INTERNATIONAL PUBLIC PARTNERSHIPS

Half-yearly financial report

fot the six months ended 30 June 2017

2017

CONTENTS

COMPANY FACTS

- London Stock Exchange trading code: INPP.L
- Member of the FTSE 250 and FTSE All Share indices
- £2.137 billion market capitalisation at 30 June 2017
- 1.350 billion shares in issue at 30 June 2017
- Eligible for ISA/PEPs and SIPPs
- The Company's 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

COVER IMAGE:

- Mernda Park Primary School, Victorian Schools PPP Project, Australia

HIGHLIGHTS

We aim to provide our investors with sustainable, long-term and inflation-linked returns.

We do this through growing dividends and by creating the potential for capital appreciation.

Our approach is supported by robust investment cash flows.

DIVIDENDS

3.41p

1H 2017 distribution[1] per share

6.82p

2017 full-year distribution target[2] per share

7.00p

2018 full-year distribution target[2] per share

2.5%

Average annual dividend increase[2]

1.3x

Cash dividend covered[3]

NET ASSET VALUE ('NAV')

£2.0bn

NAV at 30 June 2017[4]
(31 Dec 2016: £1.6bn)

144.7p

NAV per share at 30 June 2017[4]
(31 Dec 2016: 142.2p)

21.8%

Increase in NAV

1.8%

Increase in NAV per share

PORTFOLIO ACTIVITY

£323.8m

Investment during 1H 2017

TOTAL SHAREHOLDER RETURN ('TSR')

162.5%

TSR since inception[5]

9.5%

Compound annual growth in TSR since inception[5]

PROFIT

£57.1m

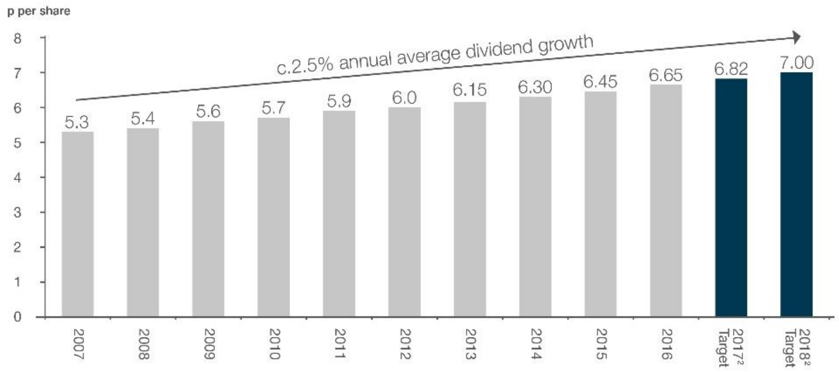
Profit before tax
(1H 2016: £109.6m)[6]

1 The forecast date for payment of the dividend relating to the half year ending 30 June 2017 is 9 November 2017.
2 Future profit projection and dividends cannot be guaranteed. Projections are based on current estimates and may vary in future.
3 Cash dividend payments to investors are paid from net operating cash flow (after taking into account financing costs) as detailed on pages 18-19.
4 The methodology used to determine investment fair value is incorporated within the NAV as described in detail on pages 21-27.
5 Since inception November 2006. Source: Bloomberg. Share price plus dividends assumed to be reinvested.
6 1H 2016 result included one-off valuation impact as a result of the U.K. Referendum to leave the European Union.

COMPANY OVERVIEW

TRACK RECORD OF STABLE AND GROWING RETURNS TO INVESTORS

INPP Dividend Payments



Compound annual growth rate in TSR of 9.5% p.a.[1]

Over a decade INPP has grown from £300m market capitalisation to £2.1bn (June 2017)

Dividend growth has averaged 2.5% since inception[2]

High degree of inflation linkage

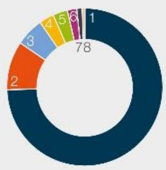
A WELL DIVERSIFIED PORTFOLIO

Sector Breakdown

1 Energy Transmission	21%
2 Education	20%
3 Transport	17%
4 Gas Distribution	15%
5 Waste Water	10%
6 Health	5%
7 Courts	4%
8 Military Housing	3%
9 Other	5%

127 investments in infrastructure projects across a variety of sectors

Geographic Split



1 UK	75%
2 Belgium	10%
3 Australia	6%
4 US	3%
5 Germany	3%
6 Canada	2%
7 Ireland	1%
8 Italy	<1%

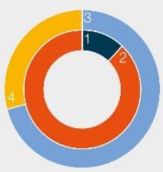
Invested in selected global regions that meet INPP's specific risk and return requirements

Investment Type

1 Investments with third party senior debt	90%
2 Investments with no third party senior debt[4]	10%

Invested across the capital structure, taking into account appropriate risks to returns

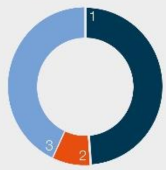
Mode of Acquisition/Asset Status



1 Construction	12%
2 Operational	88%
3 Early Stage Investor[5]	71%
4 Later Stage Investor[6]	29%

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

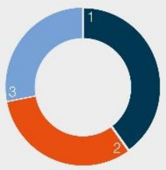
Project Ownership



1 100%	49%
2 50%–100%	8%
3 <50%	43%

Preference to hold majority stakes

Investment Life



1 <20 years	40%
2 20–30 years	32%
3 >30 years	28%

Weighted average portfolio life of 36 years[7]

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

2 Future dividends cannot be guaranteed. Projections based on current estimates and may vary in the future.

3 There are many factors that may influence the actual achievement of long-term cash flows to the Company. These include both internal as well as external factors and investors should not treat the chart above as being more than an indicative profile and not a projection, estimate or profit forecast. The actual achieved profile will almost certainly be different and may be higher or lower than indicated.

International Public Partnerships invests in high quality, predictable, long-duration infrastructure projects.

Long-dated, contractual, predictable cash flows

Regulated revenues or government-backed counterparties

Investments focused on high-quality, OECD countries

PREDICTABLE, SECURE, LONG-TERM CASH FLOWS

INTERNATIONAL PUBLIC PARTNERSHIPS WITH AMBER INFRASTRUCTURE - A STRONG PARTNERSHIP

- Experienced independent Board and strong corporate governance
- INPP's Investment Adviser, Amber Infrastructure, is a leading originator, asset and fund manager
- Amber has one of the largest independent teams in the sector with over 100 employees working internationally with INPP's assets
- We have a long-standing relationship – Amber has managed INPP's assets since its inception in 2006
- Amber has a strong track record of originating and developing opportunities for new investment
- Amber's active management approach to underlying asset investments supports sustainable performance

See more on page 8 of the 2016 Annual Report

See more on page 20 of the 2016 Annual Report

4 Investments where the Company holds both the Risk Capital and the senior debt or the senior debt has been repaid.
5 Early stage investor – asset developed or originated by the Investment Advisor or predecessor team in the primary market as a new investment opportunity.
6 Later stage investor – asset acquired from a third party investor in the secondary market.
7 Includes non-concession entities which have potentially a perpetual life but assumed to have finite lives for this illustration.

TOP 10 INVESTMENTS

INPP's top ten investments by fair value at 30 June 2017 are summarised below. Further information about investments in the Group's portfolio is available on the Group's website (www.internationalpublicpartnerships.com).

NAME OF INVESTMENT	LOCATION	SECTOR	STATUS AT 30 JUNE 2017	% HOLDING AT 30 JUNE 2017	% INVESTMENT FAIR VALUE 30 JUNE 2017	% INVESTMENT FAIR VALUE 31 DECEMBER 2016
Cadent[1]	Various, United Kingdom	Gas Distribution	Operational	4% Risk Capital[2]	14.9%	N/A
Thames Tideway Tunnel[1]	London, United Kingdom	Waste Water	Under Construction	16% Risk Capital[2]	10.1%	9.1%
Diabolo Rail Link[1]	Brussels, Belgium	Transport	Operational	100% Risk Capital[2]	10.0%	11.5%
Lincs Offshore Transmission	Lincolnshire, United Kingdom	Energy Transmission	Operational	100% Risk Capital[2]	9.7%	11.7%
Ormonde Offshore Transmission	Cumbria, United Kingdom	Energy Transmission	Operational	100% Risk Capital[2] and 100% senior debt	7.0%	8.9%
Angel Trains[1]	Various, United Kingdom	Transport	Operational	5% Risk Capital[2]	3.8%	4.5%
U.S. Military Housing[1,3]	Various, United States	Military Housing	Operational	100% Risk Capital[2]	3.3%	4.0%
Royal Children's Hospital[1]	Victoria, Australia	Health	Operational	100% Risk Capital[2]	2.4%	2.8%
BeNEX Rail[1]	Various, Germany	Transport	Operational	49% Risk Capital[2]	2.1%	2.5%
Northampton Schools	Northamptonshire, United Kingdom	Education	Operational	100% Risk Capital[2]	1.7%	2.1%

1 These projects contain revenues that are not solely dependent on availability but also include an element of linkage to other factors such as passenger numbers, rolling stock releasing assumptions, occupancy and/or have regulatory periodic reviews. All other investments receive entirely availability based revenues.
2 Risk Capital includes both project level equity and subordinated shareholder debt.
3 Includes two tranches of investment into U.S. military housing.

Significant movements in the Group's portfolio for the half year ended 30 June 2017 can be found on pages 13-14 of the Financial and Operating Review.

CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to be able to report to you that INPP's performance for the first half of the 2017 financial year has been strong, with substantial levels of new investment during the period.

The infrastructure investment market remains buoyant, driven by increasing numbers of investors seeking access to long-duration, low-volatility, robust-yielding assets with inflation protection and low correlation to the broader market. These dynamics, and with the support of existing and new shareholders, allowed the Company to undertake a £330 million capital raising during the period which in turn contributed to an increase in INPP's market capitalisation to over £2.1 billion at 30 June 2017, up from £1.7 billion at the end of the previous year.

Over the period since the Company first listed in November 2006 we have generated a Total Shareholder Return of 162.5%. This is equivalent to an average annual return of 9.5% and ahead of our long-term target of 8%-9% returns[1]. We are positive about the Company's ability to continue to deliver predictable returns in the future, in line with our stated target.

GROWTH IN INVESTOR RETURNS

We are on track to meet our 2017 dividend target of 6.82 pence per share, having announced a dividend of 3.41 pence per share for the first six months to 30 June 2017, reflecting 2.6% growth on the previous period (30 June 2016: 3.325 pence).

The Board is pleased to reaffirm its minimum dividend target for 2017 and guidance of 7.00 pence per share for 2018. We have good forward visibility of investment cash flows and, given the predictable nature of the Company's investments, we are confident of our longer-term prospects to pay out a dividend linked to long-term average inflation. By providing two-year forward guidance, we hope to provide shareholders with additional visibility[2].

INVESTMENT ACTIVITY

During the period since 1 January 2017, £323.8 million was invested across three investments.

Our largest investment in the first half of 2017 was £274.0 million for a share of a 61% stake in National Grid's U.K. gas distribution network (now known as Cadent) alongside a consortium of leading international investors. In addition, a further 14% interest in the networks has been negotiated by the consortium with National Grid and is subject to put and call options between National Grid and the consortium. This investment highlights INPP's and Amber's strong industry relationships and expertise and will augment the Company's high-quality, long-duration, inflation-linked returns.

We expect more regulated assets to come to the market, and as a well-established investor in this space, INPP is well positioned to capitalise on future opportunities.

As part of our commitment to make early stage investments that enhance prospects for future value growth within the portfolio, in July we agreed to invest up to £45 million into digital infrastructure through a co-investment vehicle alongside HM Government in the U.K. The vehicle will seek out investment opportunities in businesses and projects that own and build digital fibre-based network assets and related infrastructure which will generate stable returns consistent with INPP's investment mandate.

Further details on investments made during the period can be found on pages 13-14.

CAPITAL RAISING AND CORPORATE CREDIT FACILITY

In May, the Company successfully raised £330 million of capital (before costs) through a Placing, Open Offer and Offer for Subscription ('the Issue'). The Issue attracted significant interest from new and existing shareholders, with demand exceeding by three times the original targeted capital raising of £250 million.

The proceeds of the Issue were used to fully repay the Company's cash drawn portion of its existing debt facility. As at 6 September 2017 the Company has utilised £56.5 million of the credit available under its £400 million revolving credit facility, (taking into account its future investment obligations including its investment commitments to the Thames Tideway Tunnel project).

