INTERNATIONAL PUBLIC PARTNERSHIPS

Half-yearly Financial Report
for the six months ended 30 June 2014

Contents

www.internationalpublicpartnerships.com

International Public Partnerships Limited
Registered number: 45241

Cover image: Gold Coast Rapid Transit project, Gold Coast, Australia. Image courtesy of GoldLinQ Consortium.

Highlights

Half Year Distribution Declared

3.15p/share

NAV Per Share

124.8p/share

2014 Minimum Distribution Target

6.30p/share

Profit Before Tax

£35.9m

2015 Minimum Distribution Target

6.45p/share

Portfolio Return (Six month period)

5.5%

Total Shareholder Return since inception

91.1%

Net Asset Value

- Net Asset Value ('NAV')[1] per share of 124.8 pence as at 30 June 2014 (123.0 pence – 31 December 2013)
- NAV of £952.1 million as at 30 June 2014 (£935.4 million - 31 December 2013), up £16.7 million
- Return of 5.5% on portfolio of underlying investments over six months to 30 June 2014, or 11.3% on an annualised basis (compounded)

Earnings

- Profit before tax of £35.9 million for the six months ended 30 June 2014 (£29.8 million – 30 June 2013)

Shareholder Returns

- Fully covered cash dividend[2] of 3.15 pence per share[3] declared for six months to 30 June 2014
- New two year forward looking fully covered minimum cash dividend target for the years ended 31 December 2014 and 2015 of 6.30 and 6.45 pence per share respectively – a minimum average increase of c.2.5% per annum
- Significant degree of inflation linkage within the portfolio of 0.81% p.a. with a projected increase in return for a 1% increase over anticipated average portfolio inflation
- Total Shareholder Return since listing in November 2006 of 91.1% compared to 48.3% on the FTSE All Share over the same period[4]

Portfolio Development

- Increase in majority owned investments from 79.4% in December 2013 to 81.5%
- Unleveraged investments represent 21.4% of the investment portfolio
- Leveraged (equity or subordinated debt) investments represent 78.6% of the investment portfolio
- £20.1 million of investment made during the period
- £18.8 million of divestments agreed on non-strategic minority assets during first half year
- Further c.£70 million investment committed since 30 June 2014
- Continuing pipeline of UK and international investment opportunities

[1] The methodology used to determine investment fair value is incorporated within the Net Asset Value as described in detail on page 14

[2] Cash dividend payments to investors are paid from net operating cash flow (including financing costs)

[3] The forecast date for payment of the half year dividend is 24 October 2014

[4] Source: Bloomberg. Share price plus dividends assumed to be reinvested

Company Overview
About the Company

International Public Partnerships Limited

International Public Partnerships Limited (the 'Company'), in accordance with its Investment Policy, indirectly invests in equity, subordinated/mezzanine debt and senior loans made to entities owning or operating infrastructure concessions, assets or related businesses.

Such investments have included schools, courts houses, health facilities, police stations, and other public sector buildings, rail operations, rolling stock leasing entities and offshore electricity transmission asset owning entities. The Company's investments are located in the UK, Europe, Australia and Canada.

Whilst the Company is able to invest in fully price regulated infrastructure and other forms of economic infrastructure projects, to date it has primarily invested in entities holding physical infrastructure and associated services procured under Private Public Partnerships ('PPP')/Private Finance Initiative ('PFI') and similar processes.

Key features of International Public Partnerships Limited and its investment portfolio are:

Key Features

- Geographically diversified with a portfolio across eight countries in a variety of sectors
- A mix of yielding operational investments and investments currently in construction with prospects for future capital appreciation
- A significant degree of inflation linkage to investment returns – 0.81% p.a. projected increase in return for a 1% increase over anticipated average inflation across portfolio
- The Investment Advisor has historical success in originating and developing investment opportunities in new sectors with low risks relative to returns
- A high degree of management and control of underlying investments to support sustained performance
- Access to a large pool of pre-emptive and other preferred rights to increase investment in assets that have proven performance within the existing portfolio
- Operational performance and income from underlying investments is predominantly founded on asset availability, not demand, usage or other non-controllable variables
- A significant portion (17%) of the portfolio is invested in secured senior debt (where no other debt ranks in preference to the Company's investment in the asset)

Shareholder Returns

- Strong track record of delivering consistent dividend growth and capital appreciation
- Share liquidity through listing and trading on the London Stock Exchange
- Total shareholder returns in line with the 8-9% p.a. target set at the time of initial public offering in 2006

Governance

- Experienced leadership and independent corporate governance
- Long-term alignment of interest with the Investment Advisor and asset manager

Market Information

- FTSE listed since November 2006 with an initial market capitalisation of £300 million
- Member of the FTSE 250 and FTSE All Share indices
- £1,018 million market capitalisation as at 30 June 2014 (31 December 2013: £972.9 million)
- 763.2 million shares in issue as at 30 June 2014 (31 December 2013: 760.6 million)
- The Company's shares are eligible for ISA/PEPs and SIPPs transfers
- The Company's shares are excluded from the Financial Conduct Authority restrictions which apply to non-mainstream investment products and can therefore be recommended by independent financial advisors to their clients

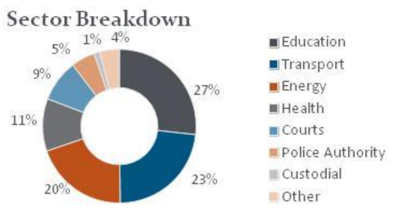
Investment Advisor fees

- Competitive fee structure
- 1.2% per annum of gross asset value ('GAV') of investments bearing construction risk
- For fully operational assets:
  - 1.2% per annum of the GAV (excluding uncommitted cash from capital raisings) up to £750 million
  - 1.0% per annum where GAV (excluding uncommitted cash from capital raisings) is between £750 million and £1.5 billion
  - 0.9% per annum where GAV (excluding uncommitted cash from capital raisings) exceeds £1.5 billion
- 1.5% asset origination fee of the value of new investments to cover acquisition due diligence
- No incentive or performance fees

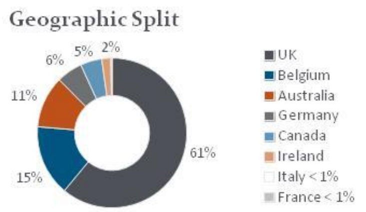
Company Overview continued

Key Portfolio Facts as at 30 June 2014

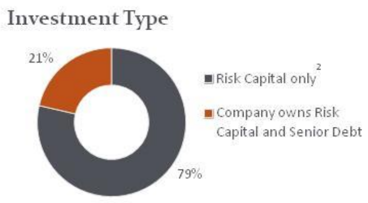
> 115 investments in infrastructure projects[1] across a variety of sectors



> Invested in selected jurisdictions which meet the Company's risk and return requirements

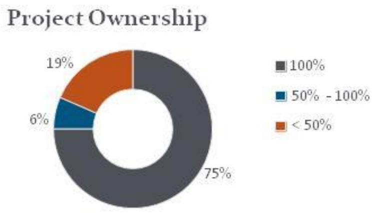


> Invested across the capital structure taking into account appropriate risks to returns

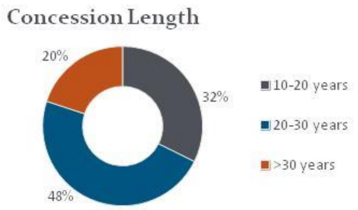


> Early stage investor to maximise capital growth opportunities

> Preference to hold majority stakes – 38 projects are majority owned



> Weighted average portfolio life of 23 years



[1] Information provided in charts above is based on 30 June 2014 portfolio investment fair value. Unless otherwise stated the Company and its subsidiaries hold investments in equity, subordinated debt and senior loans made to entities owning or operating infrastructure concession, assets or related businesses.
[2] 'Risk Capital' - includes both project level equity and subordinated debt
[3] Primary stage investor – asset developed or originated by the Investment Advisor or predecessor team.
[4] Later stage investor – asset acquired from another investor in the secondary market

Company Overview continued

Top Ten Investments

The Company's top ten largest investments are set out below. Further information about each of these investments together with other projects within the portfolio is available on the Company's website.

Significant movements in the Company's portfolio for the period ended 30 June 2014 can be found on pages 21-22 of the Financial and Operating Review.

Name of Project	Location	Sector	Status at 30 Jun 2014	% Holding at 30 Jun 2014	% Investment Fair Value 30 Jun 2014	% Investment Fair Value 31 Dec 2013
Diabolo Rail Link[1]	Brussels, Belgium	Transport	Operational	100% risk capital[2]	15.50%	15.55%
Ormonde Offshore Transmission	Cumbria, England	Energy	Operational	100% risk capital[2] and 100% senior debt	14.57%	14.90%
Royal Children's Hospital	Victoria, Australia	Health	Phase 1 Operational; Phase 2 Under Construction	100% risk capital[2]	5.42%	5.18%
BeNEX Rail	Various, Germany	Transport	Operational	49% risk capital[2]	4.23%	4.18%
Hereford & Worcester Courts	Worcestershire, England	Courts	Operational	100% risk capital[2] and 100% senior debt	3.92%	4.09%
Northampton Schools	Northamptonshire, England	Education	Operational	100% risk capital[2]	3.87%	3.91%
Alberta Schools	Alberta, Canada	Education	Operational	100% risk capital[2]	3.26%	3.45%
Strathclyde Police Training Centre	Strathclyde, Scotland	Police Authority	Operational	100% risk capital[2] and 100% senior debt	2.87%	2.99%
Tower Hamlets Schools	London, England	Education	Operational	100% risk capital[2]	2.42%	2.46%
Orange Hospital	New South Wales, Australia	Health	Operational	100% risk capital[2]	2.34%	2.31%

[1] Northern Diabolo Project revenues are dependent on availability but also include an element of linkage to passenger numbers. All other investments receive entirely availability based revenues

[2] Risk capital includes both project level equity and subordinated shareholder debt

Chairman's Letter

Dear Shareholders,

I am pleased to report to you that your Company has continued to perform well over the six month period to 30 June 2014, delivering continued dividend growth together with strong underlying operational asset performance. While overall investment levels were lower compared to previous periods, the Company's near term pipeline remains very full, and a significant new investment is expected during the remainder of 2014.

Dividend Growth

The first six months of 2014 saw continued strong cash flows from the Company's assets. These robust returns allowed the Board to declare the targeted dividend of 3.15 pence per share for the six months to 30 June 2014, some c.2.5% growth on the previous period in accordance with our previously published targets.

Given this strong performance we remain confident in achieving our target dividend of 6.30 pence per share for the 2014 financial year and 6.45 pence per share for the 2015 financial year. As in previous periods, we expect that these dividends will be fully covered by operating cash flows.

Investment Activity and Market Conditions

During the period the Company made good progress on its pipeline of investments. Investments of £20.1 million were made across four projects. In addition, the Company also disposed of minority interests in several of its schools infrastructure projects, with expected proceeds of £18.8 million, very substantially in excess of the price paid for the same stakes on acquisition in August 2011.

Following the period end, in July and August, the Company divested another small asset, a hospital project in France, for £0.3 million.

The divestments were agreed as the Company had determined that it had no realistic scope to increase its holdings in these particular projects to majority controlling holdings or were subscale and, based on the price offered, these opportunistic sales were attractive for the Company.

While the Company does not expect to trade assets regularly, preferring instead to retain the long-term income generation potential of its holdings, pricing in the secondary market has continued to be attractive to vendors. Such sales also validate the increased popularity and attractions of the asset class in which the Company is invested.

The market continues to be very strong in the sectors where we operate. Obviously this is good news in terms of values for our existing assets and where we seek to sell small, minority positions. The strength of the market means however that we have not seen value in the first half of 2014 in any major acquisitions of mature infrastructure projects from third parties. We will however continue to participate in this market where it makes sense to do so, and our participation provides good comparative evidence to validate the value of our own assets even if we choose not to invest in the mature projects on offer. In the short to medium term, we continue to believe that, special circumstances excepted, there is likely to be better value found in investing in new rather than pre-owned infrastructure investments.

