INTERNATIONAL PUBLIC PARTNERSHIPS

2020

Half-yearly Financial Report

for the six months ended 30 June 2020

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

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

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

COMPANY FACTS

- London Stock Exchange trading code: INPP.L
- Member of the FTSE 250 and FTSE All-Share indices
- £2.7 billion market capitalisation at 30 June 2020
- 1,615 million shares in issue at 30 June 2020
- Eligible for ISA/PEPs and SIPPs
- Guernsey incorporated company
- International Public Partnerships ('the Company', 'INPP', 'the Group' (where including consolidated entities)) shares are excluded from the Financial Conduct Authority's ('FCA') restrictions, which apply to non-mainstream investment products, and can be recommended by independent financial advisers to their clients

WWW.INTERNATIONALPUBLICPARTNERSHIPS.COM

International Public Partnerships Limited
Registered number: 45241

COVER IMAGE

Liverpool Library, UK

HALF-YEAR FINANCIAL HIGHLIGHTS

DIVIDENDS

3.68p

H1 2020 dividend per share[1]

7.36p

2020 full-year dividend target per share[2]

7.55p

2021 full-year dividend target per share[2]

2.5%

H1 2020 dividend growth[2]

1.3x

H1 2020 cash dividend cover[3]
(H1 2019: 1.3X)

NET ASSET VALUE ('NAV')[4]

£2.4bn

NAV at 30 June 2020[4]
(31 Dec 2019: £2.4bn)

149.2p

NAV per share at 30 June 2020[4]
(31 Dec 2019: 150.6p)

0.7%

Decrease in NAV for the six months to 30 June 2020

0.9%

Decrease in NAV per share for the six months to 30 June 2020

PORTFOLIO ACTIVITY

£11.7m

Cash investments made during H1 2020

INFLATION PROTECTION

0.78%

Portfolio inflation-linkage at 30 June 2020[5]
(31 Dec 2019: 0.82%)

TOTAL SHAREHOLDER RETURN ('TSR')

219%

TSR since Initial Public Offering ('IPO')[6]

8.9% p.a.

Annualised TSR since IPO[6]

PROFIT

£35.4m

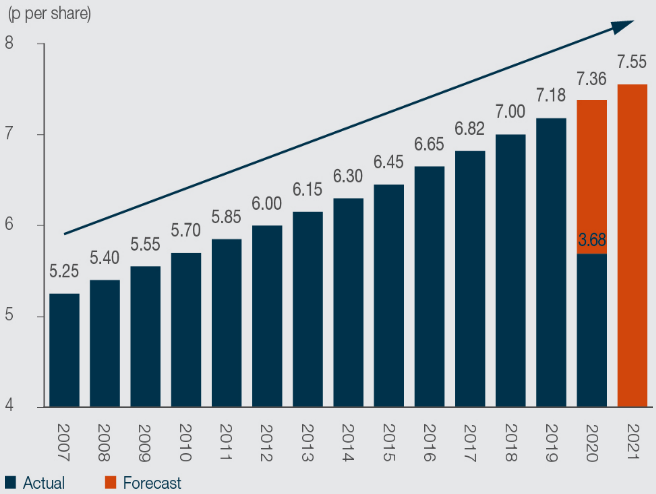
H1 2020 profit before tax
(H1 2019: £83.7m)

1 The forecast date for payment of the dividend relating to the six months to 30 June 2020 is 13 November 2020.
2 Future profit projection and dividends cannot be guaranteed. Projections are based on current estimates and may vary in future.
3 Cash dividend payments to investors are paid from net operating cash flow before capital activity as detailed on pages 22-23.
4 The methodology used to determine the NAV is described in detail on pages 24-31.
5 Calculated by running a 'plus 1.00%' inflation sensitivity for each investment and solving each investment's discount rate to return the original valuation. The inflation-linkage is the increase in the portfolio weighted average discount rate.
6 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.

COMPANY OVERVIEW

CONSISTENT AND SUSTAINED RETURNS

INPP Dividend Payments



PREDICTABLE PORTFOLIO PERFORMANCE

Projected Investment Receipts

Investment Receipts (£m)

This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 30 June 2020 are included.

LOW RISK AND DIVERSIFIED PORTFOLIO

Sector Breakdown

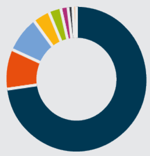
130 investments in infrastructure projects across a variety of sectors[1]

- Energy Transmission **22%**
- Transport **19%**
- Education **19%**
- Gas Distribution **17%**
- Waste Water **9%**
- Health **4%**
- Courts **3%**
- Military Housing **3%**
- Other **4%**

Geographic Split

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

- UK **73%**
- Australia **9%**
- Belgium **8%**
- Germany **4%**
- US **3%**
- Canada **2%**
- Ireland **1%**
- Italy **<1%**



Investment Type

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

- Risk Capital[2] **89%**
- Senior Debt **11%**

Asset Ownership

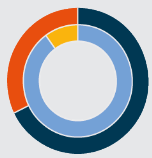
Preference to hold majority stakes

- 100% **50%**
- 50%–100% **6%**
- <50% **44%**

Mode of Acquisition/ Asset Status

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

- Construction **9%**
- Operational **91%**
- Early Stage Investor[3] **68%**
- Later Stage Investor[4] **32%**



Investment Life

Weighted average portfolio life of 34 years[5]

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

1 The majority of assets benefit from availability-based revenues.
2 Risk Capital includes both asset level equity and subordinated shareholder debt.
3 'Early Stage Investor' – assets developed or originated by the Investment Adviser or predecessor team in primary or early phase investments.
4 'Later Stage Investor' – assets acquired from a third party investor in the secondary market.
5 Includes non-concession entities which have potentially a perpetual life but assumed to have finite lives for this illustration.

OUR STRENGTHS

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

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

Amber has managed the Company's investments since IPO in 2006

Amber is a specialist international infrastructure investment manager and one of the largest independent teams in the sector with over 130 employees working internationally. It is a leading investment originator, asset and fund manager with a strong track record

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

The Company has first right of refusal over qualifying infrastructure assets identified by Amber and for US investments, by its main shareholder, US Group, Hunt Companies LLC

Relationship with the Investment Adviser

Our Strengths

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

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

A vertically integrated model with direct relationships with public sector authorities

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

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

Consideration and integration of material environmental, social and governance ('ESG') issues and opportunities

Active engagement with all key stakeholders

Strong independent Board with a diversity of experience and strong corporate governance

See more about the Investment Adviser on pages 17-21

See more about Corporate Governance on page 11

BUSINESS MODEL
DELIVERING INVESTOR RETURNS

OUR PURPOSE

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

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

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

WHAT WE DO

INVEST

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

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

ASSESS

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

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

- We seek investments with no or low exposure to market demand risks and for which financial, macroeconomic, regulatory, ESG and country risks are well understood and manageable
- The Investment Adviser has a strong investment team that originates unique opportunities in line with the Company's investment strategy
- We continually monitor opportunities to enhance the Company's existing investments

For more see pages 13-14

EFFICIENT FINANCIAL MANAGEMENT

CONTINUOUS RISK MANAGEMENT

RESPONSIBLE INVESTMENT

OPTIMISE

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

DELIVER

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

ACTIVE ASSET MANAGEMENT

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

For more see pages 17-21

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

For more see pages 22-23

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

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

For more see pages 32-39

VALUE CREATION

INVESTOR RETURNS

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

PUBLIC SECTOR AND OTHER CLIENTS

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

COMMUNITIES

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

SUPPLIERS AND THEIR EMPLOYEES

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

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

OBJECTIVES AND PERFORMANCE

INVESTOR RETURNS

Delivering long-term, inflation-linked returns to investors

Target an annual dividend increase of 2.5%

2.5%

Dividend increase achieved for H1 2020
(H1 2019: 2.6%)

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

7.9% p.a.

IRR achieved since IPO to 30 June 2020[1]
(31 Dec 2019: 8.0%p.a.)

Inflation-linked returns on a portfolio basis

0.78%

Inflation-linked returns on a portfolio basis at 30 June 2020
(31 Dec 2019: 0.82%)

1. Calculated by reference to the November 2006 IPO issue price of 100p and reflecting NAV appreciation plus dividends paid.
2. Measured by comparing forecast portfolio distributions against actual portfolio distributions received.
3. In its first year of participation, the Company's Investment Adviser achieved A+ in the UN backed PRI 2019 assessment for both the strategy and governance and the infrastructure modules.