CHAIRMAN'S LETTER (CONTINUED)

PORTFOLIO PERFORMANCE

The Board believes that an active asset management approach taken by the Company and Amber, is fundamental to INPP's long-term performance. In this way we can ensure major activities such as construction schemes or project variations are tracking to schedule and budget and 'everyday' aspects of our projects are monitored, as well as ensuring we maintain strong relationships with partners and clients. Our focus continues to be ensuring that the existing portfolio meets or exceeds its performance metrics. This approach, together with the capital raising undertaken in May, supported robust performance during the period, with underlying growth in NAV increasing 21.8% to £2.0 billion by 30 June 2017.

We continue to see upward pressure on valuations from current market comparables which, if sustained, we will expect to filter through to future NAV increases over time. It is also to be remembered that our NAV is calculated according to our published methodology (which for instance assumes a sum-of-the-parts valuation and does not account for any value attributable to matters such as the size, scarcity and diversification of our portfolio).

An important aspect of our ongoing asset management is health and safety and we believe that our portfolio should conform to all applicable safety requirements. Following the tragic events of the Grenfell Tower fire in London in June, a review of the cladding materials used in our buildings was undertaken to identify whether any of the portfolio's buildings could be impacted by similar issues. We are pleased to report that we have not identified any issues with cladding or insulation used across the portfolio. In addition it should be noted that the INPP portfolio has other significant mitigating aspects in relation to fire safety, generally our buildings have multiple escape routes; the vast majority are not high rise; and, the vast majority are not residential and as such are only occupied during the day.

CORPORATE GOVERNANCE

INPP continues to comply with the Association of Investment Companies Code of Corporate Governance and the U.K. Corporate Governance Code as set out in the Corporate Governance Section of the 2016 Annual Report and financial statements.

I have also previously advised shareholders of my intention to retire from the Chairmanship of the Company at the 2018 Annual General Meeting. To ensure that there is continuity of Board oversight and sufficient resource, the Board undertook a search for an additional director, resulting in Ms Julia Bond being appointed to the Board on 1 September 2017. Ms Bond has 27 years' experience of capital markets in the financial sector and has held senior positions within Credit Suisse including Head of One Bank Delivery. After a successful career in financial services, Julia brings a wealth of board experience in Investment Trusts, the public sector, professional bodies as well as the voluntary sector. Julia's skills and knowledge are complementary to the current Board and will allow for an orderly process of Board succession in due course.

GOING CONCERN

We have reviewed comprehensive cash flow forecasts, which are based on market data and past experience, and continue to believe, based on those forecasts and an assessment of the Group's committed banking facilities and available headroom, that it is appropriate to prepare the financial statements of the Group on the going concern basis.

In arriving at our conclusion that the Group has adequate financial resources we were mindful that at the date of this report the Group has unrestricted cash balances of £20.5 million and undrawn banking facilities of £343.5 million. Forecasts indicate continuing full compliance with associated banking covenants. Further details can be found on pages 18-19.

OUTLOOK

The Company remains positive about its prospects, both in terms of the performance of its existing investments and the opportunity to add high quality investments to the portfolio in the short-to-medium term.

The Investment Adviser remains confident of a significant investment pipeline for the Company. In addition to its existing commitments including Tideway, the Investment Adviser has a pipeline of other potential investment opportunities that are at an earlier stage of development and, subject to further review, may be progressed as investment opportunities for the Company.

Key areas of current activity for the Company and/or its Investment Adviser (or associates) include:

- A continued focus on large-scale opportunities in the UK regulated asset sector including a further investment into Cadent gas distribution network;
- Further activities in the area of UK offshore transmission;
- U.S. P3 and similar opportunities, particularly through the relationship with Amber/Hunt;
- Other UK, European and Australian primary investment opportunities (for instance in the education, healthcare and digital infrastructure sectors);
- Acquisition of additional investments in projects where the Company already has an investment. Typically, these will arise under pre-emption and similar rights.

Rupert Dorey
Chairman
6 September 2017

1 Since inception. Source: Bloomberg. Share price plus dividends assumed to be reinvested.
2 Future dividends cannot be guaranteed. Projections are based on current estimates and many vary in the future.

FINANCIAL AND OPERATING REVIEW

BUSINESS MODEL - DELIVERING INVESTOR RETURNS

OUR OBJECTIVES

INTERNATIONAL PUBLIC PARTNERSHIPS

International Public Partnerships ('INPP') invests in high-quality, predictable, long-duration public infrastructure projects internationally

We aim to provide our investors with sustainable long-term returns through growing dividends, with the potential for capital appreciation

This is supported by a robust investment cash flow with inflation linkage

Through the active management of our existing asset portfolio, new investments and the prudent use of gearing, we target an internal rate of return ('IRR') equal to or greater than 8% per annum1

See summary of the Investment Policy on page 43 of the 2016 Annual Report.

OUR STRENGTHS

APPROACH

- Long-term alignment of interests between INPP, Amber and other key suppliers
- A vertically-integrated model with a direct link to our public sector customers
- One of the largest independent teams of over 100 people, experts in all aspects of infrastructure development, investment and management
- Ability to access the 'primary market' with enhanced returns
- Geographic presence in every country in which we invest, providing local insight and relationships
- 'Hands-on' approach to asset management – the breadth and depth of our experience makes us a specialist among asset managers

STRONG RELATIONSHIPS

Public Sector Clients

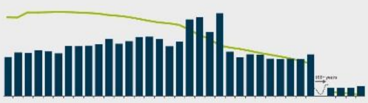
Construction Contractors

Debt Providers

Facilities Management Contractors

Consortium Partners

STABLE PROJECTED CASH FLOW²



See more on page

OUR OPERATING MODEL

INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED
Strong independent Board leadership and governance

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

We seek new investments that:

- enhance secure, long-term cash flow
- provide opportunities for capital appreciation
- exhibit low risk relative to returns

IDENTIFY
The insights, knowledge and relationship of Amber's local teams are used to identify attractive new investments.

We also monitor opportunities to grow the existing portfolio.

ASSESS
We seek investments with low risks relative to returns, acknowledging financial, macroeconomic, regulatory and country risks.

ACCESS
Amber's strong origination team develops unique primary asset investment opportunities for the portfolio.

APPROVE
A rigorous framework includes substantive input from Amber and external advisers, with INPP Boards providing final approval.

OPTIMISE RETURNS
We seek to balance risk and return, using detailed research and analysis to optimise returns from each investment.

EFFECTIVE FINANCIAL MANAGEMENT

EFFECTIVE RISK MANAGEMENT

See more on page 22

OUR VALUE CREATION

- Governance
- Strategy setting
- Investment decisions
- Risk management

ACTIVE ASSET MANAGEMENT

We actively manage investments to:
- deliver target returns
- enhance prospects for growth
- maintain client satisfaction

ENTITY MANAGEMENT
Where possible, we manage the day-to-day activities of each of our projects to ensure we have line of sight over project cash flows.

DRIVE GROWTH
We actively work with our public sector clients to ensure projects are managed in the most efficient manner – optimising investor returns.

MONITOR PERFORMANCE
Extensive monitoring includes board and management meetings, reviewing data and following industry trends, and obtaining formal and informal feedback through Amber.

REPORT
We robustly measure and report our performance to key stakeholders to inform and feed back into our decision-making process and operating model.

- Ensuring cash covered dividends
- Cash flow hedging against short-term foreign exchange rate movements
- Managing investment capital flows

- Managing risks throughout the investment cycle
- Robust risk assessment and mitigation process

INVESTOR RETURNS

We focus on the following Key Performance Indicators to track the value we provide to shareholders:
- Growing dividends to shareholders
- Total Shareholder Returns
- Net Asset Value and Net Asset Value per share

3.41p
1H 2017 distribution[1] per share
(1H 2016: 3.325p)

0.83%
Real returns
Portfolio inflation linkage[3]

144.7p
NAV per share[4]
(31 Dec 2016: 142.2p)

2.5%
Average dividend growth since IPO[5]

9.5%
Compound annual growth in TSR[6] since inception

£57.1m
Profit before tax
(1H 2016: £109.6m)

BROADER VALUE CREATION

Our investments enable the development and ongoing operation of valuable infrastructure for the public and end users

£7.7bn
Assets under management[7]

1050mw
Electricity transported

127
Number of investments

>98%
Asset availability

335
Schools and other public building sites

27.7km
Rail/Tram networks

FINANCIAL AND OPERATING REVIEW

PERFORMANCE AGAINST STRATEGIC PRIORITIES

INPP's strategy covers three interlinked areas of focus. This three-pronged approach helps us to manage our assets and finances throughout the investment cycle and also to identify new opportunities that meet our investment objectives. We link Key Performance Indicators to these Strategic Priorities and review our performance against these KPIs twice a year. We also assess the risks relating to each KPI (as identified in the Risk Management section of the 2016 Annual Report and Financial Statements).

STRATEGIC PRIORITIES	DESCRIPTION
VALUE-FOCUSED PORTFOLIO DEVELOPMENT	
INVEST IN ASSETS THAT ENHANCE PORTFOLIO RETURNS RELATIVE TO RISK AND MAINTAIN A WELL-BALANCED INVESTMENT PORTFOLIO	- Make new primary/early stage investments that enhance prospects for future value growth - Make additional acquisitions off-market or through preferential access (e.g. sourced through pre-emption rights or via Amber/Hunt) - Manage portfolio composition with complementary investments, in line with the Company's Investment Policy and enhancing at least one of the following aspects: • Blend of risk to return • Inflation linkage • Cash flow profile • Capital growth attributes (such as construction risk and residual value growth potential)
ACTIVE ASSET MANAGMENT	
ACTIVE AND EFFECTIVE MANAGEMENT OF ASSETS	- Focus on delivery of target returns from existing investments - Maintain high levels of public sector client satisfaction and asset performance - Deliver additional value from existing assets through management of construction risk and delivery of operational improvements to meet client requirements - Enhance prospects for capital growth by investing in construction phase assets where available
EFFECTIVE FINANCIAL MANAGEMENT	
EFFECTIVE MANAGEMENT OF COMPANY'S FINANCES	- Provide efficient management of cash holdings and debt facilities available for investment and appropriate hedging policies - Efficient management of INPP's overall finances, with the intention to reduce ongoing charges where possible - Manage portfolio in a cost-efficient manner

KEY PERFORMANCE INDICATORS	PERFORMANCE IN 1H 2017
- Value of new early stage investment	- Continued investment into the Thames Tideway Tunnel which is currently under construction
- Proportion of investments in construction	- 11.8% of portfolio currently under construction
- Value of additional investments acquired off market or through preferred access	- Acquisition of additional stake in the Wolverhampton BSF project sourced through majority shareholder pre-emptive position
- Improvement of risk/return, inflation linkage and diversification of cash flows, including geographical diversification	- All assets acquired exhibited robust cash flow profiles - Investment into Cadent and further investment into Thames Tideway Tunnel complemented the capital attributes of the portfolio - Most investments are forecast to generate inflation-linked cash flows. Overall portfolio inflation linkage has increased to 0.83% for every 1.00% increase in the assumed inflation rates (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.)
- Availability for all controlled investments at 98% or above - returns from investments in line with expectations	- Achieved availability for investments at 98% or greater in period
- Performance deductions below 3% for all projects	- Achieved performance reductions below 3% for all projects in period
- Number of change requests from existing contracts	- Over 422 change requests undertaken
- Management of investments during the course of construction projects in line with overall delivery timetable	- Majority of construction projects managed on time and to budget. Costs of small project delays absorbed by construction partners
- Number of investments in construction	- Six investments under construction
- Dividends paid to investors covered by operating cash flow	- Cash dividends paid to investors 1.3 times covered by net operating cash flow
- New investments made from available cash (after payment of dividend) ahead of using corporate debt	- All investments in the year to date funded through excess cash in priority to the corporate debt facility
- Competitive cash deposit rates	- Market tested cash deposit rates and reset where possible
- Use of appropriate hedging strategies	- £69.9 million of foreign exchange forward contracts in place to mitigate short-term foreign exchange cash flow volatility
- Management of ongoing charges	- Ongoing charges 1.15%

FINANCIAL AND 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, predictable cash flows and/or to provide the opportunity for higher capital growth. Desirable key attributes include:

1. Long-term, stable returns
2. Inflation-linked investor cash flows
3. Primary/early stage investor (e.g. the Company is an early stage investor in a new asset developed by Amber)
4. Preferential access (e.g. sourced through pre-emptive rights or directly from Amber/Hunt)
5. Enhanced capital attributes (e.g. potential for additional capital growth through construction "de-risking" or the potential for residual / terminal value growth)

During the period to 30 June 2017, £323.8 million was invested across three investments. Details of investments made and their key attributes are provided below.