The Company is on track to enter into a binding commitment into an investment in the Lincs OFTO[1] later this year, likely to be the largest commitment the Company has made to a single project, OFTO assets exhibit all the key investment characteristics the Company seeks including secure government-backed cash flows and full inflation linkage and as such the Board believes that this is an excellent addition to the portfolio. The Company intends to draw on its existing cash resources and corporate debt facility to fund the financial close of the transaction which is expected by the end of the current financial year.

In July, following a number of months of intense development, the Company was also announced as being part of the winning consortium selected by the UK Education Funding Agency to provide finance to five batches of new schools (comprising 46 individual schools) being developed under the UK government's Priority Schools Building Programme. The Company will provide finance to a new innovative 'Aggregator' vehicle as part of a consortium which included the European Investment Bank and Aviva Investors, which has been mandated to provide finance for these new schools. The estimated development value of the project is approximately £700 million, of which the Company expects to commit around 10%.

Both these opportunities illustrate the flow of attractive project investment that continues to be available particularly for those willing and able to participate as original investors rather than rely on opportunities arising in auctions in the secondary market. We are confident that these additional investments along with the company's existing portfolio of assets will continue to provide investors with attractive risk adjusted returns over the long term.

Operational Performance

The operational performance of the Company's portfolio continues to be very strong. During the period we have focused on delivering our expected returns, managing our public sector customer relationships and managing the build-out of assets in construction. We consider that control over the operational performance of investments is vital as strong asset-level relationships with public sector clients are a key factor in both protecting our reputation and safeguarding investment performance.

[1] Offshore electricity transmission owner licensed entity.

Testament to this is the completion of two construction projects following the 30 June 2014 half year end. The Gold Coast Rapid Transit project in Australia and the Federal German Ministry of Education and Research ('BMBF'), in Berlin, Germany reached construction completion in July and August (respectively). Both projects have taken several years to come to fruition and were managed from the bidding phase through to final construction completion by the Company's Investment Advisor, Amber Infrastructure, with the projects being delivered successfully. The Company expects to be able to deliver capital appreciation from these assets as they move through the initial operational phase over the course of the next twelve months.

Corporate Governance

At the Company's Annual General Meeting, longstanding Board member Keith Dorrian resigned from the Board. Once again, I would like to thank Keith for his outstanding contribution to the Board, having been a Board member since the Company's inception and, until 1 January this year, the Company's Chair. Following Keith's resignation there are five Board members, four of whom are independent directors. We believe this is currently an appropriate level of resourcing and that the directors have a complementary mix of skills and experience. Further biographical information is provided on page 25.

As part of its ongoing oversight of the Company's portfolio in June the Board visited the Company's newest acquisition, the BMBF facility in Berlin. It also met with the German-based members of the Investment Advisor's team together with the construction partner on that project, BAM Deutschland. In conjunction with the Investment Advisor, the Board also took the opportunity to take a step back from its usual tasks to spend time considering the Company's broader strategic approach including its position within the markets and future areas of focus for growth.

The Alternative Investment Fund Managers Directive which came into effect on 22 July 2013 requires the Company, being a self-managed Alternative Investment Fund ('AIF'), to follow the specific registration and other regulatory requirements within each EU member state in which it wishes to market new shares. In a small number of countries this may require the Company to incur additional regulatory compliance costs prior to marketing.

Changes to Presentation of Results and Report

At 31 December 2013, the Company early adopted new accounting standards which require investment companies to present financial statements on an investment basis. The financial statements for the six months ended 30 June 2014 follow the same presentation and reporting basis. We believe the new presentation assists investors by enabling greater consistency between the presentation of the financial statements and the key investment metrics used by management and shareholders. Importantly these changes have no impact on overall portfolio valuations.

The international accounting standards board is currently consulting with the industry on further interpretation clarifications to the relevant standards. It is currently unclear whether the outcome from the consultation will have any significant impact on the financial statements. Our hope is that the current basis will continue to apply, for the reasons above, however, there is a risk that less transparent reporting will be required. This continues to be closely monitored by myself and fellow board members.

Going concern

In our consideration of going concern we have reviewed comprehensive cash flow forecasts prepared by management, which are based on market data and past experience and believe, based on those forecasts and an assessment of the Group's committed banking facilities and the 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 the Group had unrestricted cash of £43.7 million as at 30 June 2014 and undrawn banking facilities committed until December 2016 of £175.0 million although we note that the commitments to the Priority School Building Programme and the Lincs OFTO will likely draw down on these amounts during the second half of 2014. Forecasts indicate continuing full compliance with associated banking covenants.

Outlook

The outlook for the remainder of 2014 is promising and we remain confident in the Company's ability to generate increasing dividends in line with published expectations. The Company's portfolio continues to perform well and we are confident that there continues to be a number of attractive infrastructure opportunities in the UK and in the overseas jurisdictions in which it is active. This is particularly, but not exclusively, the case where the Company has the ability to be the primary investor in new infrastructure assets, such as offshore transmission opportunities and schemes like the Aggregator.

It should be noted that the Company's performance is not, in our view, dependent upon making additional investments in order to deliver its projected returns. We will therefore continue to be selective in our acquisitions to ensure they bring real long term benefits to the Company. Further details are provided within the Outlook section of the Financial and Operating Review.

Finally, I thank all shareholders for their continued support and look forward to continuing success in the remainder of 2014.

Rupert Dorey
27 August 2014
Chairman

Financial and Operating Review

Key Performance Indicators

The Company has identified ten priorities to assist it in meeting its Key Objectives. In order to assess performance in meeting these objectives the Company semi-annually reviews its performance against the following key performance indicators ('KPIs').

Progress against these KPIs for the six months to 30 June 2014 is summarised below. Further details of each of these elements are provided under the relevant headings in the sections that follow:

Key Objectives	Key Performance Indicator	Six months to 30 June 2014 Performance	Page Reference
Investor Returns			
Deliver sustainable long-term returns to shareholders			
> Focus on providing shareholders with predictable, and where possible growing dividends	> Maintain and enhance distributions to shareholders	> Achieved targeted fully covered cash dividend of 3.15p/share, a c.2.5% increase on first-half 2013 dividend	12
> Obtain significant inflation-linkage in revenues	> Increase or sustain degree to which portfolio revenues are linked to inflation	> Significant degree of inflation linkage within the portfolio – 0.81% p.a. increase in projected return for a 1% increase over anticipated portfolio average inflation (31 Dec 2013: 0.81%p.a.)	17
> Deliver capital value enhancement where possible	> Total shareholder return	> Achieved. The total shareholder return since IPO is 91.1%	12-13
	> NAV and NAV p/share	> NAV of £952.1 million and NAV per share of 124.8 pence/share, an increase of 1.5%	

	Strategic Priorities	Key Performance Indicator	Six months to 30 June 2014 Performance	Page Reference
	Active Asset Management			
1	**Focus on delivery of anticipated returns from existing investments**			
	> Actively manage investments to ensure that they meet financial and other targets	> Availability for all controlled investments at 98% or above	> Achieved	20
		> Returns from investments in line with expectations	> Met net revenue generation and dividend goals	
2	**Maintain high levels of public sector satisfaction and asset performance**	> Performance deductions below 3% for all projects	> Achieved	20

Financial and Operating Review continued

	Strategic Priorities	Key Performance Indicator	Six months to 30 June 2014 Performance	Page Reference
		Active Asset Management continued		
3	Deliver **additional capital value** from existing assets through management of construction risk and delivery of operational improvements to meet client requirements	> Number of change requests from existing contracts	> More than 400 variation requests representing over £13 million of the additional capital investment at the project level	20-21
		> Management of investments in the course of construction projects in line with overall delivery timetable	> Continued build-out of three construction projects, Royal Children's Hospital, Gold Coast Rapid Transit in Australia and Federal Ministry of Education Building ('BMBF') in Germany. Post-period end, both the Gold Coast and BMBF projects reached construction completion	
			> Working through defects rectification period Liverpool Library and Moray Schools and various Building Schools for the Future projects in the UK and Diabolo Rail project in Belgium, in line with expectations	20-21
		Value-focused Portfolio Development		
4	Through **relationships with co-shareholders** and **pre-emptive rights,** where applicable, increase individual investment holdings to 100% where beneficial	> Value enhancing follow-on investments made	> Additional investment totalling £10.5 million in three separate transactions within the Building Schools for the Future portfolio where the company held pre-emptive positions	21-22
5	Make additional acquisitions where they can be acquired on or **off market** at prospective returns that are beneficial in risk/return terms	> Value of additional investments acquired	> All investments in the period were acquired outside secondary market auction processes	21-22
6	Enhance prospects for **capital growth** by investing in **construction phase assets** where available	> Number of investments in construction	> In January, acquired a German ministry accommodation PPP project, BMBF, part way through the building's construction phase	21-22
7	Identify **complementary investment sectors** within the Company's investment policy offering better returns with a similar risk profile	> Value of investments in complimentary investment sectors	> Continued to progress a preferred bidder opportunity and bid for further opportunities within the offshore transmission sector. The preferred bidder position is expected to reach commercial close by October 2014 > Post period end, the Company was selected preferred bidder on Priority School Building 'Aggregator' financing Programme > Both programs offer access to primary investor returns for similar or lower risk	21-22

	Strategic Priorities	Key Performance Indicator	Six months to 30 June 2014 Performance	Page Reference
		Value-focused Portfolio Development continued		
8	Take advantage of infrastructure opportunities **internationally** where investments have an appropriate risk profile and contractual structures are reliably enforceable to enhance diversification	> Number of new opportunities in international markets	> During the period continued to progress pipeline of international opportunities and successfully completed the BMBF investment in Germany	21-22
9	Undertake continuing review of portfolio composition to ensure **suitable blend** of **risk/return, inflation linkage, yield** versus **capital** characteristics, level of **diversification** and **opportunistic enhancements**	> Improvement of risk/return, inflation linkage, return, diversification characteristics	> Realisation of strategically insignificant stakes for £18.8 million, values well in excess of carrying value and reinvestment into higher return assets with a similar risk profile > Following period end, an additional £0.3 million was realised through the sale of a subscale asset, again for a price that was a premium to the Company's carrying value	21-22
		Efficient Financial Management		
10	Provide efficient management of cash holdings and debt facilities available for investment and appropriate hedging policies	> Dividends paid to investors covered by operating cash flow > New investments made from available cash (after payment of dividend) in priority to use of corporate debt > Competitive cash deposit rates > Use of appropriate hedging strategies	> Dividends paid to investors 1.3 times covered by net operating cash flow[1] > All investments in the period made from available cash funds > Benchmarked market cash rates and re-allocated based on risk/return profile > £3.2 million of foreign exchange forward contracts in place during the period	22

[1] Cash dividends to shareholders are paid from net operating cash flow (including financing costs) before one off operating costs.

Financial and Operating Review continued

Performance against Key Objectives during the period – Investor Returns

Profits and distributions

Profit before tax for the six months to 30 June 2014 was £35.9 million (30 June 2013 restated: £29.8 million) with earnings per share of 4.85 pence (30 June 2013 restated: 4.20 pence).

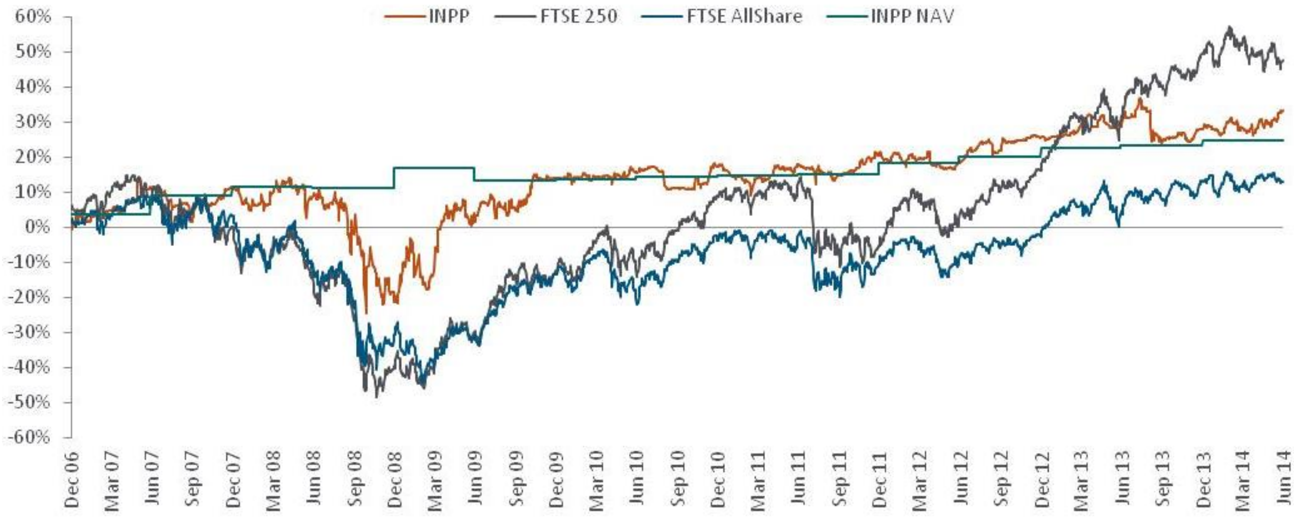
Income from portfolio investments in the period was £44.5 million (30 June 2013 restated: £45.3 million) including fair value movements, dividends and interest. These returns were offset by operating expenses (including finance costs) of £7.9 million (30 June 2013 restated: £17.7 million), of which £0.4 million (30 June 2013 restated: £11.1 million) was non-recurring.