STRATEGIC PRIORITIES

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

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

ACTIVE ASSET MANAGEMENT

Managing strong ongoing asset performance

RESPONSIBLE INVESTMENT

Management of material ESG factors

EFFICIENT FINANCIAL MANAGEMENT

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

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

New investments meet at least three of six attributes:

1. Stable, long-term returns
2. Inflation-linked investor cash flows
3 Early stage investor
4 Investment secured through preferential access
5. Other capital enhancement attributes
6. Positive UN Sustainable Development Goals ('SDGs') contribution

100%

of the investments made in H1 2020 met at least three of the six attributes

Strong ongoing asset performance as demonstrated by:

100%

Forecast portfolio distributions received for H1 2020[2]
(H1 2019: 100%)

0.1%

Asset performance deductions achieved against a target of <3% during H1 2020
(H1 2019: 0.4%)

99.6%

Asset availability achieved against a target of >98% during H1 2020
(H1 2019: 99.9%)

Managing under construction investment delivery

8.9%

of portfolio investments under construction during H1 2020
(31 Dec 2019: 9.2%)

Robust integration of ESG into investment lifecycle

A+

United Nations ('UN') backed Principles of Responsible Investment ('PRI') rating[3]

Cash covered dividends

Dividends fully cash covered for H1 2020

1.3x

(H1 2019: 1.3x)

Competitive ongoing charges

Ongoing charges ratio for H1 2020

1.21%

(H1 2019: 1.16%)

CHAIRMAN'S LETTER

Dear Shareholders,

Many aspects of modern society have been tested by the Covid-19 pandemic during the first six months of 2020, including the social and public infrastructure in which the Company invests. Despite this, the assets that we invest in have remained available throughout this period and have continued to facilitate the provision of essential services.

As I write this letter, all the countries in which the Company invests are managing the economic consequences of Covid-19, and will continue to have social distancing and other restrictive public health measures in place which will impact all aspects of life, including the use of infrastructure. This situation is unlikely to change in the short to medium term. The full economic impact of these events on our investments, as well as the wider consequences for the communities in which we invest, cannot yet be determined and it is, in the Company's view, highly likely that they will not be fully ascertained for many months. Whilst we maintain confidence in the portfolio's resilience, the Board will continue to take a prudent and realistic view of the future, as the Company and the societies in which we operate navigate through this difficult period.

OPERATIONAL AND FINANCIAL PERFORMANCE

Our approach to the selection of investments together with the stewardship of those investments has enabled the Company to maintain a strong financial performance. I am very pleased to note that net cash flows received by the Company in the period to the end of June were consistent with our expectations prior to the pandemic. This has allowed the Company to declare a fully cash-covered dividend for the first half of the year in the amount previously targeted. Despite market and economic adversity, the Company continues to do its utmost to fulfil its commitment to generating long-term, sustainable returns throughout the economic cycle, as the infrastructure asset class continues to prove its fundamental role in investment allocation and portfolio diversification.

In the first half of 2020, a key driver of this performance was the Investment Adviser's focus on active asset management. This included active mitigation of risks associated with the pandemic, whilst continuing to support our public sector partners, to ensure that the infrastructure assets and businesses in which the Company invests continue to serve the public, as well as protect the health and safety of staff and users.

Throughout the period, all of our operational assets have maintained their availability. This achievement is a function of the nature of the investments which the Company makes and is a mark of the professionalism and commitment of all those many thousands of people who operate our assets and businesses including, in particular, the staff of the Investment Adviser. I and all my fellow directors wish to record our intense appreciation to all those who have kept the Company's infrastructure assets and businesses running during these difficult times.

We do nevertheless see challenges ahead. The future financial performance of some of our assets will certainly be affected by the consequences of Covid-19. Some of these challenges are noted below. In particular, we have assumed a negative impact on our cash flow from some of our investments in the second half of 2020 and in future reporting periods. The impact that this will have on the Company cannot yet be assessed precisely. The Company continues to aim to pay future dividends in line with the targets announced previously, but will assess the situation at the relevant times.

The Company will continue to take a conservative approach to managing the implications of the pandemic on the Company's portfolio, its valuation, and relationships with our stakeholders.

PORTFOLIO UPDATE

Overall, our portfolio, as noted, continues to perform well. Moreover, a number of our investments benefit from a range of protective mechanisms to mitigate, at least in part, the consequences of adverse events. These protective mechanisms include contractual and regulatory safeguards to support cash flows.

However, against the backdrop of the general resilience of the portfolio's operational and financial performance, there are a few specific risk areas which the Company has identified where it may be exposed to financial consequences from the disruption caused by the pandemic. These relate principally to the Thames Tideway Tunnel ('Tideway'), the Company's largest asset under construction, and where the Company is exposed to elements of demand-based risk, the most significant example being the Diabolo Rail Link. Please see descriptions of these investments on page 12.

Tideway

Good progress was being made prior to the outbreak of Covid-19 in the UK and, in February 2020, the excavation of the main tunnel reached the halfway milestone with 12.5km of tunnelling having been completed. However, in response to formal UK Government guidance issued in March 2020 as a result of Covid-19, Tideway reduced construction activities across its sites and continued only with

CHAIRMAN'S LETTER

CONTINUED

essential and safety-critical works. In May 2020, following the easing of restrictions in the UK and after a series of detailed safety reviews which resulted in the implementation of measures to protect its workers as well as the wider community, Tideway recommenced work on its construction sites

There are a number of contractual and regulatory safeguards available to Tideway to help minimise the possible financial impacts of these measures. These include provisions to share additional costs between contractors, Tideway investors (including the Company) and end-customers, up to a threshold, beyond which they are borne by the UK Government. Tideway has also indicated that it is in constructive discussions with the UK water regulator, Ofwat, on a package of measures that would mitigate the financial impact of Covid-19 on Tideway's shareholders, of which the Company is one. These discussions are progressing and we expect an agreement to be reached in the coming months. Notwithstanding this, it is unlikely that the time lost will be recovered and Covid-19 safety measures are anticipated to slow the rate of progress. In August 2020, Tideway published an update which included an estimated £233 million impact on cost, increasing the total project cost from £3.9 billion to £4.1 billion, and a nine-month impact on schedule, taking completion to the first half of 2025. The Company owns 16% of Tideway and, in keeping with the Company's prudent approach, it has factored this estimated impact on a pro-rated basis into its 30 June 2020 forecasts. This includes a short period during which it is assumed that distributions from the investment will be withheld as a consequence of Covid-19 related uncertainties. The Company has been able to consider this impact within its 30 June 2020 valuation as a result of its Investment Adviser's board presence and awareness of ongoing developments. We continue to have confidence in the project, given the ability of Tideway's experienced management team and the expertise of our co-investors and our Investment Adviser.

Diabolo Rail Link

Our investment in the Diabolo Rail Link to Brussels Airport provides the fixed infrastructure and not the train services. The bulk of its revenues are related to the passenger use of either the rail link itself or the wider Belgian rail network. Passenger numbers have, of course, been significantly lower in the first half of 2020 compared to the same period last year. As social lockdown measures ease, passenger numbers have shown signs of recovery but are likely to remain below base case expectations for some time. In the event of prolonged under-performance without remedial action, the Company is unlikely to receive distributions from this investment for some time and a technical default may be triggered under the terms of the debt secured on that investment.

We have strong, long-term relationships with our stakeholders and constructive discussions are ongoing with project lenders and the Belgian state railway in order to agree how to overcome any potential liquidity or compliance issues. In addition, if required the project benefits from a contractual mechanism which permits an adjustment to the passenger fee in the event that passenger numbers and returns fall below a certain threshold. This mechanism was operated successfully earlier in the life of the contract, although under different circumstances. Notwithstanding these nearer term uncertainties, which have been reflected within our cash flow forecasts, the Company maintains a positive view on the quality of this investment and remains reassured by the contractual protections and the length of the contract term, which runs until 2047.

Minority investments

While aggregate distributions from our portfolio of investments during the period were in line with forecasts, including from assets where the Company is a minority investor, where we do not hold a majority investment in an asset the Company has less visibility than would otherwise be the case. This includes decisions as to the quantum and timing of distributions payable to the Company. In the current circumstances, it is appropriate to note that these companies may decide to defer or reduce the distributions they pay to their investors (including the Company). We do not currently foresee a material impact on our cash flow arising from such decisions, nor if such decisions occurred would it necessarily result in a permanent loss of cash flow to the Company as it might simply be deferred. However, we do see it as a possible risk factor for cash flows in the shorter term and the Board will keep this situation and any response to it under close review.

For more information on these investments, please refer to the asset management section on pages 17-21.

VALUATION AND DIVIDENDS

Given the uncertainty that persists concerning the implications of the pandemic, the Company continues to take a deliberately cautious approach in the valuation of the portfolio. The Company has revised its cash flow assumptions and has reduced its valuation of certain investments in particular Diabolo and Tideway as highlighted above. This has contributed to a 0.7% decrease in NAV, from £2.43 billion at 31 December 2019 to £2.41 billion at 30 June 2020, and a NAV per share decrease of 0.9%, from 150.6 pence at 31 December 2019 to 149.2 pence at 30 June 2020. Please see the Investor Returns section on pages 24-31 for further details.

CHAIRMAN'S LETTER

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Despite these cash flow and valuation impacts, the Board remains confident in the overall resilience of the Company's portfolio. The Board is therefore pleased to reaffirm the 3.68 pence per share dividend for the period to 30 June 2020. The Board has previously announced an overall target dividend of 7.36 pence per share for 2020 and a 2021 dividend target of 7.55 pence per share and the Company currently maintains this guidance, although will naturally keep this under review.

ASSET STEWARDSHIP

This period more than any, has justified the emphasis that the Company and the Investment Adviser place on our active asset management approach, given how fundamental it is to the long-term performance of the Company. The Company continues to deliver transparent and responsible stewardship of its infrastructure assets, which provide essential public services. Moreover, past experience of successful troubleshooting has enhanced our reputation with stakeholders. During the pandemic, the Investment Adviser has worked closely with a number of public authorities in helping adapt and repurpose buildings, such as school facilities. For more information on how the Company has supported the users of our investments, please refer to the Responsible Investment section on pages 32 -39.