	LOCATION	KEY ATTRIBUTES					OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
		1	2	3	4	5			
INVESTMENTS MADE DURING THE SIX MONTHS TO 30 JUNE 2017									
Thames Tideway Tunnel	U.K.	✓	✓	✓		✓	Under construction	£48.3 million	Various
Cadent (formerly National Grid Gas Distribution Network)	U.K.	✓	✓			✓	Operational	£274.0 million	31 March 2017
Wolverhampton Building Schools for the Future	U.K.	✓	✓		✓		Operational	£1.5 million	5 May 2017
								£323.8 million	

In addition, during the period, as part of a consortium, the Company committed to acquire a share of an additional 14% stake in Cadent subject to a put and call option. On 3 July 2017, the Company also committed to investment up to c.£45.0 million alongside HM Government into digital infrastructure in the U.K.

These projects were sourced by Amber, the Investment Adviser, either from the start of the project (i.e. primary / early stage developments in response to an initial government procurement process); through increasing its interest in existing assets; or as part of a larger consortium, building on the Company's experience and credibility to participate in multi-billion pound regulated infrastructure transactions.

CADENT

The Company is part of a consortium which includes other leading UK and international institutional investors which acquired a 61% interest in certain gas distribution networks (now known as Cadent) formerly fully owned by National Grid plc. The Company invested £274.0 million into the project for a 4.4% stake with the remaining risk capital funded by consortium partners.

The investment comprises four networks, each covering a geographic monopoly in the East and North West of England, North London, and the West Midlands, respectively. The networks distribute gas to approximately 50% of the country's connected households through 130,000 km of gas pipeline. Cadent is made up of well-established, predictable, and strong cash yielding businesses whose characteristics are consistent with and complementary to the other regulated and non-regulated assets in the Company's portfolio.

Additional to the 61% interest acquired by the consortium, a further 14% interest in the networks has also been negotiated with National Grid and is subject to put and call options between National Grid and the consortium. The consortium also has pre-emption arrangements over the residual 25% investment that National Grid would continue to hold after the exercise of either option.

THAMES TIDEWAY TUNNEL

The Tideway investment relates to the design, build and operation of a 25-kilometre 'super-sewer' under the River Thames in London. The Company is part of a consortium committed to investing £4.2 billion in developing this asset regulated by Ofwat. The project is currently under construction.

Since 31 December 2016, the Company has invested a further £48.3 million into the Tideway project leaving £30.0 million to be invested during the remainder of 2017 (currently supported by a letter of credit).

ADDITIONAL INVESTMENT IN WOLVERHAMPTON BUILDING SCHOOLS FOR THE FUTURE

Building Schools for the Future ('BSF') is a U.K. Government programme for the redevelopment of all secondary schools in the U.K. financed using a combination of design and build contracts and private finance initiative arrangements. The programme for new developments was cancelled in July 2010. Since August 2011, INPP has been increasing its minority stakes in the majority of these projects.

The Company acquired an additional interest in the Wolverhampton BSF project committing a further £1.5 million to acquire Carillion Private Finance's 8% indirect investment in each of phase I and phase II of the Wolverhampton BSF scheme. As a result, the Company's existing 82% investment in the project grew to 90%.

DIGITAL INFRASTRUCTURE CO-INVESTMENT

In July 2017, the Company agreed to invest up to £45 million into U.K. digital infrastructure alongside HM Government through a bespoke co-investment vehicle. The vehicle will seek out investment opportunities in businesses and projects that own and build digital fibre-based network assets and related infrastructure which will generate stable and lower returns consistent with INPP's investment mandate.

Digital infrastructure is a potentially exciting new asset class. Fibre broadband connections are likely to become essential infrastructure assets in the future. This commitment offers an early entry point for the Company into a sector with clear lineage to the long-term, stable, inflation linked returns of our utility-network assets.

Investments are expected to be made over the next four years and the HM Government commitment is for a ten-year period. It is intended that any investment opportunities within the fibre broadband sector that meet INPP's investment mandate will be made through the National Digital Infrastructure Fund structure.

FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

CURRENT MARKET ENVIRONMENT AND FUTURE OPPORTUNITIES

The market outlook for the Company remains positive. Infrastructure ranks highly on many Government agendas; this asset class is a key economic driver to growth and delivering positive social benefits. The global scale of the capital investment ambition of governments is significant and we anticipate this will generate more investment opportunities.

Political uncertainty and consequential economic risk present potential market-wide challenges, which need to be analysed and assessed as and when they materialise. The nature of INPP's investment portfolio and the active approach we have adopted to asset management both provide a firm foundation from which to react to any emerging risks.

The Company remains focussed on nearer term investment commitments including: 1) the completion of its investment into Tideway; 2) the successful deployment of projects into our new digital infrastructure co-investment vehicle; and, 3) the exercise of our put-call option for a further investment into the Cadent gas distribution network asset.

In addition, we continue to track and develop opportunities at various stages of development in regulated utilities (including offshore transmission), health, judicial, other accommodation and transport projects.

All opportunities are appraised on a case-by-case basis and pursued in a disciplined way. This ensures that INPP's strong platform, carefully developed over the past ten years, continues to be enhanced.

CURRENT PIPELINE

Selected opportunities identified by Amber are outlined below. INPP's performance does not depend upon additional investments to deliver projected returns. Further investment opportunities will be judged by their anticipated contribution to overall portfolio returns relative to risk.

CURRENT INVESTMENTS OPPORTUNITIES /SECTOR	LOCATION	ESTIMATED INVESTMENT OPPORTUNITY/PROJECT CAPITAL COMMITMENT VALUE	EXPECTED CONCESSION LENGTH	INVESTMENT STATUS
Thames Tideway Tunnel	U.K.	c.£30m investment commitment remaining[1]	120 years	The Company is part of the Bazalgette consortium-awarded a licence to finance and operate the project. Investment is being made in phases until early 2018
Digital	U.K.	c.£45m[2]	Various	Commitment to National Digital Infrastructure Fund, investment opportunities being reviewed
Cadent	U.K.	Commitment as part of a consortium to acquire additional 14% interest	Operational business	Subject to put and call option expected to be exercised by 2019
Education	Australia and U.K.	c.£70m[3]	Various	Opportunities through variations to existing PPP contracts and through Amber's wider relationships
Health	U.K.	c.£10m[3]	Various	Currently under construction
Police	Germany	c.£140m[3]	30 years	One of two bidders
Regulated	U.K.	c.£580m[3]	Various	OFTO and other regulated opportunities at varying stages
Transport	Germany, Australia	c.4.4bn[3]	Various	Variety of larger-scale projects. INPP is typically part of a consortium of investors. Includes follow-on opportunities

1 This project has reached financial close and the Company has committed to further investments of up to c.£30 million. The remaining value is supported by a letter of credit.
2 Represents the current estimated total future investment commitment by the Company.
3 Represents the estimated current unaudited capital value of the project and includes both debt and equity.

The above includes potential opportunities currently under review by the Investment Adviser including current bids, preferred bidder opportunities and the estimated value of opportunities to acquire additional investments including under pre-emption/first refusal rights. There is no certainty that these will translate to actual investment opportunities for the Company. The value referenced in relation to the pre-emption opportunities represents the estimated potential investment value which reflects the current estimate of the total likely acquisition value at that time. In relation to opportunities where the current estimated gross value of the relevant project is given (which includes an estimate of both debt and equity), the estimates provided are not necessarily indicative of the eventual acquisition price for, or the value of, any interest that may be acquired.

FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

ACTIVE ASSET MANAGEMENT

Ensuring that the Company's assets are available for use and are performing in accordance with contractual expectations is critical for INPP and its service providers. As the Investment Adviser acting on behalf of INPP, Amber closely monitors relationships between service providers and public sector clients. It is actively involved in managing assets to ensure performance standards are met, and works with public sector clients on variation projects as they arise. Amber has the flexibility and experience to quickly respond to the changing requirements of public sector clients.

OPERATIONAL PORTFOLIO DEVELOPMENT

During the half-year, INPP's public sector clients commissioned over 422 variations under PPP resulting in over £6.4 million of additional project work, with individual variations ranging in value from £31 to over £1.2 million. These project variations were overseen by Amber as part of its day-to-day asset management activities, in conjunction with the project facilities manager and each public sector client.

Across the portfolio, Amber works with its public sector counterparties and private sector service partners to deliver the operational facilities required to provide educational, custodial, and health services. Following the tragic events at the Grenfell Tower, where the cladding system appears to be a primary cause for the spread of fire, Amber has carried out a review of INPP's portfolio of assets. This review focussed on whether the INPP facilities were clad and insulated in the same materials as the Grenfell Tower. The findings of the review to date confirm that the specific combination of cladding and insulation material used at Grenfell Tower is not present on any of the assets managed on behalf of INPP. The review also considered the height of facilities, whether the facilities have more than one means of escape, times of use of the facilities, and whether the facilities had sprinklers.

PROJECTS UNDER CONSTRUCTION

Progress on the Thames Tideway Tunnel construction schedule is ahead of the regulatory baseline plan; the main tunnel drive sites in the West, Central and East sections of the tunnel have been mobilised three to five months early with all six tunnel boring machines on order from the manufacturer. The project team has continued its innovative approach to health and safety and are pleased to report no major injuries to date.

Construction work on the new Victorian Schools PPP project in Australia is progressing in line with the contractual timetable. The initial eight schools achieved construction completion in line with expectations, at the end of 2016. Of the remaining seven new buildings one has been completed on schedule and the final six are expected to complete in line with expectations by 1 January 2018.

The seven kilometre Gold Coast Phase 2 light rail project extension in Australia is progressing in line with programme with completion expected late 2017/early 2018.

Batch 3 (North West) and Batch 4 (Midlands) of the Priority School Building Aggregator Programme ('PSB') experienced minor delays but were completed in early September 2017. As INPP is a debt only provider (and not equity provider) to these PSB schemes, the programme is largely determined by the supply chain, which takes the risk for delivery. Given the nature of INPP's investment, the delay on one batch will not have an impact on INPP's returns. Batch 5 (Yorkshire) is on programme to complete in April 2018.

Projects under construction as at 30 June 2017 are set out in the table below.

ASSET	LOCATION	CONSTRUCTION COMPLETION DATE	DEFECTS COMPLETION DATE	STATUS	% OF FAIR VALUE OF INVESTMENT
Thames Tideway Tunnel	U.K.	2024	2027	On Schedule	10.1%
Priority School Building Aggregator Programme (Batches 3-5)	U.K.	2018	2019	Modest delays. No financial impact on Company	1.5%
Victorian Schools PPP Project	Australia	2018	2019	On Schedule	0.1%
Gold Coast Light Rail Phase Two	Australia	2018	2019	On Schedule	0.0%

EFFECTIVE FINANCIAL MANAGEMENT

The Company aims for effective financial management through a strategy of minimising its unutilised cash holdings, while maintaining the financial flexibility and ability to pursue its growth targets. This is achieved through active monitoring of cash, both held and generated from operations, appropriate hedging strategies, and prudent use of the Company's corporate debt facility ('CDF').

SUMMARY OF CASH FLOWS

SUMMARY OF CONSOLIDATED CASH FLOW	SIX MONTHS TO 30 JUNE 2017 £ MILLION	SIX MONTHS TO 30 JUNE 2016 £ MILLION	YEAR TO 31 DECEMEBER 2016 £ MILLION
Opening cash balance	**71.0**	**72.4**	**72.4**
Cash from investments	55.0	46.2	94.7
Operating costs (recurring)	(10.3)	(7.7)	(16.1)
Net financing costs	(2.3)	(1.2)	(2.3)
Net cash before non-recurring operating costs	**42.4**	**37.3**	**76.3**
Non-recurring operating costs	(7.9)	(1.0)	(4.0)
Net operating cash flows[1]	**34.5**	**36.3**	**72.3**
Cost of new investments	(323.8)	(56.2)	(209.9)
Net repayment of corporate debt facility	-	23.7	-
Proceeds of capital raisings (net of costs)	325.1	-	198.1
Distributions paid	(33.8)	(29.2)	(61.9)
Funds advanced to affiliated entities	(1.4)	(17.8)	-
Net cash at period end	**71.6**	**29.2**	**71.0**
Cash dividend cover	**1.3x**	**1.3x**	**1.2x**

1 Net operating cash flows as disclosed above (c.£34.5 million) include net repayments from investments at fair value through profit and loss (c.£6.5 million), exchange gains and losses on cash and cash equivalents (c.£0.1 million) and finance costs paid (c.£2.3 million) which are not included in the net cash inflows from operations (c.£30.4 million) as disclosed in the cash flow statement on page 36 of the financial statements.