These results allowed the Company to deliver the fully-covered dividend of 3.15 pence per share for the six months to 30 June 2014 (30 June 2013 restated: 3.075 pence per share), an increase of c.2.5% over the corresponding period last year.

Total Shareholder Return

The Company's Total Shareholder Return (share price growth plus reinvested distributions) for investors since the initial public offer of the Company in November 2006 to 30 June 2014 has been 91.1% (compounded annual growth rate, 'CAGR', of 8.8% per annum), compared to a total return on the FTSE All-Share index over the same period of 48.3% (CAGR of 5.3% per annum)[1]. The Company has exhibited relatively low levels of volatility compared to the market, as evidenced by the graph below which plots the Company's share price since IPO against the price performance of the major FTSE indices and the Company's NAV.

INPP Share Price Performance

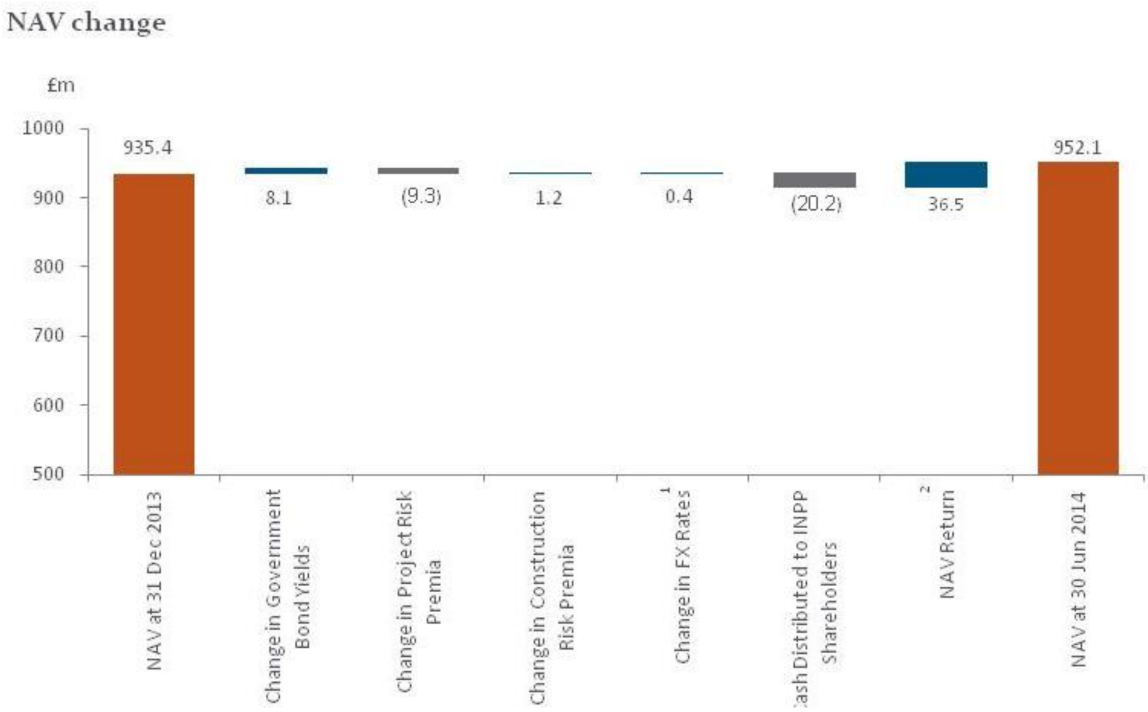


[1] Bloomberg – share price appreciation plus income

Net Asset Valuation

The Company reports a 1.8% increase in NAV, up to £952.1 million at 30 June 2014 from £935.4 million at 31 December 2013. This represents an increase of 1.5% of NAV per share to 124.8 pence per share from 123.0 pence per share at 31 December 2013.

The build-up of NAV is derived from a discounted cash flow calculation to determine the fair value of 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 2013 and 30 June 2014 are highlighted in the graph overleaf and described in more detail below.



1 Represents movements in the forward foreign exchange curves used to forecast future international project distributions and spot rates used to value cash balances within the group structure

2 The NAV Return represents, amongst other things, (i) variances in both realised and forecast project cash flows, (ii) the unwinding of the discount factor applied to those future project cash flows (iii) changes in the Company's net assets and (iv) accretive divestments (see also more detail below)

During the period, movements in government bond rates in jurisdictions where the Company is invested were mixed with UK and Australian yield increases being slightly offset by a decrease in Canadian and European rates. Overall, government bond yields decreased slightly and had a marginally positive impact on the NAV.

However, the broadly positive impact of the change in government bond yields was offset by a net increase in discount rate risk premia. This resulted from, on the one hand, a reduction in the risk premium as assets moved out of the construction or defects liability phase and towards full operations (positive effect on NAV) and, on the other, risk adjustments to the Company's two assets in Belgium and Ireland which netted out the effect of recent government bond rate reductions in those countries pending confirmation that these rates can be sustained (negative impact on NAV).

In aggregate, foreign exchange movements had a marginal impact on the NAV during the period (adding £0.4 million to NAV) as, relative to Sterling, the strengthening Australian Dollar was largely offset by weakening in the Canadian Dollar and Euro.

Cash distributions of £20.2 million during the period represent the cash element of the dividend made to the Company's shareholders.

Return from investments had a £36.5 million positive impact on the NAV generated from underlying project returns partially offset by fund level operating costs such as the management fee paid to the Investment Advisor, transaction costs, other operating costs and net working capital movement. The Portfolio Performance and Return section below provides more detail on the composition of returns from the underlying portfolio of projects.

Portfolio Valuation

Forecast future cash flows

The Company's investments are expected to exhibit (and historically have exhibited) relatively predicable cash flows. As the Company has a large degree of visibility over expected income from its current investments the chart below sets out the Company's expectation for the evolution of investment receipts from its current portfolio (over the remaining life of current investments).

The majority of the receipts over the life of the concessions are investment income from the operational assets in the form of dividends from equity investments or interest and principal payments from senior and subordinated debt investments.

It is important for shareholders to note that the Company generally invests in infrastructure entities with finite lives (determined by concession or licence terms). As the remaining life of each of the Company's investments reduces the Company's receipts in respect of that investment will represent return of capital as well as income. The line in the chart below illustrates how, in the event that the Company never acquires any additional assets, nor raises any additional capital and other things being equal, the NAV of the Company would reduce to zero over time. It should however equally be recognised that any future acquisitions (or disposals) or changes to the projected cash flows of any investment (or the assumptions upon which they are based) will change this projection from time to time (although it can be expected to retain a similar general amortising profile).

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.

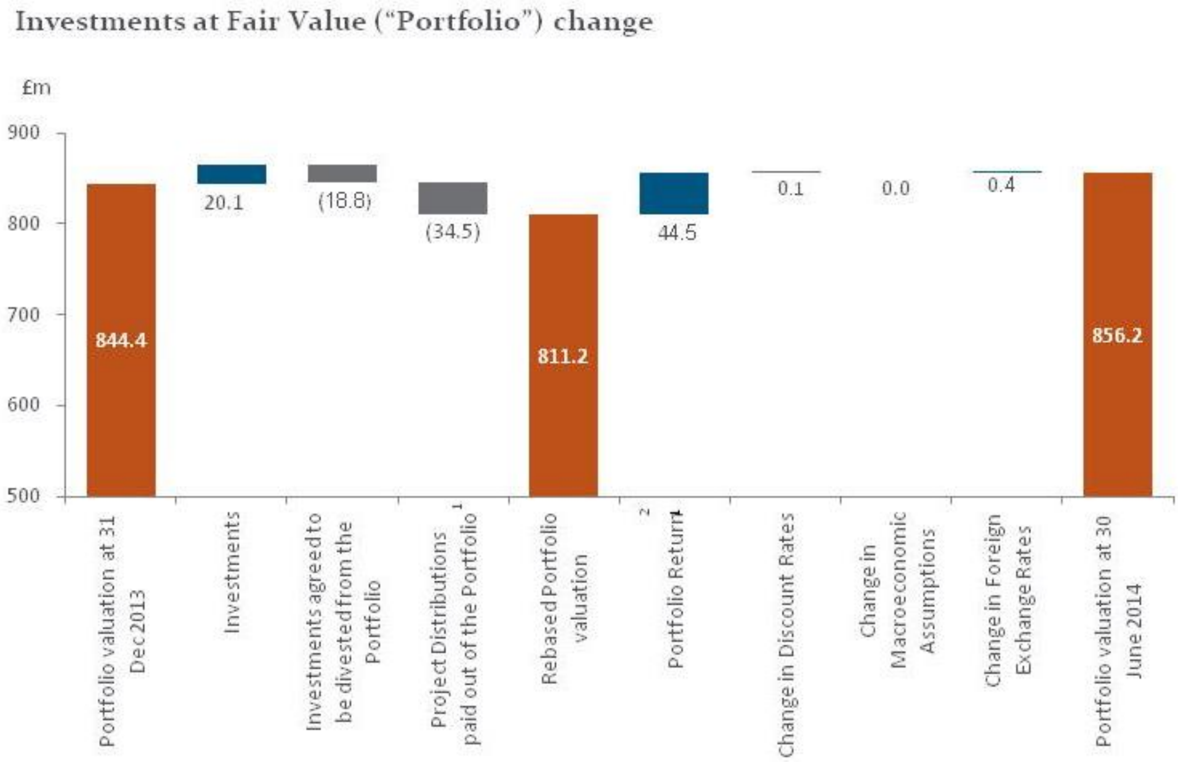
Portfolio level assumptions

The Company is aware that there are subtle differences in approach to the valuation of portfolios of investments among different infrastructure funds. To clarify the Company's position in this regard its key cash flow inputs and broad valuation principles include:

- That key macroeconomic variables (outlined in the section below) continue to be applicable
- That the contracts under which payments are made to the Company or its investments and its subsidiaries remain on track and are not terminated before their contractual expiry date
- That deductions suffered under such contracts are fully passed down to subcontractors
- That where possible lifecycle cost risks are not borne by the Company but are passed down to a third party such as a facilities management contractor
- That 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
- That where assets are in construction they are either completed on time or any costs of delay are borne by the contractors not the Company
- That where the operating costs of the Company or the infrastructure asset owning entities in which it has invested are fixed by contract such contracts are performed, and where such costs are not fixed, that they remain within projected budgets
- That where the Company or the infrastructure asset owning entities in which it has invested owns the residual property value in the asset that the projected amount for this value is realised
- That where assets in which the Company invests are not GBP assets that foreign exchange rates remain consistent with current forward looking projections

Portfolio Performance and Return

The Company's investment portfolio is reviewed semi-annually by the Investment Advisor, and presented for approval by the Directors. The Directors' valuation of the portfolio, Investments at Fair Value, as at 30 June 2014 was £856.2 million, an increase of 1.4% since 31 December 2013 of £844.4 million.