Through the Investment Adviser, the Company has access to a large resource of skilled individuals who monitor asset performance and, to the extent possible, mitigate risks across the portfolio. A significant area of their focus, during the period, has been to work with the management team at Cadent, a UK gas distribution network ('GDN'). Along with its co-investors, the Company has been engaging with the industry regulator, Ofgem, concerning its regulatory settlement for the next five-year period, starting April 2021. Cadent, the Company, and other market participants will continue to work towards a better outcome for both Cadent's customers and investors in the final determination that Ofgem is expected to publish in December of this year. Please see further information on pages 18-19 for more detail.

Environmental stewardship and attention to wider social considerations are a very important part of the Company's approach to responsible infrastructure investment and the management of our portfolio and relationships. The Company believes the best way to support communities and maintain our role as a responsible investor is to continue to work collaboratively with our public sector clients and be flexible within the boundaries of agreed contracts. The Company, through its Investment Adviser, has continued to actively engage with public sector clients in the most productive way and endeavoured to keep services running, whilst ensuring that employees and contractors are operating in a safe environment.

Within the wider ESG context, the Board is pleased to note that our Investment Adviser, which became a signatory to the PRI in 2019, achieved the distinction of an A+ ranking in the 2020 assessment for both the strategy and governance, and infrastructure modules. The Company integrates the SDGs across its investment process and within its approach to asset management. As outlined in the Responsible Investment section, the result is that ESG is integrated into all aspects of the Company's investment strategy. Please see more information on pages 32-39.

INVESTMENT ACTIVITY

The last six months have not only been about responding to the Covid-19 pandemic. Given the resources and expertise of the Investment Adviser, the Company has been able, in parallel, to continue implementing its strategic priorities as set out on pages 6 and 7; and during the six months to 30 June 2020, the Company completed £11.7 million of additional investments across the education and digital infrastructure sectors.

In May 2020, the Company acquired an additional interest in the Essex Building Schools for Future ('BSF') project. The Company invested a further £6.7 million to acquire stakes in the two project companies which own four schools. These provide education facilities to over 3,700 secondary school pupils across Essex, UK. The project is yielding and was accretive to the Company's returns.

In July 2017, the Company agreed to invest up to £45 million in UK digital infrastructure alongside the UK Government, through the National Digital Infrastructure Fund ('NDIF'). To date, c.£33 million of the Company's £45 million commitment has been called by NDIF.

During the six months to 30 June 2020, NDIF called £5 million to further invest in three of its existing investments. Over the period, the market has recognised that digital infrastructure is becoming an increasingly defensive asset class as the critical nature of digital connectivity services have been amplified by the current volume of people working from home and the expectation that this will continue post-Covid-19. This was demonstrated after the end of the period by a partial realisation of NDIF's investment in Community Fibre, an internet service provider rolling out fibre optic broadband networks across London. While the terms of the transaction are confidential, the Company has announced that the transaction reflected a positive return on NDIF's original investment and will support further growth for Community Fibre. Further details of investments made during the period can be found on page 13-14.

CHAIRMAN'S LETTER

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CORPORATE GOVERNANCE

In the Company's 2019 Annual Report, I wrote about the retirement of John Whittle and John Stares from the Board, and about my own and my fellow directors' appreciation for their long service. John Whittle was our Senior Independent Director and I am delighted that Claire Whittet has since agreed to take on this important role. I also wrote about how pleased we were to welcome two new directors to the Board this year: Sally-Ann David and Meriel Lenfestey. Both Sally-Ann and Meriel were appointed to the Audit and Risk, the Management Engagement and the Nomination and Remuneration Committees in March 2020. All Directors who stood for re-election or election at the AGM on 27 May 2020 were duly re-elected or elected.

The Board complies with the Association of Investment Companies Code of Corporate Governance and the UK Corporate Governance Code as set out in the Corporate Governance section of the 2019 Annual Report and financial statements.

CURRENT ENVIRONMENT AND OUTLOOK

Aside from Covid-19 related issues, the wider market for new infrastructure investments remains positive. This was demonstrated by the UK Government announcing, in March 2020, that it believed the UK has under-invested in public infrastructure and disclosed an intention to commit £640 billion of gross capital investment to roads, railways, digital networks, schools, hospitals and power networks across the UK by 2024/25. There is currently no clarity on the role of private sector capital in this renewal of the UK's infrastructure, but we remain confident that the policy direction will continue to provide a tailwind to the Company's pipeline of investment prospects. We are also convinced of the benefits to society and the economy of using private sector investment to deliver new public infrastructure and know that our Investment Adviser will continue to make this case to the UK Government.

In parallel with their ongoing management of the pandemic, governments in the countries where we invest continue to put infrastructure investment at the core of plans for longer-term economic recovery. For example, across Europe there is a continued focus on investing in cleaner transport, sustainable energy, digital and social infrastructure. Please see more information in the Current Market and Environment section on page 15.

In the secondary market, we continue to see existing and new entrants drive up demand for operational infrastructure assets across all the geographies in which the Company invests. While good for the Company in terms of existing asset values, this trend makes it increasingly difficult to identify and acquire investments that are accretive to the Company's valuation and within the Company's risk appetite without taking on additional and sometimes less familiar risks. Notwithstanding this, the Investment Adviser's team have been very active, and the Company has reviewed approximately 40 opportunities during the period. We continue to believe that patience is a virtue in this market.

The course and consequences of Covid-19 will naturally remain everyone's focus in the coming months. Social and public infrastructure remain at the heart of our societies' ability to meet the challenges which the pandemic presents, and the Company will continue to play its part by making sure that our assets and businesses are as responsive and resilient as possible. The majority of our investments have demonstrated robust financial performance during this period and continue to do so. In the few cases where there have been short-term financial pressures, we are confident that mitigating measures will minimise their impact and help restore the expected longer-term stability of these investments. At this time, the priority for the Company continues to be the health, safety and wellbeing of the people that deliver, manage, operate and use our infrastructure assets.

Finally, the Audit and Risk Committee of the Board has also been monitoring the risks associated with potential outcomes from the UK leaving the European Union ('EU'). Accordingly, whilst we do not believe that the Company is unusually exposed to such risks, or that there will necessarily be a significant impact on the Company as a direct result of the end of the Brexit transition period, the Investment Adviser has adopted a position of heightened readiness and close communication with key contractors and suppliers. Please see more information on page 15 and 31.

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

Mike Gerrard
Chairman
9 September 2020

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

TOP 10 INVESTMENTS

The Company's top 10 investments by fair value at 30 June 2020 are summarised below. A complete listing of the Company's investments is available on the Company's website (www.internationalpublicpartnerships.com)[1].

NAME OF INVESTMENT	LOCATION	SECTOR	STATUS AT 30 June 2020	% HOLDING AT 30 June 2020	% INVESTMENT FAIR VALUE 30 June 2020	% INVESTMENT FAIR VALUE 31 December 2019
Cadent	UK	Gas distribution	Operational	7% Risk Capital	16.6%	17.1%
Cadent owns four of the UK's eight regional GDNs and in aggregate provides gas to approximately 11 million consumers.						
Tideway	UK	Waste water	Under construction	16% Risk Capital	8.9%	9.2%
Tideway relates to the design, build and operation of a 25km 'super-sewer' under the River Thames.						
Diabolo Rail Link	Belgium	Transport	Operational	100% Risk Capital	8.2%	8.6%
Diabolo Rail Link integrates Brussels Airport with the national rail network allowing passengers to access high-speed trains, such as Amsterdam-Brussels-Paris and NS Hispeed trains.						
Lincs OFTO	UK	Energy transmission	Operational	100% Risk Capital	7.6%	7.9%
The project connects the 270MW Lincs offshore wind farm, located 8km off the east coast of England, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 100km in length.						
Ormonde OFTO	UK	Energy transmission	Operational	100% Risk Capital and 100% senior debt	5.1%	5.3%
The project connects 132kV Ormonde offshore wind farm, located 10km off the Cumbrian coast, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 41km in length.						
Reliance Rail	Australia	Transport	Operational	33% Risk Capital	3.8%	3.7%
Reliance Rail is responsible for financing, designing, delivering and ongoing maintenance of 78 next-generation, electrified, 'Waratah' train sets serving Sydney in New South Wales, Australia.						
BeNEX	Germany	Transport	Operational	100% Risk Capital	3.4%	3.5%
BeNEX is both a rolling stock leasing company as well as an investor in train operating companies ('TOCs'), providing approximately 40 million train km of annual rail transport.						
Angel Trains	UK	Transport	Operational	5% Risk Capital	3.3%	3.3%
Angel Trains is a rolling stock leasing company asset base comprising over 4,400 vehicles. Angel Trains has invested over £5 billion in new rolling stock and refurbishment since 1994 and is the second largest investor in the industry after Network Rail.						
US Military Housing[2]	US	Military housing	Operational	100% Risk Capital	3.0%	2.7%
Two tranches of mezzanine debt underpinned by security over seven operational public-private partnerships ('PPP') military housing projects, relating to a total of 19 operational military bases in the US and comprising c.21,800 individual housing units.						
Robin Rigg OFTO	UK	Energy transmission	Operational	100% Risk Capital and 100% senior debt	2.5%	2.3%
The project connects the 180MW Robin Rigg East and West offshore wind farms, located 12km off the coast of Cumbria, to the National Grid. The transmission assets comprise the onshore and offshore substations and under-sea cables, 25km in length.						