The Company's cash balance of £71.6 million at 30 June 2017 was consistent with the balance at 31 December 2016 of £71.0 million. Cash balances include £43.6 million of un-invested proceeds from a share issuance in May 2017. These funds will be used to finance the Company's committed investments during the six months to 31 December 2017.

Cash receipts from investments were £55.0 million for the six-month period, in comparison with £46.2 million for the corresponding period in 2016. The increase reflects the continued growth of the portfolio and recent investment activity. This increase was partially offset by higher recurring operating costs of £10.3 million (30 June 2016: £7.7 million), which include management fees paid to the Investment Adviser, reflecting continued growth in the value of the portfolio.

Higher net financing costs of £2.3 million compared with the corresponding period in 2016 (30 June 2016: £1.2 million), were due to cash amounts drawn on the corporate debt facility to fund the investment in Cadent in March 2017 and marginally higher fees in relation to the uncommitted portion of the facility following the expansion of the facility in November 2016.

Non-recurring costs include transaction fees of c. £4.7 million in respect of investments made in the period. In addition, during the period, management fee payments were aligned with the contractual quarterly payment cycle rather than the previous biannual payment practice. As a result, a £2.9 million fee payment has been brought forward into the period to accommodate this timing adjustment, which has been shown within non-recurring operating costs. If this amount were included within recurring operating costs at 30 June 2017 the Company would report a cash dividend cover ratio of 1.2x.

FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

The Company funded its acquisitions during the period using the proceeds from share capital issuances and through cash draw-downs on its corporate debt facility. All drawn amounts were subsequently repaid and there was therefore no overall movement in the cash drawn balance of the facility. It is the Company's policy not to have long-term corporate level debt - the facility is intended to be drawn only as a short-term arrangement to fund acquisitions, with equity funding by means of capital raising sought to repay outstanding debt balances as soon as practicable where market conditions allow.

Cash investments made in the six months to 30 June 2017 (detailed in note 11) totalled £323.8 million (30 June 2016: £209.9 million), with further amounts also being committed for future investment. Funds advanced to affiliated entities of £1.4 million was used to fund an investment in Gold Coast Light Rail 2 that closed immediately after the end of the period (30 June 2016: £17.8 million to fund an investment in Thames Tideway Tunnel shortly after the period end).

The cash dividend paid in the period of £33.8 million (30 June 2016: £29.2 million) was in respect of the six-month period ended 31 December 2016. INPP seeks to generate dividends paid to investors through its operating cash flows and in all periods presented above cash dividends were at least 1.2 times covered by net cash flow from operations before non-recurring operating costs. The Company remains confident of its ability to continue to grow dividends going forward.

SUMMARY OF OPERATING COSTS AND ONGOING CHARGES

OPERATING COSTS	SIX MONTHS TO 30 JUNE 2017 £ MILLION	SIX MONTHS TO 30 JUNE 2016 £ MILLION	YEAR TO 31 DECEMEBER 2016 £ MILLION
Management fees	(9.2)	(7.0)	(14.4)
Audit fees	(0.2)	(0.2)	(0.3)
Directors' fees	(0.2)	(0.1)	(0.3)
Other running costs	(0.7)	(0.4)	(1.1)
Operating costs (recurring)	**(10.3)**	**(7.7)**	**(16.1)**

ONGOING CHARGES	SIX MONTHS TO 30 JUNE 2017 £ MILLION	SIX MONTHS TO 30 JUNE 2016 £ MILLION	YEAR TO 31 DECEMEBER 2016 £ MILLION
Annualised Ongoing Charges[1]	(20.6)	(15.4)	(16.1)
Average NAV[2]	1,778.4	1,330.8	1,421.8
Ongoing Charges	**(1.15%)**	**(1.16%)**	**(1.13%)**

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.

INVESTOR RETURNS

INPP continues to deliver strong performance against all investor return benchmarks. The Company continues to deliver consistent dividend growth, NAV growth, Total Shareholder Return and inflation linkage from underlying cash flows.

DIVIDEND GROWTH AND PERFORMANCE

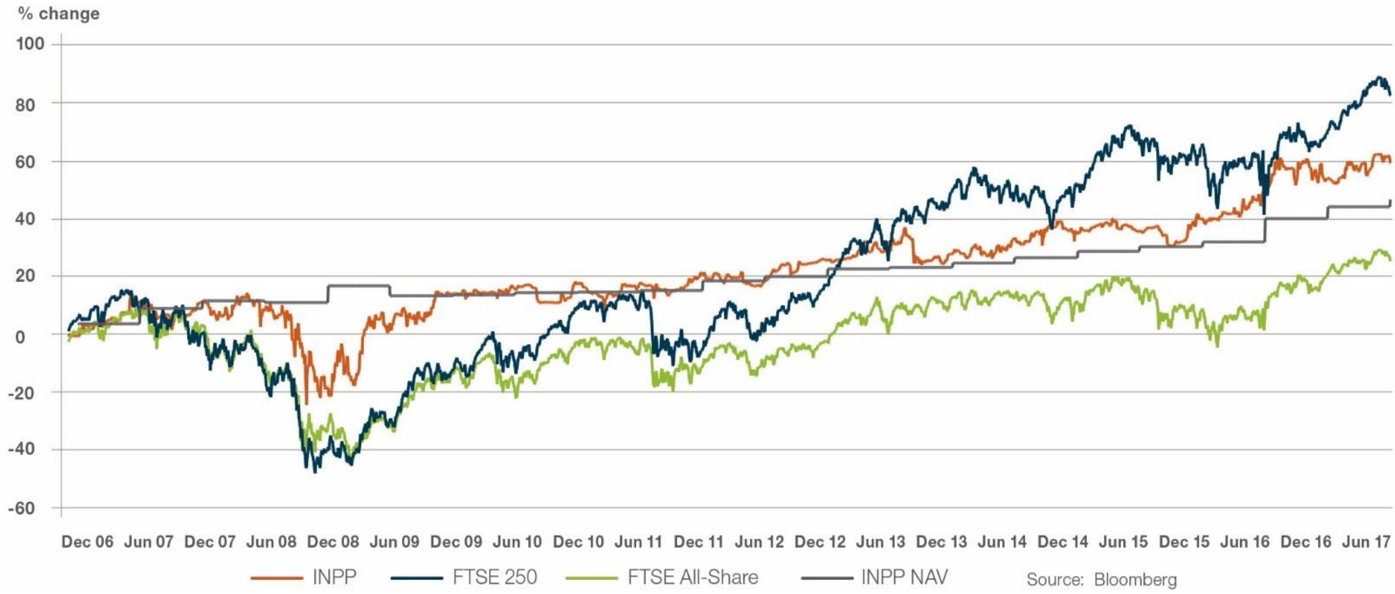
INPP targets predictable and, where possible, growing dividends. During the period, the Company's performance enabled it to declare a dividend of 3.41 pence per share relating to the six months to 30 June 2017 (30 June 2016: 3.325 pence), in line with its forecasts to pay 6.82 pence per share for the 12 months to 31 December 2017. The Company has also indicated that it will target 7.00 pence per share for the 2018 financial year. Since inception, the Company has delivered a c.2.5% per annum average dividend increase. INPP's dividend growth is illustrated in the chart on page 3. Profit before tax was £57.1 million (30 June 2016: £109.6 million – which included foreign exchange valuation impacts as a result of the U.K. Referendum to leave the European Union) with Earnings per Share of 4.89 pence (30 June 2016: 11.14 pence).

Returns from portfolio investments (investment income) in the period were £75.1 million (30 June 2016: £124.5 million) including fair value movements, dividends and interest. These returns were partially offset by operating expenses (including finance costs) of £18.0 million (30 June 2016: £10.7 million) and a small amount of other operating expenses (June 2016 £4.3 million), as shown in the Condensed Consolidated Statement of Comprehensive Income.

TOTAL SHAREHOLDER RETURN

INPP's Total Shareholder Return (share price growth plus reinvested distributions) for investors since IPO in November 2006 to 30 June 2017 has been 162.5% (9.5% on an annualised basis). This compares to a FTSE All-Share index total return over the same period of 83.9% (5.9% on an annualised basis). INPP has exhibited relatively low levels of volatility compared to the market, as evidenced by the graph below showing the Company's share price since IPO against the price performance of the major FTSE indices.

INPP Share Price Performance



FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

INFLATION LINKED CASH FLOWS

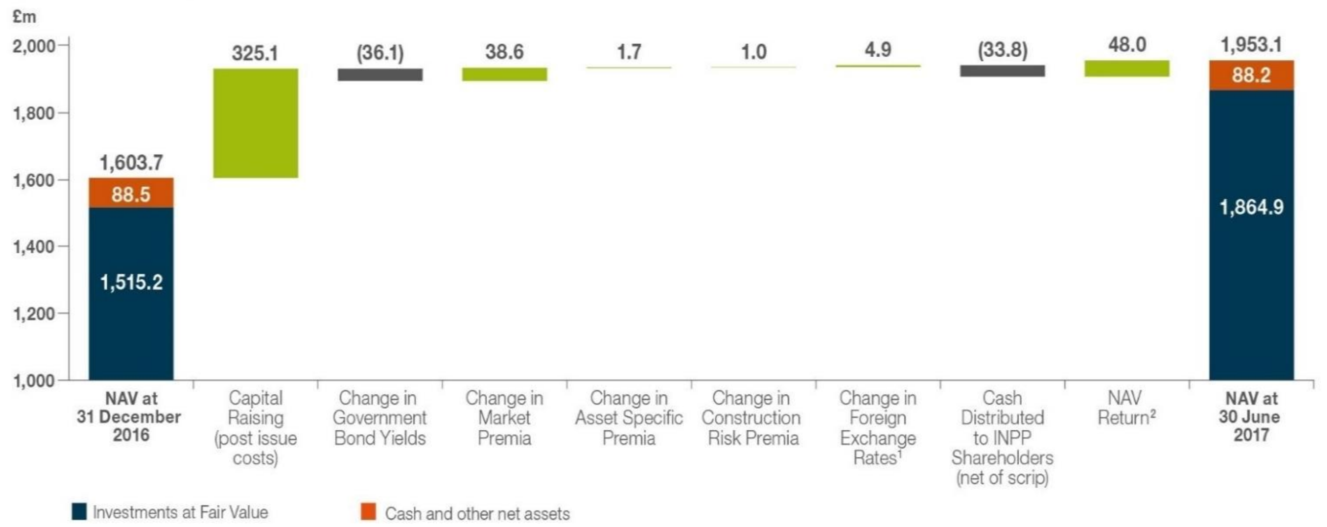
In an environment where investors are increasingly focused on achieving long-term real rates of return on their investments, inflation protection is an important consideration for the Company. At 30 June 2017, the majority of assets in the portfolio had some degree of inflation linkage and, in aggregate, the weighted NAV return of the portfolio would be expected to increase by 0.83% per annum in response to a 1.00% per annum inflation increase over currently assumed rates across the entire portfolio[1].

NET ASSET VALUATION AND NAV PER SHARE

The Company reported a 21.8% increase in NAV, up to £1,953.1 million at 30 June 2017 (31 December 2016: £1,603.7 million). This represented an increase of 1.8% in the NAV per share, increasing to 144.7 pence at 30 June 2017 (31 December 2016: 142.2 pence).

The NAV represents the fair value of the Company's investments plus the value of cash and other net assets held within the Company's consolidated group. The key drivers of the change to the NAV between 31 December 2016 and 30 June 2017 are highlighted in the graph that follows and are described in more detail below.