1 Certain project distributions remained within the Portfolio at 30 June 2014 but will flow up the group structure at a later date. Total project distributions were £35.5m

2 Portfolio return excludes £17.3m generated from sale of assets in the period (which is included in NAV return) and is available for re-investment

The portfolio return of £44.5 million represents a 5.5% increase in the value of investments (11.3% on an annualised compounded basis) and can be attributed to:

- Distributions received over and above the forecast amount due to active management of the Company's portfolio including initiatives such as negotiating and optimising project cash flows to ensure cash can be extracted from project vehicles earlier than forecast and optimising group tax loss
- Unwinding of the discount factor whereby the movement of the valuation date has a positive impact on the portfolio as the valuation date approaches the peak of forecast portfolio distributions (currently forecast between 2028-2036)
- Value accretive divestments made during the period
- Updating and refinement of project model assumptions to reflect current expectations of future cash flows

The remaining movement relates to investments of £20.1 million less agreed divestments of £18.8 million, project distributions of £34.5 million, an increase in discount rates and minor revaluation following a change in foreign exchange assumptions.

Macroeconomic Assumptions

The Company reviews the macroeconomic assumptions underlying its forecasts on a regular basis.

The key assumptions used as the basis for deriving the Company's portfolio valuation are summarised in the following table and further details are provided in note 11.4 in the financial statements. Across the portfolio the weighted average inflation assumption as at 30 June 2014 was 2.51% (31 December 2013: 2.52%) and the weighted average deposit rate assumption was 3.47% (31 December 2013: 3.47%). There was therefore no impact in relation to macro-economic assumptions on the valuation during the period.

Variable	Basis	30 Jun 2014	31 Dec 2013	30 Jun 2013
Inflation	UK (RPI)	2.75%	2.75%	2.5% average across the portfolio
	Australia (CPI)	2.50%	2.50%	
	Europe (CPI)	2.00%	2.00%	
	Canada (CPI)	2.00%	2.00%	
Long Term Deposit Rates[1]	UK	3.50%	3.50%	3.2% long-term average future deposit rate across the portfolio
	Australia	4.50%	4.50%	
	Europe	3.00%	3.00%	
	Canada	3.00%	3.00%	
Foreign exchange	GBP/CAD	1.82	1.78	1.66
	GBP/AUD	1.92	2.01	1.84
	GBP/EUR	1.17	1.16	1.15
Tax Rate	UK	20%[2]	20%[2]	23%
	Australia	30%	30%	30%
	Europe	Various (no change)	Various (no change)	Various
	Canada	Various (no change)	Various (no change)	Various

[1] The portfolio valuation assumes deposit rates as currently received to 2017 and then as stated thereafter
[2] The corporation taxation rate will reduce by 1% to 20% from 1 April 2015

Discount rates

The discount rate used for valuing each investment is based on the appropriate long-term Government Bond rate and a risk premium. The risk premium takes into account risks and opportunities associated with each project (including location, phase of operation/construction etc).

The majority (83%) of the Company's portfolio is invested in the 'risk capital' (equity and subordinated debt) of the underlying investments. 17% of the portfolio is invested as senior debt where the Company also holds the risk capital. The current discount rates used by the Company are given in the table below. These rates need to be considered against the assumptions and projections upon which the Company's anticipated cash flows are based.

The average blended discount rates need to be interpreted with care. In the Company's view they are relevant only in the context of the cash flows (and cash flow assumptions) they are applied to in calculating the fair value of investments. Comparison of discount rates between investment portfolios or funds is only meaningful if there is a comparable level of confidence in the quality of forecast cash flows (and assumptions) 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.

Metric	30 Jun 2014	31 Dec 2013	30 Jun 2013	Movement 31 Dec 2013 – 30 Jun 2014
Weighted Average Government Bond Rate (Nominal) – portfolio basis – risk capital and senior debt	3.38%	3.46%	3.02%	(0.08%)
Weighted Average Project Premium over Government Bond Rate – risk capital and senior debt (Nominal)	4.37%	4.26%	4.68%	0.11%
Weighted Average Discount rate - Portfolio basis – risk capital and senior debt	7.75%	7.72%	7.70%	0.03%
Weighted Average Discount rate - risk capital only[1]	8.21%	8.20%	8.19%	0.01%
NAV per share	124.8p	123.0p	121.5p	1.8p

[1] Risk capital is equity and subordinated debt investments

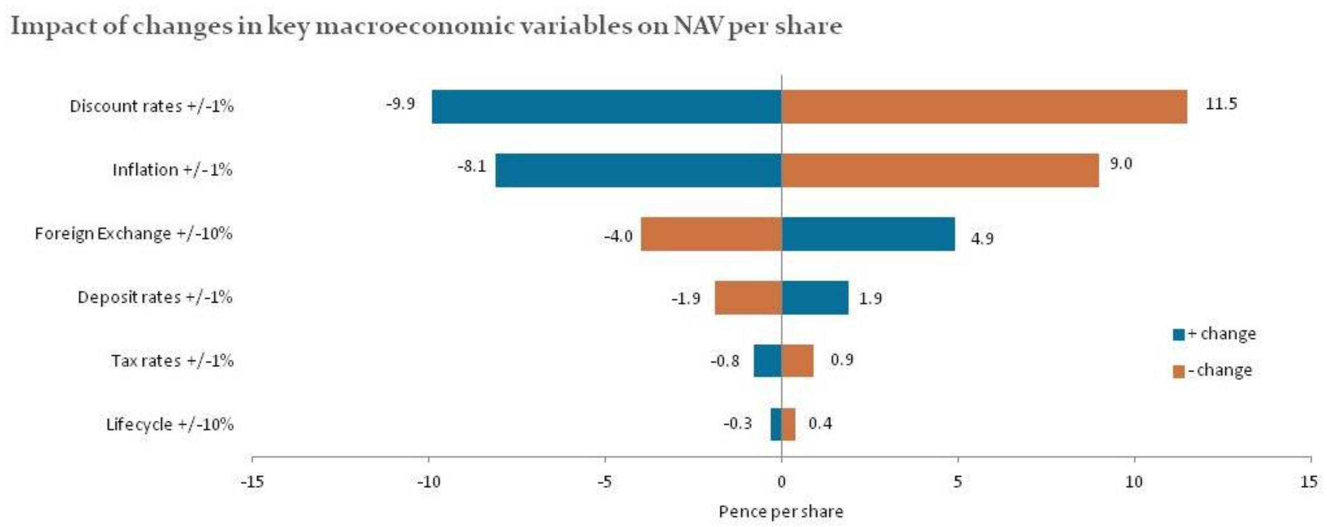
Government bond rates

In the table above the Company has provided an analysis of the weighted average government bond rate used in calculating the discount rate. It should be noted that the nominal (i.e. non inflation linked) bond rate has been used in this calculation.

Country	30 Jun 2014	31 Dec 2013	30 Jun 2013	Movement (31 Dec 2013 – 30 Jun 14)
UK	3.36%	3.34%	2.87%	0.02%
Australia	4.54%	4.48%	3.91%	0.06%
Canada	2.91%	3.03%	2.49%	(0.12%)
Belgium	3.17%	3.50%	3.16%	(0.33%)
Germany	2.34%	2.55%	2.21%	(0.21%)
Ireland	3.15%	4.14%	4.35%	(0.99%)
France	2.85%	3.08%	2.82%	(0.23%)
Italy	4.10%	4.86%	4.95%	(0.76%)
Portfolio weighted average	**3.38%**	**3.46%**	**3.06%**	**(0.08%)**

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 11.5 in the financial statements. 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.



Discount rates

The Company's approach to determining the discount rate is described in detail above. Assuming all other things are equal, a reduction of 1% to the underlying project discount rates would increase the 30 June 2014 NAV per share by 11.5 pence. Should the underlying project discount rates increase by 1% the NAV per share would decrease by 9.9 pence.

Inflation

In an environment where investors are increasingly focused on achieving real rates of return on their investments, inflation protection is an important consideration for the Company. At 30 June 2014 the majority of assets in the portfolio had some degree of inflation linkage and, in aggregate, the weighted average return of the portfolio can be expected to increase by 0.81% for a 1% inflation increase across the portfolio over currently assumed rates.

Where actual inflation is higher or lower than the assumed levels, it can be expected to impact on the Company's actual future cash flow in a correspondingly positive or negative manner other things being equal. If the underlying project inflation rates were to increase by 1% there would be an 9.0 pence increase to the NAV per share, conversely, if the rates were to decrease by 1% there would be a 8.1 pence decrease to the NAV per share.

Foreign exchange

The company has a geographically diverse portfolio and therefore non-GBP denominated investment returns and valuations are subject to foreign exchange rate risk. Whilst the Company enters into foreign exchange forward contracts to mitigate short-term exposures, longer term changes are likely to impact portfolio valuations. Should the assumed exchange rates increase by 10% this would lead to a 4.9 pence increase in the NAV per share while a 10% reduction in the exchange rates would result in a 4.0 pence decrease in NAV per share.

Deposit rates

The long-term weighted average future deposit rate across the portfolio is 3.47% 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. All else being equal, a 1% increase in the underlying deposit rates would lead to a 1.9 pence increase in the NAV per share and a 1% decrease in deposit rates would lead to a 1.9 pence reduction in the NAV per share.

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. Should the assumed tax rates increase by 1% this would lead to a 0.8 pence decrease in the NAV per share while a 1% reduction in the tax rates would result in a 0.9 pence increase in NAV per share.

Project Lifecycle

A project's lifecycle is the 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 government body. The proportion of total cost that is lifecycle will depend on the nature of the asset. In order to enhance the certainty around cash flows, around 94% of the Company's assets (by value) are structured such that lifecycle cost risk is taken by a subcontractor for a fixed price isolating equity investors from such downside risk. As a result, the impact of any changes to the Company's lifecycle profile is relatively small. A 10% increase in lifecycle costs would lead to a 0.3 pence reduction in NAV per share. A 10% decrease in lifecycle costs would lead to a 0.4 pence increase in NAV per share.

Future Tax Group Relief

Under UK tax group loss relief rules, losses within the UK group companies can be, subject to UK tax law, offset against taxable profits in other UK group companies (including project entities formerly part of the UK group). 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.

Cash flow movements in the period

Summary of consolidated cash flow	Six months to 30 Jun 2014 £ million	Six months to 30 Jun 2013 £ million	Year to 31 Dec 2013 £ million
Opening cash balance	**80.6**	**65.8**	**65.8**
Cash from investments	35.5	30.6	59.7
Operating costs (recurring)	(6.1)	(5.9)	(11.7)
Net financing costs	(0.6)	(0.4)	(0.5)
Net cash before one off operating costs	**28.8**	**24.3**	**47.5**
One-off operating costs	(2.3)	(0.1)	(5.4)
Net cash flow from operations	**26.5**	**24.2**	**42.1**
Cost of new investments	(20.1)	(8.5)	(36.5)
Proceeds of capital raisings (net of costs)	-	46.1	46.1
Distributions paid	(20.2)	(17.0)	(36.9)
Net cash at period end	**66.8**	**110.6**	**80.6**

The Company's net cash at 30 June 2014 was £66.8 million (31 December 2013: £80.6 million), a decrease of £13.8 million reflecting net cash flows from operations offset by new investments and dividend payments.

Cash inflow from the Company's investment portfolio was £35.5 million (30 June 2013: £30.6 million). The increased cash flow was mainly due to the timing of receipt of distributions from underlying investments.

Recurring operating costs have increased from £5.9 million to £6.1 million (30 June 2013), in line with the increase in the Company's NAV although, as detailed in the 'ongoing charges' table below, this was somewhat offset by a small reduction in other running costs. One-off operating costs of £2.3 million (30 June 2013: £0.1 million) mainly represent new acquisition transaction costs and costs associated with the refinancing of the corporate debt facility in the period.

Dividends paid in the period of £20.2 million (30 June 2013: £17.0 million) were in respect of the six month period ended 31 December 2013.

Corporate expenses and ongoing charges

A breakdown of corporate operating costs paid is provided below:

Corporate Expenses	Six months to 30 Jun 2014 £ million	Six months to 30 Jun 2013[1] £ million	Year to 31 Dec 2013 £ million
Management fees	(5.6)	(5.3)	(10.6)
Audit fees[1]	(0.1)	(0.1)	(0.1)
Directors fees	(0.1)	(0.1)	(0.2)
Other running costs	(0.3)	(0.4)	(0.8)
Operating costs (ongoing)	**(6.1)**	**(5.9)**	**(11.7)**

[1] The 30 June 2013 balance has been restated to reflect IFRS 10 consolidation expenses. Previously reported ongoing operating charges for 30 June 2013 were £6.3 million.

