	(20,082)	-1.00%	18,937
Deposit rate	1.05%	+1.00%	23,369	-1.00%	(23,225)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

10. INVESTMENTS

Date of investment	Description	Consideration £'000s	% holding post investment
April 2021	The Group made an investment into toob, utilising part of its commitment to invest in digital infrastructure, UK	14,270	59.1%
June 2021	The Group made an investment into the Offenbach police centre, Germany	8,073	95%
Total capital spend on investments during the period			22,343

11. OTHER FINANCIAL ASSETS

	30 June 2021 £'000s	31 December 2020 £'000s
Accrued interest receivable	42,577	40,769
Other debtors	2,946	1,419
Total other financial assets	45,523	42,188

Other debtors included £1.2 million (31 December 2020: £1.1 million) of receivables from unconsolidated subsidiary entities for the surrender of Group tax losses.

12. TRADE AND OTHER PAYABLES

	30 June 2021 £ '000s	31 December 2020 £'000s
Accrued management fee	7,691	7,790
Other creditors and accruals	1,476	1,526
Total trade and other payables	9,167	9,316

13. SHARE CAPITAL AND RESERVES

	30 June 2021 Shares '000s	31 December 2020 Shares '000s
Share capital		
In issue 1 January	1,620,953	1,610,795
Issued as a scrip dividend alternative	2,603	10,158
Closing balance	1,623,556	1,620,953

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

13. SHARE CAPITAL AND RESERVES (CONTINUED)

	30 June 2021 £'000s	31 December 2020 £'000s
Share capital		
Opening balance	1,769,582	1,753,840
Issued as a scrip dividend alternative	4,413	15,742
Total share capital issued in the period	4,413	15,742
Closing balance	1,773,995	1,769,582

The Company has one class of Ordinary Shares which carry no right to fixed income.

On 4 June 2021, 2,602,941 new Ordinary fully paid shares were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ended 31 December 2020.

	30 June 2021 £'000s	31 December 2020 £'000s
Other distributable reserve		
Opening balance	182,481	182,481
Movement in the period	-	-
Closing balance	182,481	182,481

On 19 January 2007, the Company applied to the Royal Court of Guernsey, following the initial placing of shares, to reduce its share premium account. This was in order to provide a distributable reserve to enable the Company to repurchase its shares if and when the Board of Directors consider it beneficial to do so. Following court approval, the distributable reserve account was created.

	30 June 2021 £'000s	31 December 2020 £'000s
Retained earnings		
Opening balance	432,373	488,918
Net profit for the period	27,265	60,713
Dividends paid ¹	(59,650)	(117,258)
Closing balance	399,988	432,373

1 Includes scrip element of £4.4 million in 2021 (December 2020: £15.7 million).

DIVIDENDS

The Board is satisfied that, in every respect, the solvency test as required by the Companies (Guernsey) Law, 2008 was satisfied for the proposed dividend and the dividend paid in respect of the year ended 31 December 2020. The Board has approved an interim distribution of 3.78 pence per share (six months ended 30 June 2020: 3.68 pence per share).

CAPITAL RISK MANAGEMENT

The Group seeks to efficiently manage its financial resources to ensure that it is able to continue as a going concern while providing improved returns to shareholders through the management of the debt and equity balances. The capital structure consists of the Group's CDF and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments.

The Group's Investment Adviser reviews the capital structure on a semi-annual basis. As part of this review, the Investment Adviser considers the cost of capital and the associated risks.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

14. NET ASSETS PER SHARE

	30 June 2021 £'000s	31 December 2020 £'000s
Net assets attributable to equity holders of the parent	2,356,464	2,384,436
<hr/>		
<i>Number of shares</i>	<i>Number</i>	<i>Number</i>
Ordinary Shares outstanding at the end of the period	1,623,555,833	1,620,952,892
<i>Net assets per share (pence per share)</i>	<i>145.1</i>	<i>147.1</i>

15. RELATED PARTY TRANSACTIONS

During the period, Group companies entered into certain transactions with related parties that are not members of the Group but are related parties by reason of being in the same group as Amber Infrastructure Group Holdings Limited, which is the ultimate holding company of the Investment Adviser, Amber Fund Management Limited ('AFML').

Under the Investment Advisory Agreement ('IAA'), AFML was appointed to provide investment advisory services to the Group including advising the Group as to the strategic management of its portfolio of investments.

AFML and International Public Partnerships GP Limited are subsidiary companies of Amber Infrastructure Group Holdings Limited ('Amber Group'), in which Mr. G Frost is a director and also a shareholder.