Net Asset Value Movements



1 Represents movements in the forward rates used: to translate forecast non-GBP investment receipts and the spot rates used to translate non-GBP cash balances.
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 other net assets.

During the first half of 2017, approximately £325.1 million of new capital was raised (taking into account issue costs). Proceeds were used to repay the cash drawn balance of the corporate debt facility and acquire new investments.

For the six months to 30 June 2017, government bond yields increased in all countries in which INPP holds investments, with the exception of the U.S. and Italy, resulting in a net negative impact on the NAV. This was offset by a decrease in the project premium applied, reflecting a lack of observable market-based evidence to justify revaluing the Company's assets in line with the increase in bond yields.

Over the period, Sterling continued to be volatile relative to the currencies in which our investments are denominated - weakening against the Euro and Australian dollar but strengthening against the US and Canadian dollars. The net impact over the half-year to 30 June 2017 was a positive impact on NAV.

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

In the first half of 2017, a cash dividend was paid to INPP shareholders totalling £33.8 million.

The NAV Return of £48.0 million captured the impact from the following:

- Unwinding of the discount factor – the movement of the valuation date and the receipt of forecast distributions
- Optimisation of cash flows – actual distributions received above the forecast amount due to active management of the Company's portfolio, including negotiating and optimising investment cash flows to ensure cash can be extracted from the underlying investments earlier than forecast and optimising utilisation of Group tax loss relief
- Updated cash flow forecasts – updated operating assumptions to reflect current expectations of future cash flows
- Movements in the Company's working capital position

INVESTMENT VALUATION

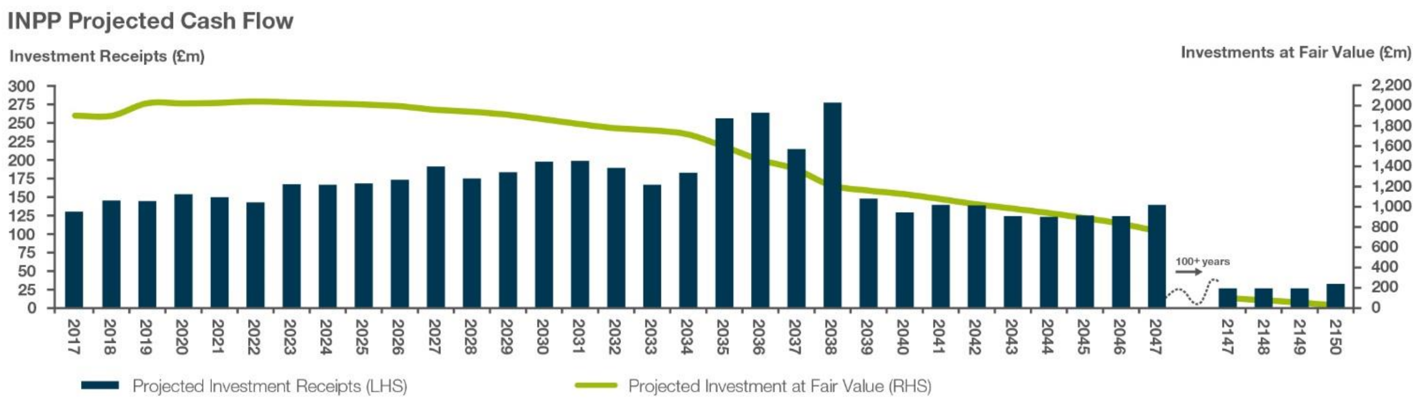
PROJECTED FUTURE CASH FLOWS

The Company's investments are expected to continue to exhibit predictable 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.

The majority of the forecast investment receipts are in the form of dividends or interest, and principal payments from senior and subordinated debt investments.

The Company's portfolio comprises both investments with finite lives (determined by concession or licence terms) and perpetual investments (including, for example ownership interests in regulated trading companies).

Over the life of concession-based investments, the Company's receipts from these investments represent a return of capital as well as income. The fair value of the Company's concession-based investments is expected to reduce to zero over time.



Note: There are many factors that may influence the actual achievement of long-term cash flows to the Company. These include both internal as well as external factors and investors should not treat the chart above as being more than an indicative profile and not a projection, estimate or profit forecast. The actual achieved profile will almost certainly be different and may be higher or lower than indicated. No new investments other than those committed as at 30 June 2017 have been included.

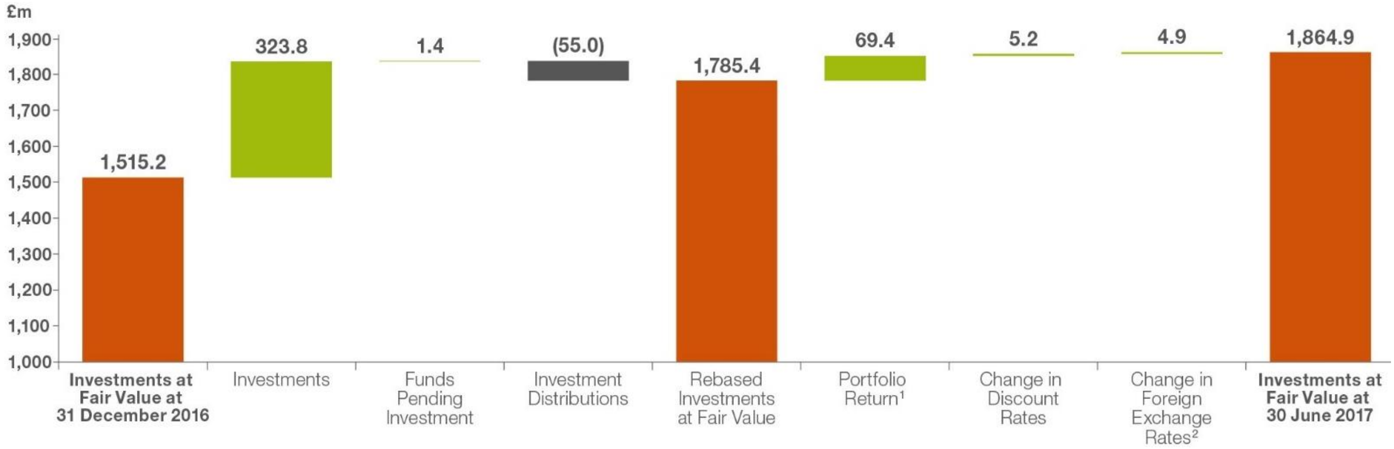
FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

PORTFOLIO PERFORMANCE AND RETURN

The valuation of the Company's investment portfolio is determined by the Board, with the benefit of advice from the Investment Adviser and is considered quarterly for approval by the Company's Directors. Investments at fair value as at 30 June 2017 were £1,864.9 million, an increase of 23.1% since 31 December 2016 (£1,515.2 million).

Investments at Fair Value Movements



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.
2 Represents movements in the forward rates used to translate forecast non-GBP investment receipts and the spot rates used to translate non-GBP cash balances.

The Portfolio Return of £69.4 million represents a 3.9% increase in the rebased Investments at Fair Value and can be attributed to:

- Unwinding of the discount factor – the movement of the valuation date and the receipt of forecast distributions
- Optimisation of cash flows – actual distributions received above the forecast amount due to active management of the Company's portfolio, including negotiating and optimising investment cash flows to ensure cash can be extracted from the underlying investments earlier than forecast and optimising utilisation of Group tax loss relief
- Updated cash flow forecasts – updated operating assumptions to reflect current expectations of future cash flows

In addition, there was:

- An increase of £323.8 million in the Investments held at Fair Value owing to new investments that were made during the period
- An increase of £1.4 million reflecting funds advanced to facilitate the Gold Coast Light Rail investment immediately following the balance sheet date
- A decrease of £55.0 million due to investment cash flows that were paid out of the portfolio
- A net decrease in the discount rates across jurisdictions in which the Company invests, leading to a £5.2 million increase in the fair value of investments
- A net increase of £4.9 million due to foreign exchange rate movements in all four currencies the Company has exposure to

MACROECONOMIC ASSUMPTIONS

The Company reviews the macroeconomic assumptions underlying its forecasts on a regular basis and, following a thorough market assessment during the period, certain adjustments have been made to some of the assumptions used to derive the Company's portfolio valuation.

The key assumptions used as the basis for deriving the Company's portfolio valuation are summarised below with further details provided in note 10. Across the portfolio, the weighted average long-term inflation assumption as at 30 June 2017 was 2.61% (31 December 2016: 2.58%) and the weighted average deposit rate assumption was 2.06% (31 December 2016: 2.07%). The Net Asset Valuation Section above provides further details on the impact of these assumptions on the valuation during the period.

VARIABLE	BASIS	30 JUNE 2017	31 DECEMBER 2016
Inflation	U.K.	2.75%	2.75%
	Australia	2.50%	2.50%
	Europe	2.00%	2.00%
	Canada	2.00%	2.00%
	U.S.[2]	N/A	N/A
Long-term Deposit Rates[1]	U.K.	2.00%	2.00%
	Australia	3.00%	3.00%
	Europe	2.00%	2.00%
	Canada	2.00%	2.00%
	U.S.[2]	N/A	N/A
Foreign Exchange	GBP/AUD	1.81	1.86
	GBP/CAD	1.74	1.71
	GBP/EUR	1.09	1.12
	GBP/USD	1.36	1.30
Tax Rate	U.K.	17.00%-19.00%	17.00%-20.00%
	Australia	30.00%	30.00%
	Europe	Various (12.50%-33.99%)	Various (12.50%-33.99%)
	Canada	Various (26.50%-27.00%)	Various (26.50%-27.00%)
	U.S.[2]	N/A	N/A

1 The portfolio valuation assumes actual current deposit rates are maintained until 31 December 2019 before adjusting to the long-term rates noted in the table above.
2 The Company's U.S investments are in the form of subordinated debt and therefore not directly impacted by inflation, deposit and tax rate assumptions.

DISCOUNT RATES

The discount rate used to value each investment comprises the appropriate long-term government bond yield plus an investment-specific risk premium. The risk premiums take into account the perceived risks and opportunities associated with each investment.

The majority of the Company's portfolio (89.9%) is comprised of investments where the Company only holds the Risk Capital in the underlying investments. The remaining portfolio (10.1%) is comprised of investments where the Company holds both the Risk Capital and the senior debt or the senior debt has been fully repaid. In order 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, which captures the discount rates of all investments including the senior debt interests.

The weighted average discount rates are presented in the table below. These rates need to be considered against the assumptions and projections upon which the Company's forecast cash flows are based.

FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

METRIC	30 JUNE 2017	31 DECEMBER 2016	30 JUNE 2016	MOVEMENT 31 DECEMBER 2016 - 30 JUNE 2017
Weighted Average Government Bond Rate (Nominal) – Risk Capital and senior debt	1.74%	1.55%	2.00%	0.19%
Weighted Average Investment Premium over Government Bond Rate – Risk Capital and senior debt (Nominal)	5.72%	5.82%	5.37%	(0.10)%
Weighted Average Discount rate – Risk Capital and senior debt	7.46%	7.37%	7.37%	0.09%
Weighted Average Discount rate – Risk Capital only[1]	7.86%	7.90%	7.88%	(0.04)%
Weighted Average Discount Rate Range – Risk Capital only[2]	5.92%-11.66%	6.02%-17.80%	5.91%-14.23%[2]	(0.10)%-(6.14)%
NAV per share	144.7p	142.2p	138.2p	2.5p

1 Risk Capital includes both equity and subordinated debt investments.

2 The reduction in the upper end of the discount rate range from 17.80% to 11.66% between 31 December 2016 and 30 June 2017 reflects the fact that the forecast cash flows used to value INPP's investment in Bootle now assume that the Authority exercises its option to end the concession in 2020. Bootle is a UK PFI project representing less than 0.4% of INPP's 30 June 2017 NAV.

For accurate comparison to peer group valuations, these rates need to be considered against the assumptions and projections upon which a company's anticipated cash flows are based.

In the Company's view, comparisons of average discount rates between competitor investment portfolios or funds are only meaningful if there is a comparable level of confidence in the quality of forecast cash flows (and assumptions) the rates are applied to; the risk and return characteristics of different investment portfolios are understood; and the depth and quality of asset management employed to manage risk and deliver expected returns are identical across the compared portfolios. As such, assumptions are unlikely to be homogenous, and any focus on average discount rates without an assessment of these and other factors would be incomplete and could therefore derive misleading conclusions. For transparency and to aid comparability, the Company's approach to such cash flows is set out below.