1 Risk Capital includes both project level equity and subordinated shareholder debt.
2 Includes two tranches of mezzanine debt into US military housing.

Significant movements in the Company's portfolio for the six months to 30 June 2020 can be found on pages 13-14 of the Financial and Operating Review.

OPERATING REVIEW

VALUE-FOCUSED PORTFOLIO DEVELOPMENT

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

Desirable key attributes for the portfolio include:

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

Performance against strategic priority KPIs

100%

of investments made in H1 2020 met at least three of the six attributes

As discussed in the Chairman's Letter, the six month period to 30 June 2020 saw the Company focus on its existing portfolio and the impact of Covid-19. As a result, investment during the six months to 30 June 2020 was lower compared to the prior period but still saw the Company invest £11.7 million. These opportunities were sourced by the Investment Adviser through increasing its interest in existing assets or from the start of a project (e.g. early stage developments in response to an initial government procurement process). These origination approaches avoid bidding in the competitive secondary market and are preferred routes to market for the Company.

Details of investment activity for the six months to 30 June 2020, and post-period end, are provided below. The investments made by the Company during the period meet or exceed the Company's performance indicator of having at least three of the required six key investment attributes. Please refer to the key performance indicators on pages 6-7. Further details for each of these transactions are provided overleaf.

INVESTMENTS MADE DURING THE SIX MONTHS TO 30 JUNE 2020	LOCATION	KEY ATTRIBUTES						OPERATIONAL STATUS	INVESTMENT	INVESTMENT DATE
		1	2	3	4	5	6			
BSF Essex Project	UK	✓	✓		✓		✓	Operational	£6.7 million	26 May 2020
NDIF	UK			✓	✓	✓	✓	Operational	£5.0 million	Various
									£11.7 million	
INVESTMENTS MADE AFTER POST PERIOD END	**LOCATION**	**KEY ATTRIBUTES**						**OPERATIONAL STATUS**	**INVESTMENT**	**INVESTMENT DATE**
BSF Bradford and Lewisham Projects	UK	✓	✓		✓		✓	Operational	£3.6 million	12 August 2020

OPERATING REVIEW CONTINUED

INVESTMENTS MADE DURING THE PERIOD

ADDITIONAL INVESTMENTS IN BSF PROJECTS, UK

BSF is a former UK Government programme for the redevelopment of secondary schools in the UK, which used a combination of design and build contracts and private finance type arrangements.

In May 2020, the Company acquired an accretive interest in the Essex BSF project, which provides education facilities to over 3,700 secondary school pupils across Essex. The transaction saw the Company invest a further £6.7 million in two private finance initiative ('PFI') project companies that own the project's four schools and increased the Company's existing investment to 28% on phase 1 and 100% on phase 2 of the project.

Post-period end, in August 2020, the Company acquired stakes in six PFI project companies that own 14 schools. These schools provide education facilities to over 17,000 pupils across Bradford and Lewisham. The Company invested a further £3.6 million and as a result increased its existing stake by 4% in each of the six underlying project companies. Upon completion, the Company will hold a 54% investment in three of the Lewisham BSF schemes and 45% in the fourth, as well as increasing its share in the two Bradford schemes to 15.5% and 19% in the phase 1 and 2 schemes, respectively.

These acquisitions build on the existing investment of over £200 million that the Company has previously invested to develop and refurbish over 200 individual schools across the UK as part of the broader BSF programme.

DIGITAL INFRASTRUCTURE, UK

In July 2017, the Company agreed to invest up to £45 million into UK digital infrastructure alongside the UK Government through NDIF, a vehicle managed by the Investment Adviser. During the period the Company made further commitments across three of NDIF's existing portfolio companies, NextGenAccess, Airband and toob, as part of the Company's £45 million commitment. To date, £32.9 million of the Company's £45 million commitment has been called by NDIF, supporting NDIF's four investments.

Post-period end, NDIF agreed further funding by new investors in Community Fibre. The transaction also involved a part realisation by NDIF of its investment in Community Fibre to Warburg Pincus LLC and Deutsche Telekom Capital Partners. The proceeds realised will be retained by NDIF for reinvestment. The realisation reflected a positive return on NDIF's original investment and will support further growth for Community Fibre. The Company invested in Community Fibre through NDIF in 2018 to fund the roll-out of full-fibre connectivity and in July 2020, Community Fibre announced that it will accelerate the availability of full-fibre broadband to one million households across London by 2023, thereby delivering critical infrastructure.

The Company's commitment to digital infrastructure will help to transition the UK to full-fibre at a time when reliance on digital infrastructure has never been greater.

OPERATING REVIEW CONTINUED

CURRENT MARKET ENVIRONMENT AND FUTURE OPPORTUNITIES

As Covid-19 continues to affect many aspects of society and government policy, it is not possible to fully assess its future impact. Despite the current uncertainty, we continue to monitor the environment and review opportunities that meet the Company's risk-return profile. As part of the Investment Adviser's appraisal process, it considers the long-term viability of investments to ensure they are fit for the future and it considers ESG aspects such as resilience to technology changes, environmental impact and shifting societal expectations. Whilst no country has been prepared for this pandemic and it is not possible at this stage to determine what the full impact will be, the Company believes that relative to other sectors, the social and public infrastructure sectors will be less severely affected. In particular, the Company's portfolio driven by its active stewardship and prudent approach, benefits from substantial mitigations to Covid-19.

Following the outbreak of Covid-19 there has been increased focus on ensuring resilience against future threats, and there is a clear view that infrastructures plays a pivotal role in delivering this. Following the announcement in March 2020, whereby the UK Government stated that the UK had under-invested in infrastructure and expressed an intention to commit £640 billion of gross capital investment to infrastructure, in June 2020 the UK Prime Minister outlined plans to rebuild Britain and the economy across the UK with significant infrastructure spending forecast for the immediate future. The UK Government announced proposed spending of over £4.5 billion over the next few years across healthcare, transport, courts and schools as well as greenfield projects. At this stage, however, there is lack of clarity on the precise role of private sector capital in delivering this new UK infrastructure.

Following the delay in the publication of the National Infrastructure Strategy earlier in the year, it is now scheduled to be released in Autumn 2020. It will consider the UK's future economic infrastructure needs to 2050 and provide recommendations on how to deliver new projects and how to fund future infrastructure in the UK. In addition, the Infrastructure Finance Review, the results of which were due to be released earlier in the year, is expected to be announced alongside the National Infrastructure Strategy. The Company continues to believe that there are considerable benefits to the public sector in utilising private sector capital to finance new public infrastructure.

Governments outside the UK have similarly worked with the private sector to ensure that essential infrastructure continues to operate, to the extent that it is possible to do so. In other jurisdictions in which the Company operates, there continues to be a recognition for the need for infrastructure investment. This has been highlighted as a result of Covid-19, and there continues to be particular focus on social, digital and sustainable energy infrastructure sectors, and the EU committed to clean energy with the Next Generation EU initiative.

As noted in the Chairman's Letter, the Audit and Risk Committee of the Board has also been monitoring the risks associated with potential outcomes from the UK leaving the EU, which remains a source of uncertainty for the infrastructure sector and for the Company. The possibility of disruption to some of the supply chains on which the Company depends (for example, for skilled workers or spare parts) cannot be discounted. Accordingly, whilst we do not believe that the Company is unusually exposed to such risks, or that there will necessarily be a significant impact on the Company as a direct result of the end of the Brexit transition period, the Investment Adviser has adopted a position of heightened readiness and close communication with key contractors and suppliers.

CURRENT PIPELINE

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

KNOWN/COMMITTED OPPORTUNITIES	LOCATION	ESTIMATED INVESTMENT[1]	EXPECTED INVESTMENT PERIOD	INVESTMENT STATUS
NDIF	UK	£12.1 million	Operational businesses	Of the £45 million commitment to NDIF, c.£33 million has been invested to 30 June 2020
Offenbach Police Headquarters	Germany	£8.5 million[2]	c.30 years	Investment commitment made. Expected to be funded mid-2021
Rampion OFTO	UK	c.£35 - 45 million	c.20 years	Preferred bidder. Investment expected late 2020
Beatrice OFTO	UK	Up to £60 million	c.23 years	Preferred bidder. Investment expected late 2020

SECTOR OF INVESTMENT OPPORTUNITY	LOCATION	ESTIMATED CAPITAL VALUE[3]	EXPECTED INVESTMENT PERIOD	STATUS
Regulated	UK, Europe	c.£19.0 billion	Various, including operational businesses	Various opportunities
OFTO	UK	c.£1.7 billion	c.20 years	Various opportunities
Education	UK, Europe	c.£0.7 billion	Various	Various opportunities
Health	Europe	c.£1.5 billion	Various	Various opportunities
Transport	Australia, Europe	c.£6.0 billion	Various	Various opportunities
Other	UK, Europe, North America, Australia	c.£9.5 billion	Various	Various opportunities

1 Represents the current estimate of total future investment commitment by the Company.
2 Project has reached financial close. Commitment to invest once construction has completed, expected to be mid-2021.
3 Includes both third-party debt and equity.