The increase in management fees paid to the Investment Advisor is in line with the growth in managed investments and the growth of the Company's portfolio.

Ongoing Charges	Six months to 30 Jun 2014 £ million	Six months to 30 Jun 2013[1] £ million	Year to 31 Dec 2013 £ million
Annualised Ongoing Charges[2]	(12.2)	(11.7)	(11.7)
Average NAV[3]	943.7	893.3	905.9
Ongoing Charges	**(1.29%)**	**(1.31%)**	**(1.29%)**

[1] The June 2013 balance has been restated to conform to the IFRS 10 grouping (the previously reported full consolidated ongoing charges in June 2013 was £12.4 million)

[2] The Ongoing Charges ratio was prepared in accordance with the Association of Investment Companies' ('AIC') recommended methodology, noting this excludes non-recurring costs.

[3] Average of published NAVs for the relevant period

Principal Risks and Uncertainties

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

The principal risks facing the Company and their mitigation are set out on pages 28 to 31 in the 31 December 2013 Annual Report and Financial Statements and are detailed further in the Company's last Prospectus (the Placing, Open Offer and Offer for Subscription Prospectus published on 24 May 2012). These risks and uncertainties are expected to remain relevant to the Company for the next six months of its financial year and include (but are not limited to):

- 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 Company and the risk of default under contract whether by the Company, 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 Company and its projects and changes in the competitive environment which may have an adverse impact on the Group.

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

Performance against Strategic Priorities – Active Asset Management

Delivery of expected returns from the existing portfolio

During the period, investment cash flow from the Company's portfolio of 115 investments has continued to perform in line with the Company's forecasts. Ensuring that the Company's assets are available for use and are performing in accordance with contractual expectations is a critical task for the Company and its service providers.

The Investment Advisor, on behalf of the Company, closely monitors any availability and performance failures at a subcontractor level and works with these service providers to mitigate the risk of deductions. For example, all projects have a dedicated Asset Manager whose task it is to ensure that the project is meeting all targets required under the contract and that the public sector client is happy with the standard of service being achieved. Each month the Asset Managers review the performance and availability deductions data from the facilities manager contractor to identify any large or recurrent deductions. This not only ensures that remedial action can be taken in a timely manner but that the public sector client receives a high level of visibility regarding the performance of the asset.

Maintain high levels of public sector satisfaction and asset performance

All projects continue to perform to the required contractual standards as demonstrated by the continued low level of payment deductions. In addition projects such as Liverpool Central Library have been recognised as outstanding examples of public infrastructure with awards such as RIBA North West's Conservation Award 2014 and Regional Award April 2014, RICS Best Tourism & Leisure Project 2014, Best Community Benefit Project and Project of the Year 2014.

Deliver additional capital value from existing assets

During the first six months of 2014 our public sector clients commissioned in excess of 400 variations resulting in over £13 million of additional works at the project level. All variations were overseen by the Investment Advisor as part of the day-to-day asset management activities it undertakes in conjunction with the project facilities manager and the public sector client. The ability to deliver these variations demonstrates the value and flexibility of PFI/PPP contracts to respond to the changing requirements of public sector clients.

The day-to-day management of interfaces between the client, investors and construction partners is also of importance in relation to investments in the course of construction. For instance, at the Northamptonshire schools project when the need was identified for increased school places, the Investment Advisor worked with the procuring authority throughout the process to ensure its successful delivery. This included: the identification of a suitable building contractor to deliver the works; working with the facilities management contractor to identify the associated cost of the new facilities management services; and, liaison with the project's lawyers and other professionals to engage with the senior lenders to gain consent to the delivery of this major variation.

Valuation benefits from successful completion of the construction and defects correction phases of these projects and other construction projects recently completed are expected to continue to be realised in 2014 and 2015 as sustained operational performance is demonstrated. All construction currently within the portfolio is due to be completed by December 2014 with defects periods completed in 2015. In the first six months of the 2014 financial year the Company has increased its investments in construction stage projects as set out in the 'Value Focused Portfolio Development' section below.

Projects under construction as at 30 June 2014 are set out in the table overleaf. As anticipated, post period end, two of these projects, the Gold Coast Rapid Transit and the BMBF project reached construction completion. Both projects are expected to continue to add to the Company's operational cash flows in the second half of the 2014 financial year and provide capital appreciation as the projects progress through the defects liability period and the discount rates associated with each project unwinds. Further details are provided in 'Value-focused portfolio development' section below.

Asset	Location	Construction Completion Date	Defects Completion Year	Status	% of Fair Value of Investment
Royal Children's Hospital	Australia	Phase 1 – September 2011	2015	Phase 1 completed	5.4%
		Phase 2 – December 2014	2015	Phase 2 ahead of schedule	
Gold Coast Rapid Transit	Australia	July 2014[1]	2015	Completed	1.2%
Building Schools for the Future portfolio	UK	Various. Latest September 2014	2015	On schedule	0.3%[2]
Federal German Ministry of Education and Research ('BMBF')	Germany	August 2014	2015	Completed	1.2%

[1] Originally targeted construction completion in May 2014. While final construction completion was slightly delayed, this did not affect project returns as the construction contractor was levied late completion damages
[2] Estimate based on the number of projects within the BSFI portfolio that were still in construction at 30 June 2014

Performance against Strategic Priorities – Value focused portfolio development

The Company has further developed its portfolio through a series of acquisitions and divestments since the start of the 2014 financial year (summarised in the table below). These projects acquired were all self-originated, having either been sourced by the Investment Advisor i) from project inception (i.e. in response to an initial government procurement process); or ii) by way of further investment into the Company's existing assets. These methods of procurement remain the Company's preferred route to market as they necessarily avoid investment in the open secondary market which, as we have noted before, remains very competitive.

Asset	Location	Acquisition/ Divestment	Operational Status	Investment/ realisation value	Acquisition/ divestment date
Six months to 30 June 2014					
Federal German Ministry of Education and Research	Berlin, Germany	Acquisition	Under construction	£9.6 million	January 2014
Building Schools for the Future	Kent, UK	Acquisition	Operational	£7.2 million	February 2014
Building Schools for the Future	Wolverhampton, UK	Acquisition	Under construction	£0.5 million	February 2014
Building Schools for the Future	Nottingham, UK	Acquisition	Operational but still in 'defects period'	£2.8 million	June 2014
Building Schools for the Future	Various, UK	Divestment	Operational	£18.8 million	February 2014
Period from 1 July 2014					
Priority School Building Aggregator Programme	Various, UK	Selected Bidder	To be constructed	Up to £70 million	Appointed July 2014
Amiens Hospital PPP	France	Divestment	Operational	£0.3 million	July 2014

During the six months to 30 June 2014 the Company invested £20.1 million into four projects. In January, the Company acquired a 98% equity interest and 100% of the subordinated debt in a PPP project that will deliver the new headquarters of the Federal German Ministry of Education and Research in Berlin ('BMBF'). The Ministry provides funding for research projects and institutions and sets general educational policy, including providing student loans, in Germany.

The BMBF interests were acquired by an investment subsidiary of the Company from an associate of the Investment Advisor for approximately €11.9 million (£9.6 million). The acquisition process was fully managed in accordance with the Company's policy on dealing with conflicts of interest in such circumstances. This process, which is documented further in the Company's 2013 Annual Report, included the Company obtaining an independent valuation which valued the asset at a price slightly higher than the price at which it was acquired. This investment underlines the Company's ability to access a developed pipeline of international investment opportunities other than through a secondary market auction process. Construction of the project was completed in August this year.

The Company has also entered into a number of UK schools PFI transactions with respect to Building Schools for the Future ('BSF') portfolio. Three investments were made in existing BSF projects:

> The acquisition of 60% of Kier Project Investments' 80% interest in the Kent BSF (UK PFI schools) project for £7.2 million, taking the Company's ownership in this project to 58%
> A follow-on investment of £0.5 million in the Wolverhampton BSF (UK PFI schools) project where the Company had the opportunity to invest on a minority basis. The project involves the design, construction, financing and operation of two high schools in the second phase of the Wolverhampton BSF programme delivered using a PFI structure
> An additional £2.8 million investment in the second phase of the Nottingham BSF from Carillion Private Finance, taking the Company's interest from 10% to 82%

In addition, minority interests in the Hull, Leeds, Newcastle, Rochdale, Sandwell and Leicester BSF projects were disposed, with £18.8 million being realised. The divestments were agreed as the Company had determined that it had no realistic scope to increase its holdings in these particular projects to majority controlling holdings and therefore considered that, based on the price offered; a sale would be in the best interests for the Company. The proceeds of sale are substantially in excess of the price paid for the same stakes on acquisition in August 2011, offering a significant premium to the Company.

Since the close of the 30 June 2014 reporting period, the Company announced that it had been selected as the winning bidder to fund the Priority School Building Programme, a centrally managed UK government scheme designed to address schools most in need of urgent repair. The funding programme, known as the 'Aggregator' will see c.£700 million of investment directed into 46 schools across five batches. The Company's commitment is approximately 10% of the funding of each of these batches, with the residual funding being provided by consortium partners the European Investment Bank and Aviva. The investment will be made progressively over a twelve month period, as each batch of schools reaches financial close.

In addition, since 30 June 2014, the Company divested a further asset, the Amiens Hospital PPP project in France, realising a total of £0.3 million. The sale achieved a price in excess of the Company's valuation, and, consistent with the sales conducted in January of this year, was opportunistic and allows the Company to divest a non-strategic, subscale project, further streamlining the portfolio.

The Company is also pleased to advise that it expects to reach commercial close by October this year on its investment in the Lincs OFTO project. The project links the 270MW Lincolnshire windfarm via transmission cables to the National Grid via 100km of subsea cables and other related infrastructure including substations. The Company will take no exposure to electricity production or price risk, rather is paid a pre-agreed revenue stream over 20 years which is fully linked to UK inflation (RPI). The acquisition of the OFTO is expected to reach financial completion by the end of the current financial year at which time full details on the Company's financial commitment will be provided. The Company notes that the investment into the Lincs OFTO will be sizable and will likely be the Company's largest single portfolio investment.

Performance against Strategic Priorities – Efficient financial management

The Company achieved a cash dividend to investors that was 1.3 times covered by net operating cash flow for the six months ended 30 June 2014. This compares to 1.4 for the dividend paid during the same period last year and is consistent with the Company's approach of having dividends that are fully covered from operating cash flow. The Company remains confident that it will be able to grow dividends from operating cash flows in the future.

It remains the Company's policy not to have long-term corporate level debt and it is anticipated that to the extent that the corporate facility is drawn to fund acquisitions, this would be a short-term arrangement and equity funding, by means of a capital raising, would be sought to repay outstanding debt as soon as practicable. As at the date of this report, the corporate debt facility was undrawn.

Outlook

Current Market Environment and Future Opportunities

Overall the Company continues to have a very positive market outlook. Government support for private sector investment in infrastructure continues to feature as a high public priority. Also, secondary market competition is currently at a very high level, resulting in significant price inflation which augurs well for the value of the Company's existing assets and the market perception of infrastructure being a firmly established class of investment asset

New investment opportunity volumes have remained low in the period, driven by the Company having been very selective over assets and being determined to progress the acquisition of assets that it believes have a clear benefit to the portfolio. Such assets take longer to develop and reach financial close, but the Company is pleased to confirm its expectation of reaching financial close of Lincs OFTO project and its selection as preferred bidder for the next wave of financing of privately financed schools, later this year.

Overall, the Company is confident that its approach will be justified over time and that the Company continues to hold and build a portfolio of the highest quality.

Current Pipeline

Overall, the Company remains very 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 during 2014.

In addition to the anticipated commitment to the Lincs OFTO and the Priority Schools Building Programme Aggregator projects the Investment Advisor has a pipeline of other potential investment opportunities that are at an earlier stage of development, which subject to further review and other things being equal, will be progressed as investment opportunities for the Company.