PORTFOLIO LEVEL CASH FLOW ASSUMPTIONS UNDERLYING NAV CALCULATION

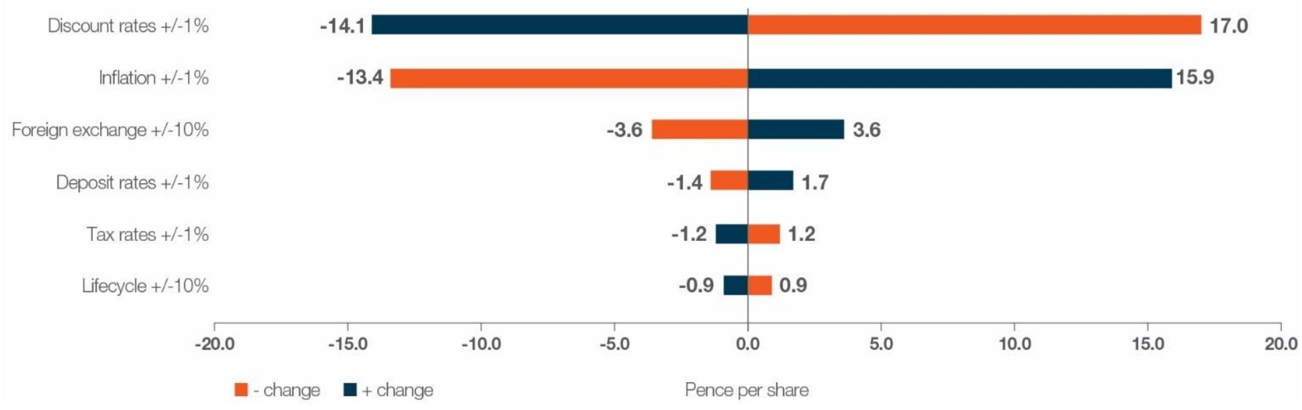
The Company is aware that there are subtle differences in approach to the valuation of portfolios of investments among different infrastructure funds. INPP regards its key cash flow and broad valuation assumptions and principles as:

- Key macroeconomic variables (outlined in the section above) continue to be applicable
- Concession contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date
- Any deductions suffered under such contracts are fully passed down to subcontractors
- Lifecycle costs/risks are either not borne by the Company and are passed down to a third party such as a facilities management contractor or where borne by the Company are incurred per current expectations
- Cash flows from and to the Company's subsidiaries and the infrastructure asset-owning entities in which it has invested will be made and are received at the times anticipated
- Where assets are in construction they are either completed on time or any costs of delay are borne by the contractors not the Company
- Where the operating costs of the Company or the infrastructure asset-owning entities in which it has invested are fixed by contracts, such contracts are performed, and where such costs are not fixed, that they remain within projected budgets
- Where the Company or the infrastructure asset-owning entities in which it has invested owns the residual property value in an asset, that the projected amount for this value is realised
- Foreign exchange rates remain consistent with 30 June 2017 four-year forward rates (set out in the section above)
- Hedging only applies in relation to short-term forecast cash flows, not NAV valuation
- There are no tax or regulatory changes in the future which negatively impact cash flow forecasts
- Perpetual investments are assumed to have a finite life and therefore residual/terminal value

SENSITIVITIES FOR KEY MACROECONOMIC ASSUMPTIONS AND DISCOUNT RATES

The Company's NAV is based on the factors outlined above. The Company has also provided sensitivity analysis showing an indication of the impact on NAV per share from changes in macroeconomic assumptions and discount rates, as set out below. Further details can be found in note 10. This analysis is provided as an indication of the likely impact of these variables on the NAV per share on the basis that they apply uniformly across the portfolio whereas in practice the impact is unlikely to be uniform. These sensitivities should be used only for general guidance and not as accurate predictors of outcomes.

IMPACT OF CHANGES IN KEY MACROECONOMIC VARIABLES TO 30 JUNE 2017 NAV 144.7P PER SHARE



FINANCIAL AND OPERATING REVIEW

OPERATING REVIEW (CONTINUED)

INFLATION

Forecasting the impact of possible future inflation/deflation on projected returns and NAV in isolation cannot be relied on as an accurate guide to the future performance of the Company as actual inflation is unlikely to follow any of these scenarios exactly and invariably, many other factors and variables will combine to determine what actual future returns are available. The analysis provided above should therefore be treated as being indicative only and not as providing any form of profit or dividend forecast.

FOREIGN EXCHANGE

The Company has a geographically diverse portfolio and therefore revenues are subject to foreign exchange rate risk. The impact of a 10% increase or decrease in these rates is provided for illustration. The Company does not hedge exposure to foreign exchange rate risk on long-term cash flows and therefore changes in NAV are to be expected from changes in the foreign exchange forward curve against Euros, Australian Dollars, Canadian Dollars and U.S. Dollars.

DEPOSIT RATES

The long-term weighted average deposit rate assumption across the portfolio is 2.06% 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 the portfolio. The impact of a 1% increase or decrease in these rates is provided for illustration.

TAX RATES

The Company has a geographically diverse portfolio and therefore post-tax investment cash inflows are impacted by tax rates across all relevant jurisdictions. The impact of a 1% increase or decrease in these rates is provided for illustration. Other potential tax changes are not covered by this scenario.

PROJECT LIFECYCLE SPEND

Over a project's lifecycle there is a process of renewal required to keep the physical asset fit for use and at the standard required of it under the agreement with the occupying public sector body. The proportion of total cost that is lifecycle spend will depend on the nature of the asset although typically the Company's investors are insulated from downside risks associated with lifecycle costs and, as can be seen in the chart of page 26, the impact of any changes to the Company's lifecycle cost profile is relatively small.

FUTURE GROUP TAX LOSS RELIEF

Under current U.K. group tax loss relief rules, losses within the U.K. group companies can be, subject to U.K. tax law, offset against taxable profits in other U.K. group companies (including controlled project entities). This group tax loss relief can reduce the overall tax charge across the portfolio and potentially reduce taxable profits substantially below the levels currently modelled by the Company. The Company has taken a conservative approach to the valuation of future tax losses and, to date, has not incorporated these into the NAV. Changes to U.K. tax loss relief rules are expected to be enacted in the second half of 2017 (effective from April 2017), however, these are not expected to a have a significant impact on the portfolio valuation.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board seeks to mitigate and manage risks relating to the Group through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Group's portfolio.

The Group's approach to risk is set out in the Risk Report of the 31 December 2016 Annual Report and Financial Statements (pages 30-39), the Risk Report includes an overview of the principle 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). These risks and uncertainties are expected to remain relevant to the Group for the next six months of its financial year and include (but are not limited to):

- Inflation risk – Revenues and expenditures of project entities with respect to infrastructure assets are generally partially or wholly subject to indexation and an assumption is made that inflation will increase at a long-term rate. The Group's ability to meet targets may be adversely or positively impacted by inflation
- Foreign exchange risk – The Group has exposures to foreign currencies and therefore exposure to exchange rate fluctuations
- Credit and counterparty risks – The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group
- Liquidity risk – The ability to successfully access suitable financial resources in the debt, equity and related financial markets
- Contract risk – The ability of counterparties to operate contracts to the detriment of the Group and the risk of default under contract whether by the Group, its subsidiaries or it or their counterparties
- Other external risks – Includes the political and regulatory risks (including tax and accounting policies and practices) associated with the Group and its projects; IT and cyber risks; and changes in the competitive environment which may have an adverse impact on the Group.

The Board considers and reviews the risks that the Group is exposed to on a regular basis.

By order of the Board

Rupert Dorey
Chairman
6 September 2017

John Whittle
Senior Independent Director
6 September 2017

BOARD OF DIRECTORS

The table below details all Directors of the Company as at 30 June 2017. As discussed in the Chairman's Letter on page 7, Ms Julia Bond was appointed to the Board on 1 September 2017.

BACKGROUND AND EXPERIENCE

Rupert Dorey[1]	**John Whittle**[1]	**John Le Poidevin**[1]	**John Stares**[1]	**Claire Whittet**[1]	**Giles Frost**
Chairman Chairman, Investment Committee	Senior Independent Director Chairman, Audit and Risk Committee		Chairman, Risk Sub-Committee Chairman, Nomination and Remuneration Committee	Chairman, Management Engagement Committee	
Aged 57 and a resident of Guernsey, Rupert has over 30 years of experience in financial markets, including 17 years at CSFB where he specialised in credit-related products. Rupert's expertise was principally in the areas of debt distribution, origination and trading, where he held a number of senior positions at CSFB, including Fixed Income Credit product coordinator for European offices and head of U.K. Credit and Rates Sales. Since 2005 Rupert has been a non-executive director for a number of Hedge Funds, Private Equity & Infrastructure Funds. He is a member of the Institute of Directors.	Aged 61, John is a resident of Guernsey. John is a Chartered Accountant and holds the Institute of Directors Diploma in Company Direction. John holds non-executive positions on a number of other boards. John was previously Finance Director of Close Fund Services, a large independent administrator. Prior to moving to Guernsey, John was at Price Waterhouse in London before embarking on a career in business services, predominantly telecoms.	Aged 47, and 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 as Head of Consumer Markets, he developed an extensive breadth of experience and knowledge across the leisure and retail sectors in the U.K. and overseas. John is a non-executive director on several plc boards and chairs a number of Audit Committees.	Aged 66 and a resident of Guernsey since 2001, John has over 40 years' experience. Before moving to Guernsey, John worked for 23 years as a management consultant with Accenture where he held a wide variety of leadership roles. He currently holds non-executive positions on the boards of several other companies. John is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Worshipful Company of Management Consultants, and a Freeman of the City of London.	Aged 62 and a resident of Guernsey, Claire has nearly 40 years' experience in the banking industry. In 2003, Claire joined Rothschild Bank International Limited as a director and was latterly, managing director and co-head until May 2016 when she became a non-executive director of the bank. Claire was previously with Bank of Scotland and was then Global Head of Private Client Credit at Bank of Bermuda. Claire is a non-executive Director of another five listed funds, is a member of the Chartered Institute of Bankers in Scotland, a member of the Chartered Insurance Institute, a Chartered Banker, a member of the Institute of Directors and holds the Institute of Directors Diploma in Company Direction.	Aged 54 resident in the United Kingdom and Giles is a founder and Director of Amber and has worked in the infrastructure investments sector for over 20 years. Giles qualified as a solicitor and partner in the law firm Wilde Sapte (now Dentons). Giles is a Director of Amber Infrastructure Group Holdings Ltd, the ultimate holding company of the Investment Adviser to the Company and various of its subsidiaries.