Mr G Frost is also a director of International Public Partnerships Limited (the 'Company'); International Public Partnerships Lux 1 Sarl; (a wholly owned subsidiary of the Group); and the majority of other companies in which the Group indirectly has an investment. The transactions with the Amber Group are considered related party transactions under IAS 24 'Related Party Disclosures'.

The Director's fees for Mr. G Frost's directorship of the Company are paid to his employer, Amber Infrastructure Limited (a member of the Amber Group).

The amounts of the transactions in the period that were related party transactions are set out in the table below:

	Related party expense in the Income Statement		Amounts owing to related parties in the Balance Sheet	
	For the six months to 30 June 2021 £'000s	For the six months to 30 June 2020 £'000s	At 30 June 2021 £'000s	At 31 December 2020 £'000s
International Public Partnerships GP Limited	12,861	13,027	7,691	7,790
Amber Fund Management Limited ¹	335	150	223	17
Total	13,196	13,177	7,914	7,807

¹ Represents amounts paid to related parties to acquire or make investments or advisory fees associated with investments which are subsequently recorded in the balance sheet.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

INVESTMENT ADVISORY ARRANGEMENTS

Investment advisory fees payable during the period are calculated as follows:

For existing construction assets:

- 1.2% per annum of the Gross Asset Value ('GAV') of investments bearing construction risk.

For existing fully operational assets:

- 1.2% per annum of the GAV excluding uncommitted cash from capital raisings up to £750 million;
- 1.0% per annum where GAV (excluding uncommitted cash from capital raisings) is between £750 million and £1.5 billion;
- 0.9% per annum where GAV (excluding uncommitted cash from capital raisings) is between £1.5 billion and £2.75 billion;
- 0.8% per annum where GAV (excluding uncommitted cash from capital raisings) value exceeds £2.75 billion.

Asset origination fees in connection with new acquisitions are charged at a rate of 1.5% of the value of new acquisitions.

The IAA can be terminated where less than 95% of the Group's assets are available for use for certain periods and the Investment Adviser fails to implement a remediation plan agreed with the Group. The IAA may also be terminated by either party giving to the other five-years notice of termination, expiring at any time after 10 years from the date of the IAA.

As at 30 June 2021, Amber Infrastructure held 8,002,379 (31 December 2020: 8,002,379) shares in the Company. The shares held by the Investment Adviser in the Company helps further strengthen the alignment of interests between the two parties.

TRANSACTIONS WITH DIRECTORS

Director remuneration and shares held by each Director is reported in the Company's December 2020 Annual Report and financial statements. Shares acquired by Directors in the six-month period ended 30 June 2021 are disclosed below:

Director	Number of new Ordinary shares
Julia Bond	11,951
Giles Frost	12,561
Claire Whittet	1,654

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2021 (CONTINUED)

16. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2021, the Group has committed funding of up to c.£37.1 million (31 December 2020: £46.8 million), which includes committed investment amounts as noted in the Operating Review on page 15.

There were no contingent liabilities at the date of this report.

17. EVENTS AFTER THE BALANCE SHEET DATE

In July 2021, the Group raised new capital of £135 million before costs by way of a tap issuance.

The Group invested £49.8 million following financial close of the Beatrice OFTO project in July 2021.

On 3 September 2021, the Group entered into an agreement to acquire an additional interest in Angel Trains from an existing co-shareholder. Under the agreement the Group is committed to invest approximately c.£98 million.

18. OTHER MANDATORY DISCLOSURES

NEW STANDARDS THAT THE GROUP HAS APPLIED FROM 1 JANUARY 2021

Standards and amendments to standards applicable to the Group that became effective during the period are listed below. These have no material impact on the reported performance or financial statements of the Group.

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as adopted by the UK (1 January 2021)

KEY CONTACTS

INVESTMENT ADVISER

Amber Fund Management Limited
3 More London Riverside
London
SE1 2AQ

AUDITOR

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 4ND

CORPORATE BROKERS

Numis Securities Limited
45 Gresham Street
London
EC2V 7QA

REGISTERED OFFICE

PO Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands
GY1 4LY

LEGAL ADVISER

Carey Olsen
PO Box 98, Carey House
Les Banques
Guernsey
Channel Islands
GY1 4BZ

PUBLIC RELATIONS

FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

ADMINISTRATOR AND COMPANY SECRETARY

Ocorian Administration (Guernsey) Limited
PO Box 286, Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands
GY1 4LY

CORPORATE BANKER

Royal Bank of Scotland International
1 Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 4BQ