The above includes commitments and a selection of potential opportunities currently under review by the Investment Adviser, including current bids, preferred bidder opportunities and the estimated value of opportunities to acquire additional investments including under pre-emption/first refusal rights and future opportunities that meet the Company's investment criteria. There is no certainty that potential opportunities will translate into actual investments for the Company. In relation to opportunities where the current estimated gross value of the relevant investment is given (which includes an estimate of both debt and equity), the estimates provided are not necessarily indicative of the eventual acquisition price for, or the value of, any interest that may be acquired.

OPERATING REVIEW CONTINUED

ACTIVE ASSET MANAGEMENT

The Company's Investment Adviser has a highly experienced, well-resourced, dedicated team of approximately 40 asset managers, as part of the wider pool of over 130 infrastructure professionals across nine countries. The Company's Investment Adviser operates a full-service approach to infrastructure, and this includes day-to-day asset management and oversight of the Company's investments. This active asset management approach has been fundamental to the Company's performance since IPO in 2006 and has enabled the Company to build a reputation of delivering transparent, responsible stewardship of public infrastructure assets that support essential services. These skills have been especially highlighted during the current unprecedented uncertainty caused by the Covid-19 pandemic.

OPERATIONAL PERFORMANCE

The Company's Investment Adviser adopts a hands-on approach to monitoring asset performance utilising robust internal processes. The Investment Adviser's involvement will vary depending on each investment type, noting each investment is actively managed to optimise performance. During H1 2020, 100% of forecast investment portfolio receipts were received (H1 2019: 100%)[1].

Infrastructure projects inherently involve health and safety risk from construction through to operation. The health and safety of the Company's end-users, delivery partners, employees and members of the public, who come into contact with our assets, are of the upmost importance to the Company, and we accord the highest priority to health and safety, including advocating a zero-tolerance approach to accidents and near misses across our portfolio. The Company's accident frequency rate for occupational accidents that resulted in lost time was 0.31 per 100,000 hours worked (as at 30 June 2020)[2]. This data is reported and evaluated on a quarterly and 12-month rolling period, including hours worked, minor injury, near miss, critical incidents and the number of lost time injuries which occurred as a result of work activities.

Performance against strategic priority KPIs

100%

Forecast portfolio distributions received[1]

0.1%

Asset deductions achieved against target of <3%

99.6%

Asset availability achieved against a target of >98%

PPP PROJECTS

The Company's Investment Adviser has extensive experience in PPP projects, which account for c.41% of the portfolio (by investment at fair value) with a large majority developed by the Investment Adviser. Ensuring that the facilities are available for their intended use, that areas are safe and secure, and that the performance standards set out in the underlying agreements are achieved, are key deliverables for the Investment Adviser. The Company's Investment Adviser works closely with its partners to ensure these standards are met. For those investments whose performance is measured by both availability and performance, for the six months to 30 June 2020, the availability of those assets was 99.6% and across all projects there were performance deductions of 0.13%, both exceeding the Company's targets.

In addition, the Company's public sector clients commissioned over 400 contract variations during the period, resulting in a combined value of c.£12 million of additional project work conducted on behalf of the commissioning body. The completed changes during the period ranged from classroom alterations within education facilities to the delivery of transport facility upgrades. Four benchmarking exercises were also performed and agreed in our social accommodation projects, which included reviewing facilities management services delivered on the projects in order to assess value for money for the public sector.

During the period, in response to Covid-19 and government guidelines, certain schools, blue light facilities and other public buildings were required to close for a period, although a large number remained open with no availability issues and others were repurposed to help support the wider community, where possible.

1 Measured by comparing forecast portfolio distributions against actual portfolio distributions received.
2 This includes UK social accommodation (where the Investment Adviser provides oversight of the management services), Cadent, Tideway and all investments in Germany, Australia and Canada.

OPERATING REVIEW CONTINUED

Diabolo Rail Link

As highlighted earlier in the Chairman's Letter, the Company's investment in Diabolo Rail Link to Brussels airport provides the fixed infrastructure and not the train services. The bulk of its revenues are related to the passenger use of either the rail link itself or the wider Belgian rail network. As a result of Covid-19, passenger numbers have been significantly lower in the six months to 30 June 2020 compared to the same period last year. In the event of prolonged under-performance without remedial action, the Company is unlikely to receive distributions from this investment for some time and a technical default may be triggered under the terms of the debt secured on that investment. As previously outlined, the Company's Investment Adviser has a strong, long-term relationship with our stakeholders and constructive discussions are ongoing with project lenders and the Belgian state railway in order to agree how to overcome potential liquidity or compliance issues. In addition, if required, the project benefits from a contractual mechanism which permits an adjustment to the passenger fee in the event that passenger numbers and returns fall below a certain threshold. This mechanism operated successfully earlier in the life of the contract, although under different circumstances. As lockdown restrictions have eased, passenger numbers have increased, however in the shorter term, volumes continue to be lower than pre-Covid-19.

REGULATED INVESTMENTS

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

OFTOs

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

Tideway

Tideway is a 25km 'super sewer' being built under the River Thames and following the UK Government's guidance issued in response to Covid-19, Tideway reduced construction activities across its sites and continued only with essential and safety-critical works. In May 2020, following the easing of restrictions and after a series of detailed safety reviews and the implementation of measures to protect its workers as well as the wider community, Tideway recommenced work on its construction sites. However, it is unlikely that the time that was lost will be recovered and current social distancing requirements are likely to lead to construction progressing more slowly in comparison to pre-Covid-19 levels.

In August 2020, Tideway published an update which included an estimated £233 million impact on cost, increasing the project cost from £3.9 billion to £4.1 billion, and a nine-month impact on schedule, taking completion to the first half of 2025. In terms of contractual and regulatory safeguards, the Tideway project documentation includes provisions to share additional costs between contractors, Tideway investors (including the Company) and end-customers, up to a threshold, beyond which they are borne by the UK Government. Tideway has also indicated that it is in constructive discussions with Ofwat on a package of measures that would mitigate the financial impact of Covid-19 on Tideway's shareholders, of which the Company is one. These discussions are progressing and we expect an agreement to be reached in the coming months. The Company owns 16% of Tideway and, in keeping with the Company's prudent approach, it had factored this estimated impact on a pro-rated basis into its 30 June 2020 forecasts. This includes a short period during which it is assumed that distributions from the investment will be withheld as a consequence of Covid-19 related uncertainties. The Company was able to consider this impact within its 30 June 2020 valuation as a result of its Investment Adviser's board presence and awareness of ongoing developments. At the time of writing, the construction works were more than 50% complete with the excavation of the main tunnel reaching the halfway milestone in February 2020.

Cadent

Cadent, which owns four of the UK's eight regional GDNs, is regulated by Ofgem under a regime with similar principles as those applied by Ofwat to Tideway. Changes in the regulatory regime have the potential to impact the returns of Cadent. In July 2020, Ofgem released its RIIO-2 Draft Determination for Cadent which covers the price control period from April 2021 to March 2026. The Draft Determination sets out Ofgem's initial assessment of various factors which will ultimately be used to determine the revenues that Cadent will be able to earn during the next price control period. Whilst some aspects of the announcement were disappointing, it should be noted that the Draft Determination represents Ofgem's initial proposal and is subject to further consultation. The Company's

OPERATING REVIEW CONTINUED

Investment Adviser continues to work with Cadent, its co-investors, and other market participants, in order to obtain a better outcome for both customers and investors at the final determination, which Cadent expects to receive from Ofgem in December 2020.

During the period, Cadent prioritised the emergency response service for suspected gas leaks as well as its programme of essential maintenance, working around the clock to keep the public safe, warm and able to cook with gas. This was done in accordance with the enabling framework set out by Ofgem, which allowed network companies to defer lower priority works and services without undue fear of regulatory enforcement or penalties. Notwithstanding the disruption caused by Covid-19, Cadent identified certain iron mains replacement projects which could be completed despite the existence of social distancing requirements and opportunistically completed these at a time when disruption to local shops, businesses and road users was minimised. This work was undertaken with safety being the number one priority. In addition to its day-to-day operations, Cadent continues to play a role in supporting the UK Government’s net-zero target for 2050 by undertaking important research to demonstrate how the existing gas network can be used for lower carbon fuel distribution in the future.

OTHER OPERATING BUSINESSES

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

BeNEX

BeNEX generates revenues through the contractual leasing of its rolling stock to TOCs as well as through its investments in TOCs themselves. Only a small minority of annual revenues (less than 20%) are linked to passenger numbers and therefore whilst Germany, like many other countries, saw a significant reduction in the number of people using public transport during the period, the impact on BeNEX has been limited. In addition, compensation for the loss of revenue is currently expected to be received from the Federal Government and/or the relevant Federal State. In May 2020, all TOCs resumed full services and passenger numbers are slowly returning towards normal levels.