DATE OF APPOINTMENT

2 August 2006	6 August 2009	1 January 2016	28 August 2013	10 September 2012	2 August 2006

1 All of the Independent Directors are members of all Committees.

LISTED COMPANY AND OTHER RELEVANT DIRECTORSHIPS

Rupert Dorey	John Whittle	John Le Poidevin	John Stares	Claire Whittet	Giles Frost
AP Alternative Assets LP, AAA Guernsey Ltd.	Aberdeen Frontier Markets Investment Company Ltd	BH Macro Ltd	JT Group (Chairman)	BH Macro Ltd	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.
Cinven Capital Management IV, V, VI Ltd,	Globalworth Real Estate Investments Ltd	Safecharge International Group Ltd	Terra Firma (Guernsey-based entities)	Eurocastle Investment Ltd	
Cinven General Partner Ltd.	GLI Finance Ltd	Specialist Investment Properties Plc	Governor of More House School	Riverstone Energy Ltd	
NB Global Floating Rate Income Fund Ltd	India Capital Growth Fund Ltd	Stride Gaming plc	New Philanthropy Capital (Trustee)	Third Point Offshore Investors Ltd	
M&G General Partner Inc, Episode LLP & Episode Inc.	Starwood European Real Estate Finance Ltd			TwentyFour Select Monthly Income Fund Ltd	
Partners Group Global Opportunities Ltd	Toro Ltd				
Tetragon Financial Group Ltd /Tetragon Financial Group Master Fund Ltd					

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the half year 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 IAS 34 'Interim Financial Reporting';
b) The interim financial and operating review 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 financial and operating review 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

Rupert Dorey
6 September 2017
Chairman

John Whittle
6 September 2017
Director

INDEPENDENT REVIEW REPORT TO INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly Financial Report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement and the related Notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the Annual Financial Statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly Financial Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half-yearly Financial Report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly Financial Report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Guernsey
6 September 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2017

	Notes	**Six months ended 30 June 2017 £'000s**	Six months ended 30 June 2016 £'000s
Interest income	4	**33,752**	26,041
Dividend income	4	**10,294**	4,832
Net change in investments at fair value through profit or loss	4	**31,023**	93,669
Total investment income		**75,069**	124,542
Other operating expense	5	**(45)**	(4,264)
Total income		**75,024**	120,278
Management costs	16	**(9,683)**	(7,439)
Administrative costs		**(851)**	(538)
Transaction costs	6, 16	**(4,735)**	(844)
Directors' fees		**(157)**	(134)
Total expenses		**(15,426)**	(8,955)
Profit before finance costs and tax		**59,598**	111,323
Finance costs	7	**(2,526)**	(1,748)
Profit before tax		**57,072**	109,575
Tax credit	8	**1,103**	818
Profit for the period		**58,175**	110,393
Earnings per share			
From continuing operations			
Basic and diluted (pence)	9	**4.89**	11.14

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 (June 2016: nil). The profit for the period represents the Total Comprehensive Income for the period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2017

	Notes	**Share Capital £'000s**	**Other Distributable Reserve £'000s**	**Retained Earnings £'000s**	**Total £'000s**
Balance at 31 December 2016		**1,029,387**	**182,481**	**391,785**	**1,603,653**
Total comprehensive income		**-**	**-**	**58,175**	**58,175**
Issue of Ordinary shares	14	**333,657**	**-**	**-**	**333,657**
Issue costs applied to new shares	14	**(4,923)**	**-**	**-**	**(4,923)**
Distributions in the period	14	**-**	**-**	**(37,487)**	**(37,487)**
Balance at 30 June 2017		**1,358,121**	**182,481**	**412,473**	**1,953,075**

SIX MONTHS ENDED 30 JUNE 2016

	Share Capital £'000s	Other Distributable Reserve £'000s	Retained Earnings £'000s	Total £'000s
Balance at 31 December 2015	825,362	182,481	282,359	1,290,202
Total comprehensive income	-	-	110,393	110,393
Issue of Ordinary shares	2,775	-	-	2,775
Issue costs applied to new shares	-	-	-	-
Distributions in the period	-	-	(31,948)	(31,948)
Balance at 30 June 2016	**828,137**	**182,481**	**360,804**	**1,371,422**

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2017

	Notes	**30 June 2017 £'000s**	31 December 2016 £'000s
Non-current assets			
Investments at fair value through profit or loss	10	**1,864,843**	1,515,163
Total non-current assets		**1,864,843**	1,515,163
Current assets			
Trade and other receivables	10,12	**27,800**	32,506
Cash and cash equivalents	10	**71,628**	70,981
Total current assets		**99,428**	103,487
Total assets		**1,964,271**	1,618,650
Current liabilities			
Trade and other payables	10,13	**7,888**	10,370
Derivative financial instruments	10	**3,308**	4,627
Total current liabilities		**11,196**	14,997
Total liabilities		**11,196**	14,997
Net assets		**1,953,075**	1,603,653
Equity			
Share capital	14	**1,358,121**	1,029,387
Other distributable reserve	14	**182,481**	182,481
Retained earnings	14	**412,473**	391,785
Equity attributable to equity holders of the parent		**1,953,075**	1,603,653
Net assets per share (*pence per share*)	15	**144.7**	142.2

The financial statements were approved by the Board of Directors on 6 September 2017.

They were signed on its behalf by:

Rupert Dorey
Chairman
6 September 2017

John Whittle
Director
6 September 2017

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2017

	Notes	**Six months ended 30 June 2017 £'000s**	Six months ended 30 June 2016 £'000s
Profit from operating activities before tax		**57,072**	109,575
Adjusted for:			
Gain on investments at fair value through profit or loss	4	**(31,023)**	(93,669)
Unrealised exchange gain		**(11)**	(596)
Finance costs	7	**2,526**	1,748
Fair value movement on derivative financial instruments	5, 10	**(1,319)**	5,086
Working capital adjustments			
Decrease / (increase) in receivables		**3,072**	(1,661)
(Decrease) / increase in payables		**(2,581)**	263
		27,736	20,746
Income tax received / (paid)[1]		**2,632**	(54)
Net cash flow from operations[2]		**30,368**	20,692
Investing activities			
Acquisition of investments at fair value through profit or loss	11	**(323,768)**	(56,162)
Funds advanced to affiliated entities[3]		**(1,405)**	(17,849)
Net repayments from investments at fair value through profit or loss		**6,516**	16,393
Net cash flow from investing activities		**(318,657)**	(57,618)
Financing activities			
Proceeds from issue of shares net of issue costs		**325,176**	-
Dividends paid	14	**(33,829)**	(29,173)
Finance costs paid		**(2,343)**	(1,225)
Net loan repayments		**-**	23,655
Net cash flow from financing activities		**289,004**	(6,743)
Net increase / (decrease) in cash and cash equivalents		**715**	(43,669)
Cash and cash equivalents at beginning of period		**70,981**	72,391
Exchange (loss) / gain on cash and cash equivalents		**(68)**	453
Cash and cash equivalents at end of period[4]		**71,628**	29,175

1 Cash flows received from unconsolidated subsidiary entities in respect of surrender of tax losses.
2 Net cash flows from operations above are reconciled to operating cash flows as shown in the Finance and Operating Review on page 18.
3 Funds advanced to affiliated entities to facilitate an investment immediately following the balance sheet date.
4 Includes restricted cash of £43.6 million (June 2016: £nil) which can only be utilised for new investments.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2017

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 3 and 9 respectively.

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 2016 included in this Half-yearly Financial Report is derived from the 31 December 2016 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 International Public Partnerships Limited are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. The set of condensed consolidated financial statements included in this Half-yearly Financial Report have been prepared in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as adopted by the European Union and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, as they provide an update of previously reported information.

The same accounting policies, presentation and methods of computation are followed in this set of condensed financial statements as applied in the Group's latest annual audited financial statements for the year ended 31 December 2016. The new and revised IFRS and interpretations becoming effective in the period have had no 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 condensed consolidated 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 IAS 39 Financial Instruments: Recognition and Measurement.

GOING CONCERN

The Directors have reviewed cash flow forecasts prepared by management. Based on those forecasts and an assessment of the Group's ('Parent and consolidated subsidiary entities') committed banking facilities, they have concluded that it is appropriate to prepare the 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 £28.0 million as at 30 June 2017. Of the Company's corporate debt facility of £400 million, £340.3 million was uncommitted as at 30 June 2017, and is available for investment in new and existing projects until November 2019. In addition, a portion of the facility can be utilised for working capital purposes. The facility is forecast to continue in full compliance with the associated banking covenants. The Company also continues to fully cover operating costs and distributions from underlying cash flows from investments.

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

SERVICE ENTITIES AND CONSOLIDATION GROUP

Following the adoption of IFRS 10 Investment Entity Amendments, the consolidated financial statements incorporate the financial statements of the Company and service entities controlled by the Company up to 30 June 2017, that themselves do not meet the definition of an investment entity. Typically a service entity provides management services, strategic advice and financial support to investee entities. Judgement is therefore required in assessing which entities meet these definitional requirements. The Directors have reviewed and assessed the criteria applied in the assessment of services entities based on the guidance in place as at 30 June 2017 and are satisfied with the resulting conclusion.

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 10.

3. SEGMENTAL REPORTING

Based on a review of information provided to the chief operating decision makers, the Group has identified four reportable segments based on the geographical risk associated with the jurisdictions in which the Group operates. The factors used to identify the Group's reportable segments are centered 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. Management has concluded that the Group is currently organised into four operating segments being U.K., Europe (excl. U.K.), North America (incorporating U.S. and Canada) and Australia.

	Six months ended 30 June 2017				
	U.K. £'000s	Europe (Excl. U.K.) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	33,544	4,136	4,397	1,969	44,046
Fair value gain on investments	11,460	13,466	126	5,971	31,023
Total investment income	45,004	17,602	4,523	7,940	75,069
Reporting segment profit[1]	28,156	17,802	4,388	7,829	58,175
Segmental financial position					
Investments at fair value	1,402,692	260,731	100,583	100,837	1,864,843
Current assets	99,428	-	-	-	99,428
Total assets	1,502,120	260,731	100,583	100,837	1,964,271
Total liabilities	(11,196)	-	-	-	(11,196)
Net assets	1,490,924	260,731	100,583	100,837	1,953,075

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

3. SEGMENTAL REPORTING (CONTINUED)

	Six months ended 30 June 2016				
	U.K. £'000s	Europe (Excl. U.K.) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	22,191	3,396	3,053	2,233	30,873
Fair value gain on investments	44,069	27,115	10,788	11,697	93,669
Total investment income	66,260	30,511	13,841	13,930	124,542
Reporting segment profit[1]	56,374	28,851	12,870	12,298	110,393
Segmental financial position					
Investments at fair value	953,469	227,916	77,375	93,633	1,352,393
Current assets	54,428	-	-	-	54,428
Total assets	1,007,897	227,916	77,375	93,633	1,406,821
Total liabilities	(35,399)	-	-	-	(35,399)
Net assets	**972,498**	**227,916**	**77,375**	**93,633**	**1,371,422**

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 £6.0 million (June 2016: £6.0 million).

4. INVESTMENT INCOME

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Interest income		
Interest on investments	**33,748**	26,009
Interest on bank deposits	**4**	32
Total interest income	**33,752**	26,041
Dividend income	**10,294**	4,832
Net change in fair value of investments at fair value through profit or loss	**31,023**	93,669
Total investment income	**75,069**	124,542

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

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Fair value gain / (loss) on foreign exchange contracts	**1,319**	(5,086)
Other (losses) / gains on foreign exchange movements	**(1,364)**	822
Total other operating expense	**(45)**	(4,264)

6. TRANSACTION COSTS

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Investment advisory costs	**4,735**	844
Total transaction costs	**4,735**	844

Details of total transaction costs paid are provided in note 16.

7. FINANCE COSTS

Finance costs for the period were £2.5 million (June 2016: £1.7 million). The Group has a corporate debt facility of £400 million provided by Royal Bank of Scotland, National Australia Bank, Barclays Bank and Sumitomo Mitsui Banking Corporation ('SMBC'). The drawdowns in the period were in the form of cash drawdowns and issuance of letters of credit. Cash drawdowns were used to fund investments and the letter of credit drawdowns were used to back the Group's commitment to specific future cash investments.

Following an equity capital raise in May 2017, the outstanding cash drawn balance on the facility was fully repaid. As at 30 June 2017, the facility was notionally drawn via letters of credit supporting the Group's committed investments. The uncommitted balance of the facility as at 30 June 2017 was £340.3 million (June 2016: £116.9 million).

The interest rate margin on the corporate debt facility is 175 basis points over Libor. The loan facility matures in November 2019 and is secured over the assets of the Group.

8. TAX

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Current tax:		
U.K. corporation tax credit – current period	**(1,316)**	(898)
Other overseas tax – current period	**213**	80
Tax credit for the period	**(1,103)**	(818)

Reconciliation of effective tax rate

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Profit before tax	**57,072**	109,575
Exempt tax status in Guernsey	**-**	-
Application of overseas tax rates	**213**	80
Group tax losses surrendered to unconsolidated investee entities	**(1,316)**	(898)
Tax credit for the period	**(1,103)**	(818)

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

8. TAX (CONTINUED)

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 IFRS 10 investment entity consolidation exception, underlying investee entity tax is not consolidated within these financial statements. Total forecasted corporation tax payable by the Group's underlying investments is in excess of £824 million over their full concession lives.

9. EARNINGS PER SHARE

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

	Six months ended 30 June 2017 £'000s	Six months ended 30 June 2016 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**58,175**	110,393
	Number	Number
Weighted average number of Ordinary shares for the purposes of basic and diluted earnings per share	**1,188,496,012**	991,001,925
Basic and diluted (pence)	**4.89**	11.14

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.