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

- Continued activities in the area of UK offshore transmission
- Other UK and European primary investment opportunities (for instance in UK healthcare and Irish schools)
- Acquisition of additional investments in projects where the Company already has an investment. Typically these will arise under pre-emption and similar rights
- New developments in UK public policy with respect to the financing of PPP projects in the UK
- The growing range of opportunities in Ireland
- Further growth in social infrastructure projects in Germany, Belgium, Australia and New Zealand which conform to the existing risk profile within the Company's portfolio
- Opportunities arising in the UK health and social care sphere where an active pipeline of small to medium sized opportunities continues to exist
- Appropriately priced proposals from third parties seeking to dispose of projects meeting the Company's investment criteria which have synergies with the Company's existing portfolio

Selected specific current opportunities identified by the Investment Advisor are outlined in the table below. Notwithstanding the projects listed above, it should be noted that the Company's performance is not dependent upon making additional investments in order to deliver its projected returns. Further investment opportunities will be judged by their anticipated contribution to overall portfolio returns.

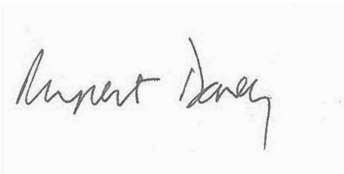
Outlook continued

Project	Location	Estimated Investment/ Gross Capital Value	Expected Concession Length	Project Status
OFTOs - Lincs	UK	£360 million[1]	20 years	Consortium including the Company named preferred bidder
Priority School Building Aggregator Programme	UK	Up to £70 million[2]	20 years	Consortium including the Company named preferred bidder
Transportation project	UK	c. £10 million[2]	30 + years	Consortium including the Company, additional investment in existing project
Healthcare projects	UK	£14 million	25 years	Community health project in the UK. Preferred bidder status.
HUB framework	UK	£35 million	25 years	HUB framework for various social community projects in Scotland. Preferred bidder status for both short and longer-term projects.
Medium-term opportunities				
Judicial	Belgium, Germany, Ireland, Netherlands, Australia	£500 million	c. 25 years	The Company has the benefit of short, medium and long-term development opportunities as well as pre-emption opportunities in respect of a number of projects within the existing portfolio
Transportation	Netherlands	£600 million		
Secondary market (through pre-emption)	UK	£300 million		
Transmission	UK	£400 million	20 years	Bidding two third tranche OFTOs with successful consortium

The above represents opportunities currently under review by Amber Infrastructure Group including current bids, preferred bidder opportunities and estimated value of opportunities to acquire additional investments under pre-emption/first refusal rights. There is no certainty these will translate to investment opportunities for the Company. Unless otherwise stated the values referenced represent the current unaudited capital value of the relevant project and therefore includes both debt and equity and is not necessarily indicative of the eventual acquisition price for, or the value of, any interest that may be acquired

1 Represents the current unaudited capital value of the project and includes both debt and equity. The Company is likely to invest between £150 million to £200 million into the project on financial close.

2 Represents the Company's estimated investment value



Rupert Dorey
27 August 2014
Chairman

John Whittle
27 August 2014
Director

Board of Directors

				
Background and Experience				
Rupert Dorey (Chairman)	**Giles Frost**	**Claire Whittet**	**John Whittle**	**John Stares**
Aged 54 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 UK Credit and Rates Sales. Since 2005 Rupert has been a Non-Executive Director for a number of Hedge Funds, Private Equity & Infrastructure Funds. Rupert is a member of the Institute of Directors.	Aged 51, resident in the United Kingdom, 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 Limited, the ultimate holding company of the Investment Advisor to the Company and various of its subsidiaries.	Aged 59 and a resident of Guernsey, Claire has over 35 years' experience in the banking industry. Since 2003 Claire has been a Director and, more recently, Managing Director and Co-Head of Rothschild Bank International Ltd and Director of Rothschild Bank (CI) Ltd. Claire was previously with Bank of Scotland and was latterly Global Head of Private Client Credit at Bank of Bermuda. Claire 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 59, John is a resident of Guernsey. John is a Chartered Accountant and holds the Institute of Directors Diploma in Company Direction. John chairs the NED sub-committee of the Guernsey Investment Fund Association. John was previously Finance Director of Close Fund Services, a large independent fund administrator. Prior to moving to Guernsey, John was at Price Waterhouse in London before embarking on a career in business services, predominantly telecoms.	Aged 63 and a resident of Guernsey since 2001, John has 40 years business 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. John is a Fellow of the Institute of Chartered Accounts in England and Wales, a member of the Worshipful Company of Management Consultants and a Freeman of the City of London.
Date of Appointment				
2 August 2006	2 August 2006	10 September 2012	6 August 2009	28 August 2013

Directors' Responsibilities Statement

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

a) The condensed set of financial statements have been prepared in accordance with 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
27 August 2014
Chairman

John Whittle
27 August 2014
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 2014 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 20. 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 2014 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

27 August 2014

Condensed Consolidated Statement of Comprehensive Income (unaudited)

Six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Interest income	4	**15,330**	14,053
Dividend income	4	**14,175**	10,252
Net change in fair value of investments at fair value through profit or loss	4	**13,847**	21,001
Realised gain on disposal of investments	4,5	**1,161**	-
Total investment income		**44,513**	45,306
Other operating (expense)/income	6	**(742)**	2,275
Total income		**43,771**	47,581
Management costs	7	**(5,628)**	(16,258)
Administrative expenses		**(523)**	(487)
Transaction costs	8	**(314)**	(153)
Directors' fees		**(133)**	(116)
Total expenses		**(6,598)**	(17,014)
Profit before finance costs and tax		**37,173**	30,567
Finance costs		**(1,258)**	(721)
Profit before tax		**35,915**	29,846
Tax credit	9	**986**	1,372
Profit for the period		**36,901**	31,218
Earnings per share			
From continuing operations			
Basic and diluted (pence)	10	**4.85**	4.20

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 2013: nil). The profit for the period approximates the Total Comprehensive Income for the period.

Condensed Consolidated Statement of Changes in Equity (unaudited)

Six months ended 30 June 2014

	Share capital Ordinary £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2013	**524,393**	**182,481**	**228,517**	**935,391**
Total comprehensive income	-	-	**36,901**	**36,901**
Issue of Ordinary Shares	**3,191**	**-**	**-**	**3,191**
Distributions in the period	**-**	**-**	**(23,390)**	**(23,390)**
Balance at 30 June 2014	**527,584**	**182,481**	**242,028**	**952,093**

	Share capital Ordinary £'000s	Other distributable reserve £'000s	Retained earnings £'000s	Total £'000s
Balance at 31 December 2012	**463,054**	**182,481**	**215,419**	**860,954**
Total comprehensive income	-	-	31,218	31,218
Issue of Ordinary Shares	51,914	-	-	51,914
Issue fees applied to new shares	(409)	-	-	(409)
Distributions in the period		-	(22,375)	(22,375)
Balance at 30 June 2013	**514,559**	**182,481**	**224,262**	**921,302**

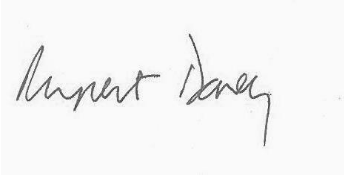
Condensed Consolidated Balance Sheet (unaudited)

As at 30 June 2014

	Notes	30 June 2014 £'000s	31 December 2013 £'000s
Non-current assets			
Investments at fair value through profit or loss	11	**856,159**	844,382
Total non-current assets		**856,159**	844,382
Current assets			
Trade and other receivables	11,13	**31,644**	13,020
Cash and cash equivalents	11	**66,822**	80,609
Derivative financial instruments	11	**3,249**	3,664
Investments at fair value through profit or loss	5, 11	**1,946**	-
Total current assets		**103,661**	97,293
Total assets		**959,820**	941,675
Current liabilities			
Trade and other payables	11,14	**7,727**	6,284
Total liabilities		**7,727**	6,284
Net assets		**952,093**	935,391
Equity			
Share capital	15	**527,584**	524,393
Other distributable reserve	15	**182,481**	182,481
Retained earnings	15	**242,028**	228,517
Equity attributable to equity holders of the parent		**952,093**	935,391
Net assets per share (*pence per share*)	16	**124.8**	123.0

The Half-yearly Financial Report was approved by the Board of Directors on 27 August 2014.

They were signed on its behalf by:



Rupert Dorey
27 August 2014
Chairman

John Whittle
27 August 2014
Director

Condensed Consolidated Cash Flow Statement (unaudited)

Six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Profit from operations		**36,901**	31,218
Adjusted for:			
Unrealised exchange loss/(gain)		**325**	(384)
Gain on investments at fair value through profit or loss	4	**(13,847)**	(21,001)
Finance costs		**1,258**	721
Net income tax credit	9	**(986)**	(1,372)
Fair value movement on derivative financial instruments	6	**415**	(1,825)
Realised gain on disposal of investments	4	**(1,161)**	-
Working capital adjustments			
Decrease/(Increase) in receivables		**1,288**	(2,773)
Increase in payables		**1,049**	10,438
		25,242	15,022
Income tax received[2]		**422**	-
Net cash inflow from operations		**25,664**	15,022
Investing Activities			
Acquisition of investments at fair value through profit or loss		**(20,117)**	(8,495)
Net repayments from investments at fair value through profit or loss		**3,433**	9,400
Net cash (outflow)/inflow from investing activities		**(16,684)**	905
Financing Activities			
Proceeds from issue of shares net of issue costs		**-**	46,124
Dividends paid		**(20,199)**	(16,994)
Finance costs paid		**(2,663)**	(334)
Net cash (outflow)/inflow from financing activities		**(22,862)**	28,796
Net (decrease)/increase in cash and cash equivalents		**(13,882)**	44,723
Cash and cash equivalents at beginning of period		**80,609**	65,776
Exchange loss on cash and cash equivalents		**95**	155
Cash and cash equivalents at end of period		**66,822**[1]	110,654

1 Includes restricted cash of £23.1 million committed for investment.

2 Group tax losses surrendered.

Notes to the Condensed set of Financial Statements (unaudited)

Six months ended 30 June 2014

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 page 49. The nature of the Group's operations and its principal activities are set out in pages 2 to 6.

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

The financial information for the year ended 31 December 2013 included in this Half-yearly Financial Report is derived from the 31 December 2013 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 IFRS as adopted by the European Union. The set of condensed consolidated 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 and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013, 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 2013. The new and revised IFRS and interpretations becoming effective in the period have had no impact on the accounting policies of the Group.

As disclosed in the annual financial statements for the year ended 31 December 2013, the Directors determined that International Public Partnerships Limited is an investment entity as defined by IFRS 10 and chose to adopt early the amendments to IFRS 10, IFRS 12 and IAS 27 ('Investment entities amendments'). The amendments require an investment entity as defined by IFRS 10 to consolidate only those subsidiaries that provide services relevant to its investment activities, such as management services, strategic advice and financial support to its investees. 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. Comparative information as at 30 June 2013 has been restated to reflect this. The impact of the application of IFRS 10, IFRS 12 and IAS 27 'Investment entity amendments' on each of the line items in the 30 June 2013 condensed consolidated statement of comprehensive income (unaudited) is summarised below:

	As at 30 June 2013	**Impact of change in accounting policy**	***Restated* 30 June 2013**
Interest income	96,770	(82,717)	14,053
Dividend income	-	10,252	10,252
Investments at fair value through profit loss	-	21,001	21,001
Revenue	92,039	(92,039)	-
Cost of sales	(74,988)	74,988	-
Share of results of joint ventures and associates	(2,116)	2,116	-
Other operating income	2,135	140	2,275
Other net gains	1,057	(1,057)	-
Finance costs	(74,687)	73,966	(721)
Operating expenses	(31,720)	31,720	-
Management fees	-	(16,258)	(16,258)
Transaction costs	-	(153)	(153)
Director fees	-	(116)	(116)
Administrative expenses	(1,276)	789	(487)
Tax	(1,566)	2,938	1,372
Minority interest	1,018	(1,018)	-
Net income attributable to equity holders of the parent	**6,666**	**24,552**	**31,218**
Earnings per share	**0.90**	**3.30**	**4.20**

Notes to the Condensed set of Financial Statements (unaudited)

Six months ended 30 June 2014

1. Basis of Preparation (continued)

Going concern

The Directors have reviewed comprehensive 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 £43.7 million as at 30 June 2014. On 24 January 2014, the Company's corporate debt facility was renewed to £175 million (Dec 2013: £100 million) which is available for investment in new and existing projects and is committed until December 2016. The new facility is forecast to continue in full compliance with the associated banking covenants. The company also continues to fully cover costs and distributions from underlying operational investment cash flows pre new investment outflows.