Angel Trains

The Company holds a minority shareholding in Angel Trains. Angel Trains generates the majority of its revenues from the contractual leasing of its rolling stock to TOCs and therefore its revenues have been largely unaffected by Covid-19. Angel Trains was due to make a distribution in H1 2020, however, due to the significant uncertainty faced at the time, the board of Angel Trains prudently decided to defer the distribution to a later date.

Digital Infrastructure

The Company’s Investment Adviser has been actively monitoring the investee businesses in which the Company invests via its commitment to NDIF. Whilst in the shorter term, as a result of Covid-19, physical deployment has been impacted, the critical nature of digital connectivity has been heightened by the current volume of people working remotely during this period, and, as a result, may lead to a permanent change in work patterns with increased levels of remote working post-Covid-19, thereby demonstrating the need for resilient digital infrastructure and the accelerated roll-out of fibre.

COUNTERPARTY RISK

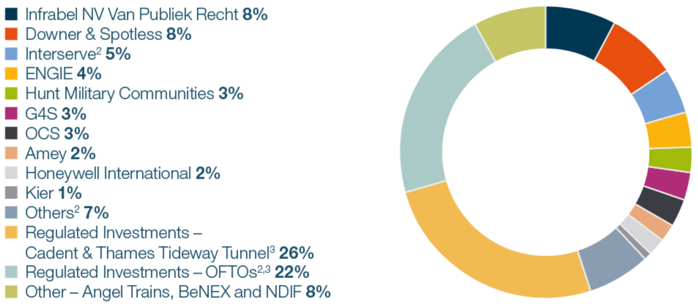
Whilst counterparty risk exists to some extent across all investments, this risk is particularly significant when considered in relation to PPPs which have a long-term fixed-price contract with a facilities management provider.

The Company has a diverse exposure to service providers across its portfolio and counterparty risk is actively managed and mitigated. The chart overleaf illustrates the Company’s service providers (by investment fair value), highlighting the diversification across the portfolio.

We continue to monitor any developments or issues affecting Interserve, following the administration of this service provider in 2019. Interserve continues to be the service provider of c.6% of the portfolio (by investment fair value) and all facilities remain operational with no disruption to service delivery. The Investment Adviser continues to closely monitor other service providers within the portfolio for counterparty risk.

OPERATING REVIEW CONTINUED

INPP Service Providers[1]



1 Based on percentage of Investments at Fair Value as at 30 June 2020.
2 These include both Risk Capital and senior debt investments. Of the amount shown, senior debt represents the following: Interserve (0.7%), Others (2.5%) and OFTOs (8.3%).
3 These Risk Capital investments operate with no significant exposure to any one service provider or delivery partner.

The Investment Adviser takes a holistic approach to monitoring counterparty risk, which draws upon a number of sources to form a full picture of how each counterparty and its wider group are performing. A key aspect of the Investment Adviser's risk management activities is a focus on the early identification of signs that a counterparty is encountering problems through regular contract performance monitoring and internal performance benchmarking of contracts, in-depth reviews of counterparty financial and market data and information available in the trade press, and drawing upon our contacts in the industry for any other non-public information.

Early identification of increased counterparty risk ensures that corrective measures are taken at the appropriate time, to help mitigate potential losses to the Company. Those measures may include working more closely with the contractor to support them in their efforts to improve contract performance or, at its most extreme, the implementation of contingency plans designed to facilitate the replacement of that contractor. In response to Covid-19, the Company's Investment Adviser has continued to monitor each counterparty as normal, but it has increased the frequency of its reviews to ensure that any issues as a result of Covid-19 are identified as soon as possible.

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

PROJECTS UNDER CONSTRUCTION

The Investment Adviser's asset management team has extensive experience and possesses the key skillsets needed to successfully deliver projects through construction and into the operational phase. The Company has a strong track record of delivering construction projects safely, on time, to budget and to a high quality by understanding the project environment and the potential risks that may occur. The team works closely with the contractors and technical advisers throughout this stage in order to deliver the expected project performance and create value for investors and communities. Two projects, representing 8.9% of the Company's portfolio, were under construction at 30 June 2020.

Performance against strategic priority KPIs

8.9%

of portfolio under construction

The progress made on Tideway's construction pre-Covid-19 was positive, with the excavation of the main tunnel reaching the halfway milestone in February 2020. As described above, due to UK Government guidelines issued in response to Covid-19, there were reduced construction activities across the Tideway project sites during the period, although the number of workers onsite has increased since May 2020 as restrictions eased. It is important to note that this has been carried out after a series of safety reviews and training to protect its workers. Notwithstanding this, it is unlikely that the time lost will be recovered and the Covid-19 safety measures are anticipated to slow the rate of progress previously expected. Please refer to the page 18 for information relating to the impact on cost and schedule announced in August 2020 by Tideway.

OPERATING REVIEW CONTINUED

Construction works for Offenbach Police Headquarters have continued to proceed over the six months to 30 June 2020 as scheduled and to budget. The structural work for the building is complete and the interior construction work has progressed well. The Company's current expectation is that the project will start the implementation and operation preparation phase in Q4 of this year with delivery on schedule for mid-2021.

Projects under construction as at 30 June 2020 are set out in the table below.

ASSET	LOCATION	CONSTRUCTION COMPLETION DATE	DEFECTS COMPLETION DATE	STATUS AT PERIOD END	% OF FAIR VALUE OF INVESTMENT
Tideway	UK	2025	2028	Behind original schedule[1]	8.9%
Offenbach Police Headquarters	Germany	2021	2025	On schedule	0.0%[2]

1 As a result of Covid-19, the construction completion date has been impacted and it is now scheduled for H1 2025.
2 The investment fair value of Offenbach Police Headquarters as at 30 June 2020 was 0.02%.

OPERATING REVIEW CONTINUED

EFFICIENT FINANCIAL MANAGEMENT

The Company aims to manage its finances efficiently, to provide the financial flexibility to pursue new investment opportunities, whilst minimising levels of unutilised cash holdings. Efficient financial management is achieved through actively monitoring cash held and generated from operations, ensuring cash covered dividends and managed levels of corporate costs. This is supported by appropriate hedging strategies and prudent use of the Company's corporate debt facility ('CDF').

Performance against strategic priority KPIs

1.3x

Dividends fully cash covered

1.21%

Ongoing charges ratio

Cash dividends paid in the period of £51.5 million (H1 2019: £50.5 million), were 1.3 times (H1 2019: 1.3 times) covered by the Company's net operating cash flows before capital activity. This achieved the Company's objective to generate dividends paid to investors through its operating cash flows.

Corporate costs were managed effectively during the period and represent 1.21% for H1 2020 (H1 2019: 1.16%). This ratio has increased in the period due to the timing impact of a reduction in NAV during the period and corporate fees being calculated in arrears. Corporate costs include management fees paid of £13.5 million for the year to 30 June 2020 (H1 2019: £11.6 million).

As outlined on page 43 of the financial statements, IFRS profit before tax of £35.4 million was reported (30 June 2019: £83.7 million). The reduction compared to the prior corresponding period was principally reflective of the BeNEX transaction being recognised in the prior period, as well as the current period decrease in valuation of the portfolio overall as a result of factoring in additional uncertainty caused by Covid-19.

The Company's cash balance as at 30 June 2020 was £40.4 million, a small decrease on the corresponding balance at 31 December 2019 of £45.6 million. The decrease in the cash balance in the period was principally the result of a net £7.7 million repayment of the CDF during the period. Cash receipts from investments increased by £5.5 million in the period, to £83.4 million (H1 2019: £77.9 million), reflecting the further growth and maturity of the portfolio. Other corporate costs during the period were negligible (H1 2019: £0.1 million). As detailed in note 10 of the financial statements, as well as on page 13 of the Operating Review earlier in this report, £11.7 million of investments were made during the period to 30 June 2020, significantly lower than the same period last year (H1 2019: £193.4 million). As a result, investment transaction costs paid in H1 2020 were £0.5 million (H1 2019: £nil, with relevant transaction fees settled in the second half of the year).

The Company has a £400 million CDF (available until July 2021). At 30 June 2020, the facility was £20.2 million cash drawn (31 December 2019: £27.9 million cash drawn). Net financing costs paid were £2.1 million, a small increase compared to H1 2019 (H1 2019: £1.3 million) reflecting the level of utilisation of the Company's CDF during the period.

OPERATING REVIEW CONTINUED

SUMMARY OF CASH FLOWS

SUMMARY OF CONSOLIDATED CASH FLOW	SIX MONTHS TO 30 JUNE 2020 £ MILLION	SIX MONTHS TO 30 JUNE 2019 £ MILLION	YEAR TO 31 DECEMBER 2019 £ MILLION
Opening cash balance	**45.6**	84.7	84.7
Cash from investments	**82.9**	77.9	159.6
Corporate costs (for ongoing charges ratio)	**(14.6)**	(12.8)	(25.1)
Other corporate costs	-	(0.1)	(0.1)
Net financing costs	**(2.1)**	(1.3)	(4.7)
Net operating cash flows before capital activity[1]	**66.2**	63.7	129.7
Cost of new investments	**(11.7)**	(193.4)	(281.3)
Investment transaction costs	**(0.5)**	-	(3.7)
Net movement of CDF	**(7.7)**	143.3	27.9
Proceeds of capital raisings (net of costs)	-	-	190.1
Dividends paid	**(51.5)**	(50.5)	(101.8)
Closing cash balance	**40.4**	47.8	45.6
Cash dividend cover	**1.3x**	1.3x	1.3x

1 Net operating cash flows before capital activity as disclosed above of c.£66.2 million (30 June 2019: c.£63.7 million) include net repayments from Investments at Fair Value through profit and loss of c.£17.8 million (30 June 2019: c.£19.5 million), and finance costs paid of c.£2.1 million (30 June 2019: c.£1.3 million) and exclude investment transaction costs of c.£0.5 million (30 June 2019: £nil) when compared to net cash inflows from operations of c.£49.8 million (30 June 2019: c.£45.5 million) as disclosed in the statutory cash flow statement on page 43 of the financial statements.