10. 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 IAS 39 'Financial Instruments: Recognition and Measurement'. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

10.1 FINANCIAL ASSETS

	30 June 2017 £'000s	31 December 2016 £'000s
Investments at fair value through profit and loss[1]	**1,864,843**	1,515,163
Financial asset loans and receivables		
Trade and other receivables	**27,800**	32,506
Cash and cash equivalents	**71,628**	70,981
Total financial assets	**1,964,271**	1,618,650

1 Includes fair value of investments in associates amounting to £2.4 million (December 2016: £2.3 million). Movements in the period represent additional fair value gains offset by net repayments from investments.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.2 FINANCIAL LIABILITIES

	30 June 2017 £'000s	31 December 2016 £'000s
Financial liabilities at amortised cost		
Trade and other payables	**7,888**	10,370
Derivative financial instruments		
Foreign exchange contracts	**3,308**	4,627
Total financial liabilities	**11,196**	14,997

10.3 FINANCIAL RISK MANAGEMENT

The Group's objective in managing risk is the protection of shareholder 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 process of risk management is critical to the Group's continuing profitability. 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 Group's Investment Adviser is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Adviser and is ultimately responsible for the overall risk management of the Group.

The Group's risk management framework and approach is set out within the Strategic Report of the Annual Report. 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 10.4.

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.

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 or are fixed rate loans. 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. For certain regulated assets, the risk of adverse movements in interest rates is limited through protections provided by the regulatory regime. 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.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2017 £'000s	31 December 2016 £'000s
Cash		
Euro	**1,003**	791
Canadian Dollar	**1,464**	1,438
Australian Dollar	**5**	6
U.S. Dollar	**5**	3
	2,477	2,238
Current receivables		
Euro receivables	**420**	414
U.S. Dollar receivables	**886**	1,382
	1,306	1,796
Investments at fair value through profit or loss		
Euro	**260,731**	247,388
Canadian Dollar	**39,440**	39,135
Australian Dollar	**100,837**	97,657
U.S. Dollar	**61,143**	61,586
	462,151	445,766
Total	**465,934**	449,800

Sensitivity analysis showing the impact of variations of the above risks on the fair value of investments is shown in section 10.5.

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 PFI/PPP and similar concessions which are entered into with government, quasi government, other public or equivalent low risk bodies. 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.

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.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow forecasts assume full availability of underlying infrastructure to the public sector entities. Failure to maintain assets available for use or operating in accordance with pre-determined performance standards may entitle the public sector to stop (wholly or partially) paying which may impact 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. Contractual mechanisms also allow for significant pass-down of unavailability and performance risk to sub-contractors.

10.4 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 2017, the Group's only derivative financial instruments were currency forward contracts amounting to a liability of £3.3 million (December 2016: liability of £4.6 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).

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 2017, the fair value of financial instruments classified within Level 3 totalled £1,864.8 million (December 2016: £1,515.2 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 quarterly[1] basis by the Investment Adviser and reviewed by the senior members of the Investment Adviser. The Investment Adviser verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant project financial models and market information. In addition, the accuracy of the computation is tested.

1 Indicative valuations performed at 31 March and 30 September.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.4 FAIR VALUE HIERARCHY (CONTINUED)

Valuation process (continued)

The latest valuation is also compared with the valuations in the preceding semi-annual and annual reporting periods. The senior members of the Investment Adviser consider the appropriateness of the valuation methods and inputs. On a quarterly basis, after the checks above have been performed, the Investment Adviser presents the valuation results to the Audit and Risk Committee. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments. Any changes in valuation methods and assumptions are discussed and agreed with the Group's Audit and Risk Committee for recommendation to the Board.

In addition, any new investment acquisitions by the Group from related parties are subject to an independent valuation provided to the Board.

Valuation methodology

The valuation methodologies used are primarily based on discounting the underlying investee entities' future 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 Investment Adviser and adjusted where appropriate.

Cash flow forecasts for each underlying investment are generated through detailed project specific financial models. Financial models forecast the project related cash flows for the full term of the investment. 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 estimation. These models also forecast the dividend, shareholder loan interest payments, capital repayments and senior debt repayments (where applicable) expected from the underlying investments. Key macroeconomic inputs and assumptions utilised in projecting the Group's net future cash flows include:

	U.K.	Europe (Excl. U.K.)	North America[1]	Australia
Inflation	2.75%	2.00%	2.00%	2.50%
Long-term tax	17.00%-19.00%	12.50%-33.99%	26.50% -27.00%	30.00%
Foreign exchange rates	n/a	1.09	1.36-1.74	1.81
Long-term deposit rates	2.00%	2.00%	2.00%	3.00%

1 Foreign exchange rate assumptions for North America relate to U.S and Canada. All other macroeconomic assumptions listed for North America relate to Canada only.

Discount rate

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

- Yield on government bonds with an average life equivalent to (or as close as available to) the weighted average concession length of the investments, issued by the national government for the location of the relevant investments ('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

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.4 FAIR VALUE HIERARCHY (CONTINUED)

Discount rate (continued)

Over the period, the weighted average government bond yield increased by 0.19%. This was partly offset by a 0.10% decrease in the weighted average project premium reflecting observable market based evidence.

Valuation assumptions	**30 June 2017**	31 December 2016	Movement
Weighted Average Government Bond Rate	**1.74%**	1.55%	0.19%
Weighted Average Project Premium	**5.72%**	5.82%	(0.10%)
Weighted Average Discount Rate	**7.46%**	7.37%	0.09%
Weighted Average Discount Rate on Risk Capital[1]	**7.86%**	7.90%	(0.04%)

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

Reconciliation of Level 3 fair value measurements of financial assets:	**£'000s**
Balance at 1 January 2017	**1,515,163**
Additional investments during the period	**323,768**
Net repayments during the period	**(6,516)**
Funds advanced to affiliated entities	**1,405**
Net change in fair value of investments at fair value through profit or loss	**31,023**
Balance at 30 June 2017	**1,864,843**

10.5 SENSITIVITY ANALYSIS

The valuation requires management to make certain assumptions in relation to unobservable inputs to the model, the significant assumptions along with sensitivity analysis are provided below:

Significant assumptions	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	7.46%	+1.00%	(190,333)	-1.00%	229,325
Inflation rate (overall)	2.61%	+1.00%	214,724	-1.00%	(181,023)
U.K.	2.75%	+1.00%	160,818	-1.00%	(134,944)
Europe	2.00%	+1.00%	38,942	-1.00%	(32,712)
North America	2.00%	+1.00%	1,165	-1.00%	(1,355)
Australia	2.50%	+1.00%	13,799	-1.00%	(12,012)
FX rate	n/a	+10.00%	48,362	-10.00%	(48,368)
Tax rate	20.17%	+1.00%	(15,660)	-1.00%	15,715
Deposit rate	2.06%	+1.00%	22,577	-1.00%	(18,410)

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

11. INVESTMENTS

Date of investment	Description	**Consideration £'000s**	% Ownership post investment
March – June 2017	The Group funded two further tranches of investment in the Tideway project.	**48,285**	15.99%
31 March 2017	The Group, as part of a consortium, made an investment to acquire a share of 61% of Cadent.	**273,947**	4.40%
5 May 2017	The Group made an investment to acquire an additional interest in the Wolverhampton Building Schools for the Future project.	**1,536**	90.00%
Total capital spend on investments during the period		**323,768**	

12. TRADE AND OTHER RECEIVABLES

	30 June 2017 £ '000s	31 December 2016 £'000s
Accrued interest receivable	**21,935**	24,773
Other debtors	**5,865**	7,733
Total trade and other receivables	**27,800**	32,506

Other debtors included £4.7 million (December 2016: £6.2 million) of receivables from unconsolidated subsidiary entities for the surrender of Group tax losses.

13. TRADE AND OTHER PAYABLES

	30 June 2017 £ '000s	31 December 2016 £'000s
Accrued management fee	**6,315**	8,668
Other creditors and accruals	**1,573**	1,702
Total trade and other payables	**7,888**	10,370

14. SHARE CAPITAL AND RESERVES

Share capital	**30 June 2017 Shares '000s**	31 December 2016 Shares '000s
In issue 1 January	**1,127,421**	990,634
Issued for cash	**220,000**	132,792
Issued as a scrip dividend alternative	**2,372**	3,995
Closing balance	**1,349,793**	1,127,421

14. SHARE CAPITAL AND RESERVES (CONTINUED)

Share capital	30 June 2017 £ '000s	31 December 2016 £'000s
Opening balance	**1,029,387**	825,362
Issued for cash (excluding issue costs)	**330,000**	200,000
Issued as a scrip dividend alternative	**3,657**	5,869
Total share capital issued in the period	**333,657**	205,869
Costs on issue of Ordinary Shares	**(4,923)**	(1,844)
Closing balance	**1,358,121**	1,029,387

At present, the Company has one class of Ordinary Shares which carry no right to fixed income.

On 11 May 2017, the Group raised an additional £330 million of equity through a Placing, Open Offer and Offer for Subscription of 220,000,000 Ordinary Shares at an issue price per share of 150.0 pence.

On 7 June 2017, 2,372,322 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 2016.

Other distributable reserve	30 June 2017 £ '000s	31 December 2016 £'000s
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.

Retained earnings	30 June 2017 £ '000s	31 December 2016 £'000s
Opening balance	**391,785**	282,359
Net profit for the period	**58,175**	177,158
Dividends paid[1]	**(37,487)**	(67,732)
Closing balance	**412,473**	391,785

1 Includes scrip element of £3.7 million in 2017 (December 2016: £5.9 million).

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

14. SHARE CAPITAL AND RESERVES (CONTINUED)

DISTRIBUTIONS

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 2016. The Board has approved an interim distribution of 3.41 pence per share (six months to June 2016: 3.325 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 corporate debt facility 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 on-going 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.

15. NET ASSETS PER SHARE

	30 June 2017 £ '000s	31 December 2016 £'000s
Net assets attributable to equity holders of the parent	**1,953,075**	1,603,653

	Number	Number
Number of shares		
Ordinary shares outstanding at the end of the period	**1,349,793,398**	1,127,421,076
Net assets per share (pence per share)	**144.7**	142.2

16. 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.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

AFML is a subsidiary company of Amber Infrastructure Group Holdings Limited (‘Amber Group’), in which Mr. G Frost is a Director and also a substantial 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 2017	For the six months to 30 June 2016	**At 30 June 2017**	At 31 December 2016
	£’000s	£’000s	**£’000s**	£’000s
International Public Partnerships GP Limited	**9,683**	7,439	**6,315**	8,668
Amber Fund Management Limited[1]	**4,735**	844	**409**	311
Total	**14,418**	8,283	**6,724**	8,979

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.

INVESTMENT ADVISORY ARRANGEMENTS

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

For existing construction assets:

- 1.2% per annum of gross asset value of investments bearing construction risk

For existing fully operational assets:

- 1.2% per annum of the gross asset value (‘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) value exceeds £1.5 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 ten years from the date of the IAA.

As at 30 June 2017, Amber Infrastructure held 8,002,379 (December 2016: 8,002,379) shares in the Company. The shares held by the Investment Adviser’s group in the Company helps further strengthen the alignment of interests between the two parties.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

SIX MONTHS ENDED 30 JUNE 2017

16. RELATED PARTY TRANSACTIONS (CONTINUED)

TRANSACTIONS WITH DIRECTORS

Shares acquired by Directors in the six month period ended 30 June 2017 are disclosed below:

Director	Number of New Ordinary Shares
Rupert Dorey	**129,000**
Giles Frost	**304,589**
John Whittle	**6,666**
Claire Whittet	**14,325**
John Le Poidevin	**32,000**
Total purchased	**486,580**

During the period, Rupert Dorey also disposed of 129,000 shares by way of a gift transfer for nil consideration.

17. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2017, the Group had committed investments supported by letter of credit amounting to £59.7 million which were notionally drawn against the Group's corporate debt facility.

At financial close of the Group's investment in Cadent in March 2017, INPP entered into an agreement as part of a consortium to acquire a share of an additional 14% interest in Cadent, through a put and call arrangement. This additional investment, subject to the exercise of the option, is expected to reach financial close in 2019.

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

18. EVENTS AFTER BALANCE SHEET DATE

In July 2017, the Group committed jointly with HM Government to make an investment in digital infrastructure and particularly fibre optic broadband connections. The INPP committed to invest up to £45 million as part of the arrangement.

In the period since 30 June 2017, to the date of this report, the Group invested amounts totalling c.£3.2 million into the Gold Coast Light Rail - Phase 2 extension project, part of Group's investment commitment to the project.

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