2. Significant Judgments and Estimates

Service entities and consolidation group

Following the adoption of IFRS 10 Investment Entity Amendments, the condensed consolidated financial statements incorporate the financial statements of the Company and service entities controlled by the Company up to 30 June 2014. Typically a service entity provides management services, strategic advice and financial support to investee entities. Judgment 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 2014 and are satisfied with the resulting conclusion. Since 30 June 2014 the International Financial Reporting Interpretations Council has proposed the International Accounting Standards Board ('IASB') provide further clarity on the accounting treatment for investment service entities. The IASB has issued an exposure draft open for consultation, however, it is currently unclear if following the consultation period there will be any significant changes to the financial statements.

If future guidance or changes to IFRS 10 require investment service entities (such as those currently consolidated) to instead be accounted for at fair value this would have an impact on disclosures in the Financial Statements and could result in less transparency for investors. If this occurs, the Directors will consider whether additional non-audited disclosures would be beneficial (similar to the investment basis financial information currently presented).

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 asset. In determining the discount rate and relevant long-term government bond yields, specific risks and the evidence of recent transactions are considered. Details of the valuation process and key sensitivities are provided in note 11.

3. Segmental Reporting

Based on a review of information provided to the chief operating decision makers in International Public Partnerships Limited, the Group has identified four reportable segments based on the geographical risk within the Group. The factors used to identify the Group's reportable segments are centered on the risk free rates and the maturity of the Infrastructure sector (particularly PFI/PPP) within each country. Further, foreign exchange and political risk are identified, as these also determine where resources are allocated. Management has concluded that the Group is currently organised into four reportable segments being UK, Europe (non UK), Australia and North America.

	Six months ended 30 June 2014				
	UK £'000s	**Europe Non UK £'000s**	**North America[2] £'000s**	**Australia £'000s**	**Total £'000s**
Segmental results					
Dividend and interest income	**21,891**	**3,448**	**1,679**	**2,487**	**29,505**
Fair value gain/(loss) on investments	**2,686**	**5,626**	**(1,362)**	**6,897**	**13,847**
Realised gain on disposal of investments	**1,161**	**-**	**-**	**-**	**1,161**
Total investment income	**25,738**	**9,074**	**317**	**9,384**	**44,513**
Reporting segment profit/(loss) [1]	**18,619**	**8,610**	**288**	**9,384**	**36,901**
Segmental financial position					
Investments at fair value	**519,999**	**200,707**	**39,727**	**95,726**	**856,159**
Current assets	**103,661**	**-**	**-**	**-**	**103,661**
Total assets	**623,660**	**200,707**	**39,727**	**95,726**	**959,820**
Total liabilities	**(7,727)**	**-**	**-**	**-**	**(7,727)**
Net assets	**615,933**	**200,707**	**39,727**	**95,726**	**952,093**

	Six months ended 30 June 2013 *(Restated)*				
	UK £'000s	**Europe Non UK £'000s**	**North America[2] £'000s**	**Australia £'000s**	**Total £'000s**
Segmental results					
Dividend and interest income	18,701	2,520	439	2,645	24,305
Fair value gain/(loss) on investments	13,265	11,253	1,492	(5,009)	21,001
Total investment income	31,966	13,773	1,931	(2,364)	45,306
Reporting segment profit/(loss) [1]	15,875	14,408	1,591	(656)	31,218
Segmental financial position					
Investments at fair value	505,479	159,598	45,525	100,386	810,988
Current assets	127,292	-	-	-	127,292
Total assets	632,771	159,598	45,525	100,386	938,280
Total liabilities	(16,978)	-	-	-	(16,978)
Net assets	615,793	159,598	45,525	100,386	921,302

[1] Reporting segment results are stated net of operational costs including management fees
[2] North American segment currently relates entirely to projects in Canada

Revenue from investee entities, representing more than 10% of the Group's interest and dividend income approximates £12.1 million (June 2013: £10.37 million).

Notes to the Condensed set of Financial Statements (unaudited)

Six months ended 30 June 2014

4. Investment Income

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Interest income		
Interest on investments	**15,014**	13,718
Interest on bank deposits	**316**	335
Total interest income	**15,330**	14,053
Dividend income	**14,175**	10,252
Net change in fair value of financial assets at fair value through profit or loss	**13,847**	21,001
Realised gain on disposal of investments (see note 5)	**1,161**	-
Total investment income	**44,513**	45,306

All dividend income and interest income has resulted from transactions with unconsolidated subsidiary entities. Gains on investments at fair value through profit or loss are also recognised on investments in unconsolidated subsidiaries.

5. Gain on Disposal of Investments

In two separate transactions, International Public Partnerships Limited agreed to divest its minority interests in the Hull, Leeds, Newcastle, Rochdale and Sandwell BSF projects to the Dalmore Capital Fund, and its minority interest in the Leicester BSF project to Semperian Investments. As at 30 June 2014, the sales process is complete on all projects other than Rochdale resulting in INPP recognising a realized gain of £1.16 million. Sales proceeds have been collected in an unconsolidated subsidiary entity before 30 June 2014.

The sale of Rochdale is subject to completion of certain waivers and is therefore recognised as a current asset at fair value through profit or loss amounting to £1.9 million.

6. Other Operating (income)/expense

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Fair value loss/(gain) on foreign exchange contracts	**415**	(1,825)
Unrealised loss/(gain) on foreign exchange movements	**327**	(450)
Total other income	**742**	(2,275)

7. Management Costs

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Recurring		
Base fee	**5,628**	5,374
Non recurring		
Incentive fee	**-**	10,884
	5,628	16,258

Up to 30 June 2013, the Investment Advisor was entitled to an additional incentive fee. The ability of the investment advisor to earn future incentive fees was removed as part of the rebased Investment Advisory Agreement approved by the Board on 29 August 2013, as detailed in note 17.

8. Transaction Costs

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Investment advisory costs	**297**	131
Legal and professional costs	**17**	22
	314	153

Details of investment advisory costs paid are provided in note 17.

9. Tax

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Current tax:		
UK corporation tax – current year	**(1,135)**	(1,417)
Overseas tax – current year	**149**	45
Tax credit for the period	**(986)**	(1,372)

Reconciliation of effective tax rate

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended 30 June 2013 £'000s
Profit before tax	**35,915**	29,846
Expected tax on profit at Guernsey corporation rate - 0% (2012: 0%)	**-**	-
Application of overseas tax rates	**149**	45
Group tax losses surrendered to unconsolidated investment entities	**(1,135)**	(1,417)
Tax credit for the year	**(986)**	(1,372)

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 exemption, underlying investment entity tax is not consolidated within these financial statements. Total forecasted corporation tax payable by the Group's underlying investments is £724 million over their full concession lives.

10. Earnings per Share

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

	Six months ended 30 June 2014 £'000s	*Restated* Six months ended June 30 2013 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**36,901**	31,218
	Number	Number
Number of shares		
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**760,877,969**	743,276,556
Basic and diluted (pence)	**4.85**	4.20

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

11. Financial Instruments

Financial assets and financial liabilities are recognised when contractual provisions of the instrument are entered into. 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.

11.1 Financial assets

	30 June 2014 £'000s	31 Dec 2013 £'000s
Non-current assets		
Investments at fair value through profit and loss[1]	**856,159**	844,382
Current assets		
Trade and other receivables	**31,644**	13,020
Cash and cash equivalents	**66,822**	80,609
Investments at fair value through profit and loss	**1,946**	-
Derivative financial instruments		
Currency swaps	**3,249**	3,664
Total financial assets	**959,820**	941,675

[1] Includes fair value of investments in associates amounting to £1.8 million (Dec 2013: £1.8 million).

11.2 Financial liabilities

	30 June 2014 £'000s	31 Dec 2013 £'000s
Financial liabilities		
Trade and other payables	**7,727**	6,284
Total financial liabilities	**7,727**	6,284

The carrying value of other liabilities is considered to approximate their fair value.

11.3 Financial risk and management objectives

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it 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 Advisor is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Advisor 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 in the 31 December 2013 annual financial statements.

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 losses are disclosed in the fair value hierarchy section 11.4.

The Company'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, investment performance may be impaired. The level of inflation linkage across the investments held by the Company 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 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. The Group's corporate facility is unhedged on the basis it is utilised as an investment bridging facility and 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.

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 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 2014 £'000s	31 Dec 2013 £'000s
Cash		
Euro	**753**	1,367
Canadian Dollar	**702**	489
Australian Dollar	**1**	1
	1,456	1,857
Investments at fair value through profit or loss		
Euro	**200,707**	159,598
Canadian Dollar	**39,727**	45,525
Australian Dollar	**95,726**	100,386
	336,160	305,510
Total	**337,616**	307,367

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.

11.3 Financial risk and management objectives (continued)

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 only with creditworthy counterparties at the underlying entity level. PFI/PPP concessions are entered into with government, quasi government, and other public or equivalent low risk bodies.

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 redemption of capital rights. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities and by continuously monitoring the forecast and actual cash flows. 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 the 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.

11.4 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, currency forward contracts and investments at fair value through profit or loss. As at 30 June 2014, the Group’s level 2 financial instruments include currency forward contracts amounting to an asset of £3.2 million (Dec 2013: asset of £3.7 million) and investments at fair value through profit or loss amounting to £1.9 million (Dec 2013: £nil).

During the half year, the Company decided to dispose of investments in two minority shareholdings and had agreed a transaction value of £1.9 million with a condition precedent. The transaction value represents an observable input to the valuation and accordingly these holdings are now classified as level 2 investments. Transfers between levels of the fair value hierarchy, are deemed to have occurred at the beginning of the reporting period.

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

Level 3:

This category consists of investments in equity and loan instruments in underlying unconsolidated subsidiary entities which are classified at fair value through profit or loss. At 30 June 2014, fair value of financial instruments classified as level 3 totalled £856.2 million (Dec 2013: £844.4 million).

Financial instruments are classified as 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.

11.4 Fair value hierarchy (continued)

Valuation process

Valuations are the responsibility of the Board of Directors of the Group. The valuation of unlisted equity and debt investments is performed on a quarterly basis by the Investment Advisor and reviewed by the senior members of the Investment Advisor. The valuations are also subject to quality assurance procedures performed by the Investment Advisor. The Investment Advisor 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. The latest valuation is also compared with the valuations in the preceding semi-annual and annual reporting periods. The senior members of the Investment Advisor consider the appropriateness of the valuation methods and inputs. On a quarterly basis, after the checks above have been performed the Investment Advisor 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 Committee.

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 Advisor and adjusted where appropriate.

Projected net future cash flows:

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 underlying service concession. 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 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:

	UK	Europe Non UK	North America	Australia
Inflation	2.75%	2.00%	2.00%	2.50%
Long-term tax	20.00%	12.50% - 34.00%	25.00% - 26.50%	30.00%
Foreign exchange rates	N/A	1.17	1.82	1.92
Long-term deposit rates	3.50%	3.00%	3.00%	4.50%

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 the weighted average concession length of the Group, issued by the national government for the location of the asset ('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;
- a further adjustment reflective of market based transaction valuation evidence for similar assets.

Over the period, the weighted average government bond rate decreased by 0.08%. This was offset by a 0.11% increase in the weighted average project premium to reflect the transactions observed in the market and the decrease in risk premia relating to construction assets that are nearing or have reached completion.