CASH FLOWS ASSOCIATED WITH ONGOING CHARGES RATIO

CORPORATE COSTS	SIX MONTHS TO 30 JUNE 2020 £ MILLION	SIX MONTHS TO 30 JUNE 2019 £ MILLION	YEAR TO 31 DECEMBER 2019 £ MILLION
Management fees	**(13.5)**	(11.6)	(23.4)
Audit fees	**(0.2)**	(0.2)	(0.3)
Directors' fees	**(0.2)**	(0.2)	(0.4)
Other running costs	**(0.7)**	(0.8)	(1.0)
Corporate costs	**(14.6)**	(12.8)	(25.1)

ONGOING CHARGES RATIO	SIX MONTHS TO 30 JUNE 2020 £ MILLION	SIX MONTHS TO 30 JUNE 2019 £ MILLION	YEAR TO 31 DECEMBER 2019 £ MILLION
Annualised ongoing charges[1]	**(29.2)**	(25.6)	(25.1)
Average NAV[2]	**2,417.3**	2,215.4	2,285.3
Ongoing charges	**(1.21%)**	(1.16%)	(1.10%)

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

OPERATING REVIEW CONTINUED

INVESTOR RETURNS

DIVIDEND GROWTH

The Company targets predictable and, where possible, growing dividends. During the period, the Company paid a dividend of 3.59 pence per share in respect of the six months ended 31 December 2019. This brought the total dividends paid in respect of 2019 to 7.18 pence per share, consistent with forward guidance provided previously. As illustrated in the chart on page 2, the Company has delivered a c.2.5% average annual dividend increase since IPO. The Company is currently maintaining its previously announced dividend targets of 7.36 pence and 7.55 pence per share in respect of 2020 and 2021, respectively.

TOTAL SHAREHOLDER RETURN (‘TSR’)

The Company’s annualised TSR[1] since the IPO to 30 June 2020 was 8.9%. This compares to the annualised FTSE All-Share index TSR over the same period of 4.2%. As previously reported, during 2019, the Company undertook an exercise to reassess its KPIs and as such modified the Company’s long-term target return to 7.0%[2]. The total return achieved since IPO to 30 June 2020 is 7.9%[2] on an annualised basis.

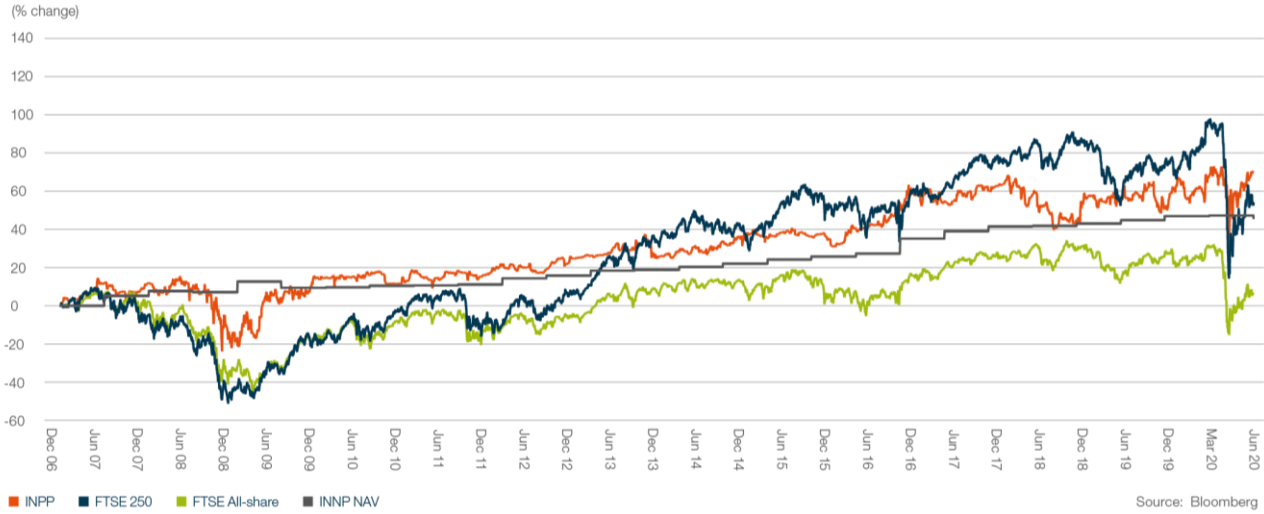
As shown in the share price performance graph below, the Company has historically exhibited relatively low levels of correlation with the market. Whilst the correlation during the six months to 30 June 2020 increased owing to the impacts of Covid-19 on economies worldwide, we anticipate the correlation to return to more normal levels over the longer term. For reference, the correlation with the FTSE All-Share index was 0.194 and 0.367 over the five years to 31 December 2019 and 30 June 2020, respectively.

Performance against strategic priority KPIs

7.9% p.a.

IRR achieved since IPO[2]

Share Price Performance



INFLATION-LINKED CASH FLOWS

In an environment where investors are focused on achieving long-term real rates of return on their investments, inflation protection is an important consideration for the Company. At 30 June 2020, the majority of assets in the portfolio had some degree of inflation-linkage and, in aggregate, the weighted average return of the portfolio (before fund-level costs) would be expected to increase by 0.78% per annum in response to a 1.00% per annum increase in all of the assumed inflation rates[3].

1 Since inception in November 2006. Source: Bloomberg. Share price appreciation plus dividends assumed to be reinvested.
2 Calculated by reference to the November 2006 IPO issue price of 100p and reflecting NAV appreciation plus dividends paid.
3 Calculated by running a ‘plus 1.00%’ inflation sensitivity for each investment and solving each investment’s discount rate to return the original valuation. The inflation-linkage is the increase in the portfolio weighted average discount rate.

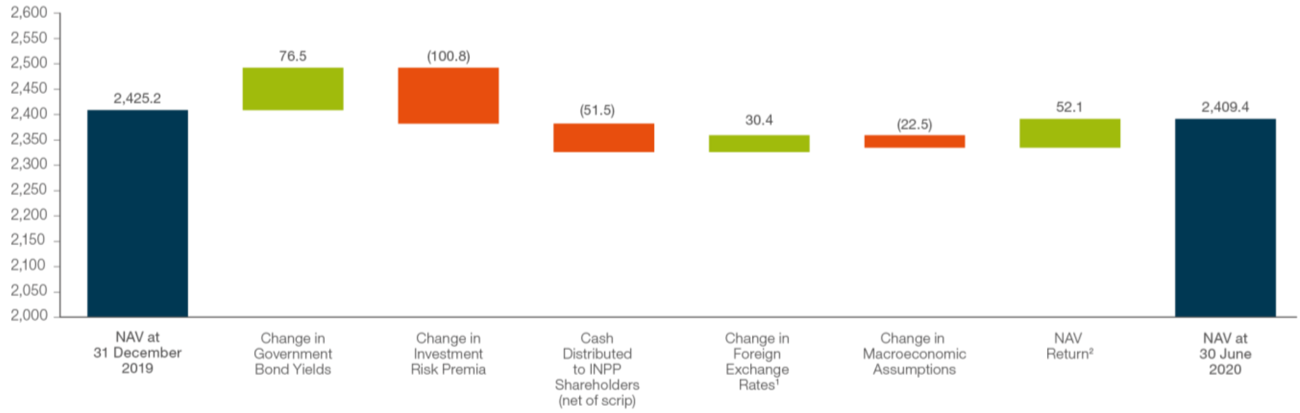
OPERATING REVIEW CONTINUED

VALUATIONS

NAV

The NAV represents the fair value of the Company's investments plus the value of other net assets or liabilities held within the Group. The fair values of the Company's investments are determined by the Board, with the benefit of advice from the Investment Adviser, and are reviewed by the Company's auditor on a sample basis. The Company reports a 0.7% decrease in NAV from £2,425.2 million at 31 December 2019 to £2,409.4 million at 30 June 2020. Over the same period, the NAV per share decreased by 0.9% from 150.6 pence to 149.2 pence. The key drivers of the change in NAV are described in more detail below.