Valuation Methodology	30 June 2014	31 December 2013	Movement
Weighted Average Government Bond Rate	**3.38%**	3.46%	(0.08%)
Weighted Average Project Premium	**4.37%**	4.26%	0.11%
Weighted Average Discount Rate	**7.75%**	7.72%	0.03%
Weighted Average Discount Rate[1]	**8.21%**	8.20%	0.01%

[1] Weighted average discount rate on risk capital only (equity and subordinated debt)

11.4 Fair value hierarchy (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	30 June 2014 £'000s
Balance at 1 January 2014	844,382
Additional investments during the period	20,117
Investments disposed of recognised as receivables	(16,808)
Investments at fair value through profit or loss – current portion	(1,946)
Net repayments during the period	(3,433)
Total gains in comprehensive income	13,847
Balance at 30 June 2014	**856,159**

11.5 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 applied in base case valuations	Sensitivity factor	+ change in fair value of investment £'000	- change in fair value of investment £'000
Discount rate	7.77%	+/- 1.0%	(75,454)	88,141
Inflation rate (overall)	2.51%	+/- 1.0%	68,734	(62,187)
UK (RPI)	2.75%	+/- 1.0%	22,412	(20,339)
Europe (CPI)	2.00%	+/- 1.0%	34,548	(28,243)
North America (CPI)	2.00%	+/- 1.0%	1,326	(1,160)
Australia (CPI)	2.50%	+/- 1.0%	10,448	(12,445)
FX rate	n/a	+/- 10%	37,366	(30,571)
Tax rate	23.98%	+/- 1.0%	(6,243)	6,929
Deposit rate	3.47%	+/- 1.0%	14,138	(14,556)

12. Investment Acquisitions

Date of acquisition	Description	Consideration £'000s	Investment post acquisition
13 January 2014	The Group acquired an additional 48% interest in the Kent BSF education project.	7,200	58%
15 January 2014	The Group acquired 10% of the share capital in Inspiredspaces Wolverhampton (Project Co 2) Ltd	453	10%
27 January 2014	The Group acquired a controlling interest in the new office building of the Federal German Ministry of Education and Research in Berlin (BMBF).	9,687	97%
27 June 2014	The Group acquired an additional 72% interest in BSF Nottingham phase 2.	2,777	82%
		20,117	

The BMBF interests were acquired by an unconsolidated subsidiary entity of the Company from an associate of the Investment Advisor on 27 January 2014.

13. Trade and Other Receivables

	30 June 2014 '000s	31 Dec 2013 '000s
Accrued interest receivable	**8,416**	8,659
Other debtors	**23,228**	4,361
	31,644	13,020

Other debtors include £16.8 million receivable from an unconsolidated subsidiary entity upon disposal of an investment and £3.4 million (Dec 2013: £3.7 million) of receivables from unconsolidated subsidiary entities for surrender of Group tax losses.

14. Trade and Other Payables

	30 June 2014 £ '000s	31 Dec 2013 £ '000s
Accrued management fee	**5,628**	5,446
Other creditors and accruals	**2,099**	838
	7,727	6,284

15. Share Capital and Reserves

Share capital

	30 June 2014 shares '000s	31 December 2013 shares '000s
In issue 1 January	**760,642**	711,582
Issued for cash	**-**	37,258
Issued as a scrip dividend alternative	**2,516**	6,791
Issued to the Investment Advisor as an incentive fee alternative	**-**	5,011
Closing shares in issue – fully paid	**763,158**	760,642

	30 June 2014 £'000s	31 December 2013 £'000s
Opening balance 1 January	**524,393**	463,054
Issued for cash (excluding issue costs)	**-**	46,495
Issued as a scrip dividend alternative	**3,191**	8,675
Issued to the Investment Advisor as an incentive fee alternative	**-**	6,584
Total share capital issued in the period	**3,191**	61,754
Costs on issue of Ordinary Shares	**-**	(415)
Closing balance	**527,584**	524,393

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

Other distributable reserve

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 in order to provide a distributable reserve to repurchase its shares if and when it is considered beneficial to do so by the directors. Following court approval, the distributable reserve account was created. The balance in the distributable and reserve account as at 30 June 2014 is £182.5 million (Dec 2013: £182.5 million).

Retained earnings

	30 June 2014 £'000s	31 December 2013 £'000s
Opening balance	**228,517**	215,419
Net profit for the period	**36,901**	58,634
Dividends paid	**(23,390)**	(45,536)
Closing balance	**242,028**	228,517

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 period ended 30 June 2014.

The Board approved an interim distribution of 3.15p per share (6 months to June 2013: 3.075p per share).

15. Share Capital and Reserves (continued)

Capital risk management

The Group seeks to efficiently manage its financial resources to seek to ensure that it is able to continue as 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 facility, cash and cash equivalents 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 Advisor reviews the capital structure on a semi-annual basis. As part of this review, the Investment Advisor considers the cost of capital and the risks associated with each class of capital.

16. Net Assets per Share

	30 June 2014 £'000s	31 Dec 2013 £'000s
Net assets attributable to equity holders of the parent	**952,093**	935,391
	Number	Number
Number of shares		
Ordinary shares outstanding at the end of the period	**763,158,094**	760,641,615
Net assets per share(pence per share)	**124.8**	123.0

17. Related Party Transactions

During the period, Group companies entered into certain transactions with related parties that were not members of the Group but were 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 Advisor, Amber Fund Management Limited ('AFML').

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

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.

As 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 Company); and the majority of other companies in which the Company 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.

17. Related Party Transactions (continued)

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 6 months to 30 June 2014 £'000s	For the 6 months to 30 June 2013 £'000s	At 30 June 2014 £'000s	At 31 Dec 2013 £'000s
Investment advisory fee/incentive profit share	**5,628**	5,373	**5,628**	5,446
Incentive fee[2]	**-**	10,885	**-**	-
International Public Partnerships GP Limited	**5,628**	16,258	**5,628**	5,446
Amber Fund Management Limited [1]	**314**	153	**-**	-
Total	**5,942**	16,411	**5,628**	5,446

[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

[2] 60% settled in shares as disclosed later in this note

On 24 January 2014 the Company, through an unconsolidated subsidiary entity, acquired an interest in BMBF from an associate of the Investment Advisor as disclosed in note 12.

Investment advisory and incentive fee arrangements

AFML, the Investment Advisor, is a related party of the Group. The aggregate fees payable to AFML in its capacity as Investment Advisor includes both base and incentive fees, however the amount is reduced by any base or incentive profit share that has been paid (or is due and payable) to International Public Partnerships GP Limited. The amount paid to AFML for the six months ended 30 June 2014 was £314,233 (June 2013 – £152,719) and relates to advisory fees on new acquisitions.

Investment advisory fees/incentive 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
> 1.5% asset origination fee of the value of new investments

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

17. Related Party Transactions (continued)

Changes to investment advisory and incentive fee arrangements

- Up to 30 June 2013, AFML was also entitled to an Incentive Fee in respect of each Incentive Period equal to 20% of the excess (if any) of the Ordinary Share Return over the Benchmark Return (as defined in the IAA) in the Incentive Period, provided that the Incentive Fee was only payable if and to the extent that the change in the Ordinary Share Return Index in the relevant Incentive Period was greater than the change in the Benchmark Return Index.
- The incentive fee was removed as part of the rebased IAA which was approved by the board on 29 August 2013.
- At the same time:

- The Company and the Investment Advisor agreed that retrospectively from 30 June 2013, the Base Fee payable to the Investment Advisor would reduce to the levels as set out above, which are currently in force.
- Provisions in relation to the termination of the Investment Advisor in the IAA were amended to replace the existing mechanism for early termination which was linked to the relative performance of the Company's shares to UK gilts, with (i) new mechanism allowing for early termination if less than 95% of the Company's assets are available for use for certain periods and the Investment Advisor fails to implement a remediation plan agreed with the Company, and (ii) enhanced rights for the Company to monitor and manage Amber in order to reflect certain changes to the Listing Rules that were effective from 1 August 2013. The IAA may also be terminated by either party giving to the other five years notice of termination, expiring at any time after 10 years from the date of the Investment Advisory Agreement.

Incentive fee payments – partly settled in shares

No incentive fees are payable since the change to the IAA highlighted above. Details of Incentive fee payments that have been part settled through issue of Ordinary Shares by the Company historically are provided below:

Payable at	Paid	% of fee paid through issuance of Ordinary Shares	Number of New Ordinary Shares issued	Issue price per share (pence)
31 December 2009	05 May 2010	40%	2,991,220	114.10
30 June 2013	13 October 2013	60%	5,011,159	131.39

This shareholding helps strengthen the alignment of interests between the Company and the Investment Advisor. As at 30 June 2014, Amber Infrastructure Limited still held these shares and received dividends thereon.

Transactions with directors

John Whittle acquired an additional 931 shares in the 6 month period ended 30 June 2014. None of the other Directors acquired additional shares in the Company during the period.

18. Contingent Liabilities

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

19. Events after Balance Sheet Date

Date	Description
25 July 2014	The Group disposed of its investment in Medicaste Amiens SAS for £0.3 million

20. Other Disclosures

Standards issued but not yet effective

Standards issued and not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

- IFRS 9 Financial Instruments: Classification and Measurement (effective on or after 1 January 2018)
- IFRS 15 Revenue form Contracts with Customers (effective on or after 1 January 2017)

New standards that the Group has applied from 1 January 2014

Standards and amendments to standards that became effective during the period are listed below. These have no impact on the financial statements for the Group.

- IAS 32 Offsetting Financial Assets and Financial Liabilities (amendment)
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (amendment)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (amendment)
- IFRIC 21 Levies

Notes to the Condensed set of Financial Statements (unaudited)

Six months ended 30 June 2014

20. Other Disclosures (continued)

Unconsolidated subsidiaries

A list of the significant investments in unconsolidated subsidiaries, including the name, country of incorporation as at 30 June 2014 and proportion of ownership is shown below:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
Abingdon Limited Partnership	UK	100
Access Justice Durham Limited	Canada	100
AKS Betriebs GmbH & Co. KG	Germany	98
BBPP Alberta Schools Limited	Canada	100
BPSL No. 2 Limited Partnership	UK	100
Building Schools for the Future Investments LLP[1]	UK	100
Calderdale Schools Partnership	UK	100
CHP Unit Trust	Australia	100
Derbyshire Courts Limited Partnership	UK	100
Derbyshire Schools	UK	100
Derbyshire Schools Phase Two Partnership	UK	100
Federal German Ministry of Education & Research Berlin	Germany	97
H&W Courts Limited Partnership	UK	100
INPP Infrastructure Germany GmbH & Co. KG	Germany	100
Inspire Partnership Limited Partnership	UK	80
IPP CCC Limited Partnership	Ireland	100
Inspiredspaces Durham (Project Co 1) Limited	UK	91
Inspiredspaces Nottingham (Project Co 1) Limited	UK	82
Inspiredspaces Nottingham (Project Co 2) Limited	UK	82
Inspiredspaces STaG (Project Co 1) Limited	UK	87
Inspiredspaces STaG (Project Co 2) Limited	UK	87
Inspiredspaces Wolverhampton (Project Co 1) Limited	UK	82
Inspiredspaces Kent (Project Co 1) Limited	UK	58
IPP (Moray Schools) Holdings Limited	UK	100
Maesteg School Partnership	UK	100
Medicaste Amiens SAS	France	95
Norfolk Limited Partnership	UK	100
Northampton Schools Limited Partnership	UK	100
Northern Diabolo N.V.	Belgium	100
Pinnacle Healthcare (OAHS) Trust	Australia	100
Plot B Partnership	UK	100
St Thomas More School Partnership	UK	100
PPP Solutions (Long Bay) Partnership	Australia	100
PPP Solutions (Showgrounds) Trust	Australia	100
Strathclyde Limited Partnership	UK	100
TH Schools Limited Partnership	UK	100
TC Robin Rigg OFTO Limited	UK	100
TC Barrow OFTO Limited	UK	100
TC Gunfleet Sands OFTO Limited	UK	100
TC Ormonde OFTO Limited	UK	100

[1] Holds direct and indirect investments in a portfolio of UK schools PFI concession entities.

The entities listed above in aggregate represent 83.62% (2013: 78.68%) of investments at fair value through profit or loss. The remaining fair value is driven from joint ventures, associate interests and minority stakes held by the group.

20. Other Disclosures (continued)

Consolidated subsidiaries

The principal subsidiary undertakings of the Company, all of which have been included in these consolidated financial statements are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %
International Public Partnerships Limited Partnership	UK	100
IPP Bond Limited	UK	100
IPP Investments Limited Partnership	UK	100

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