NAV Movements (£m)



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

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

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

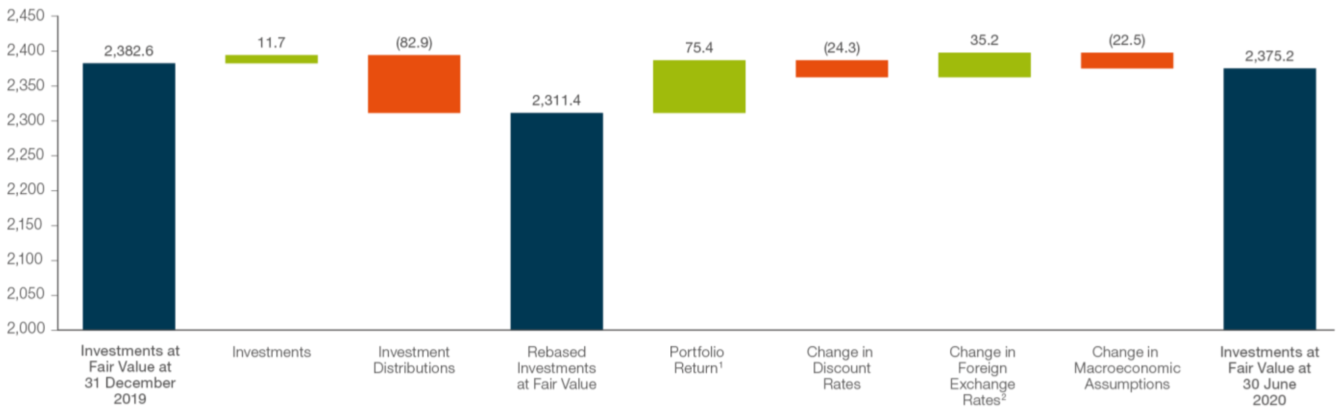
- The yields on the overwhelming majority of government bonds used as part of the valuation process decreased during the period, resulting in a net £76.5 million increase in the NAV;
- The net positive impact of the reduction in government bond yields was more than offset by an increase in the investment risk premia designed to ensure that (i) the valuations continue to reflect recent market-based evidence of pricing for infrastructure investments and (ii) any heightened or emerging risks owing to Covid-19 are reflected within the valuation of relevant investments (principally in relation to Tideway and Diabolo Rail Link). The net impact of these adjustments was a reduction in the NAV of £100.8 million;
- Sterling weakened against all four foreign currencies to which the Company is exposed; the Euro, Australian dollar, Canadian dollar and US dollar. Including the change in the value of the forward foreign exchange contracts, the net positive impact on the NAV was £30.4 million with the most significant impact seen on the Company's Euro-denominated investments;
- Cash deposit rate assumptions were prudently revised to reflect lower interest rate expectations across all geographies in which the Company is invested. Further detail of these changes can be seen from the table on page 28 and in aggregate these had a negative £22.5 million impact on the NAV;
- In line with forward guidance provided previously, a cash dividend of 3.59 pence per share totalling £51.5 million, was paid to the Company's shareholders during the six months to 30 June 2020. This dividend was paid in respect of the six months ended 31 December 2019;
- Among other things, the NAV Return of £52.1 million captures the impact of the following:
  - Unwinding of the discount rate;
  - Updated operating assumptions to reflect current expectations of forecast cash flows. This includes (i) the cautious approach that has been adopted with regards to the potential impact of Covid-19 on Tideway, Diabolo Rail Link and, to a lesser extent, Cadent and BeNEX, and (ii) the updates to the forecast Cadent cash flows to reflect the ongoing consultation regarding regulatory returns for the price control period beginning in April 2021 (see pages 18-19 for more information);
  - Actual distributions received above the forecast amount due to active management of the Company's portfolio; and
  - Changes in the Company's working capital position.

OPERATING REVIEW CONTINUED

INVESTMENTS AT FAIR VALUE

The Investments at Fair Value represents the fair value of the Company's investments without consideration of the other net assets or liabilities held within the Group which are captured within the NAV. The Company reports a 0.3% decrease in the investments at fair value from £2,382.6 million at 31 December 2019 to £2,375.2 million at 30 June 2020. The key drivers of the change in the Investments at Fair Value are described in more detail below.

Investments at Fair Value Movements (£m)



1. The Portfolio Return represents, amongst other things, (i) variances in both realised and forecast investment cash flows and (ii) the unwinding of the discount factor applied to those future investment cash flows.
2. Represents movements in the forward rates used to translate forecast non-GBP investment receipts and the spot rates used to translate non-GBP cash balances.

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

- An increase of £11.7 million owing to new investments made during the period;
- A decrease of £82.9 million due to distributions paid out from the portfolio during the period;
- The Rebased Investments at Fair Value of £2,311.4 million is presented in order to allow an assessment of the Portfolio Return assuming that the investments and distributions occurred at the start of the relevant period;
- The Portfolio Return of £75.4 million captures broadly the same items as the NAV Return (set out in detail on page 25) with the principal exception being the fund-level operating costs and portfolio working capital movements;
- There was a net increase in the discount rates used by the Company to value its investments which had a negative £24.3 million impact on the Investments at Fair Value. Further information on the component parts of the impact shown is provided on page 25;
- Sterling weakened against all four foreign currencies to which the Company is exposed; the Euro, Australian dollar, Canadian dollar and US dollar. The net positive impact on the Investments at Fair Value was £35.2 million with the most significant impact seen on the Company's Euro-denominated investments; and
- Cash deposit rate assumptions were prudently revised to reflect the lower interest rate expectation across all geographies in which the Company is invested. Further detail of these changes can be seen from the table on page 28 and in aggregate these had a negative £22.5 million impact on the NAV.

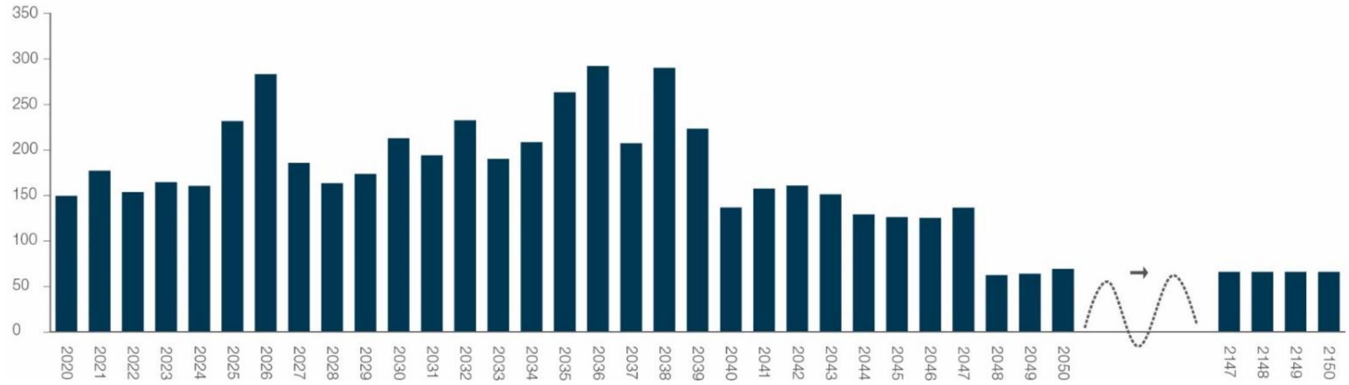
OPERATING REVIEW CONTINUED

PROJECTED CASH FLOWS

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

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

Projected Investment Receipts (£m)



Note: This chart is not intended to provide any future profit forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only investments committed as at 30 June 2020 are included.

OPERATING REVIEW CONTINUED

MACROECONOMIC ASSUMPTIONS

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

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

MACROECONOMIC ASSUMPTIONS		30 JUNE 2020	31 DECEMBER 2019
Inflation rates	UK	2.75% RPI/2.00% CPIH	2.75% RPI/2.00% CPIH
	Australia	2.50%	2.50%
	Europe	2.00%	2.00%
	Canada	2.00%	2.00%
	US[1]	N/A	N/A
Long-term deposit rates[2]	UK	1.00%	2.00%
	Australia	2.00%	3.00%
	Europe	1.00%	2.00%
	Canada	2.00%	2.50%
	US[1]	N/A	N/A
Foreign exchange rates[3]	GBP/AUD	1.83	1.92
	GBP/EUR	1.07	1.13
	GBP/CAD	1.71	1.80
	GBP/USD	1.25	1.37
Tax rates[4]	UK	19.00%	19.00%
	Australia	30.00%	30.00%
	Europe	Various (12.50% - 32.28%)	Various (12.50% - 32.28%)
	Canada	Various (23.00% - 26.50%)	Various (23.00% - 26.50%)
	US[1]	N/A	N/A

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

2 The portfolio valuation assumes actual current deposit rates are maintained until 31 December 2022 before adjusting to the long-term rates noted in the table above from 1 January 2023. The 31 December 2019 valuation assumed the long-term rates noted in the table above would apply from 1 January 2022.

3 The Company uses the four-year forward curve and maintains the four-year forward rate for the longer term.

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

DISCOUNT RATES

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

The majority of the Company's portfolio (88.5%) comprises Risk Capital investments, while the remaining portion (11.5%) comprises senior debt investments. To provide investors with a greater level of transparency, the Company publishes both a Risk Capital weighted average discount rate and a portfolio weighted average discount rate - the latter of which captures the discount rates of all investments including the senior debt interests.

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

OPERATING REVIEW CONTINUED

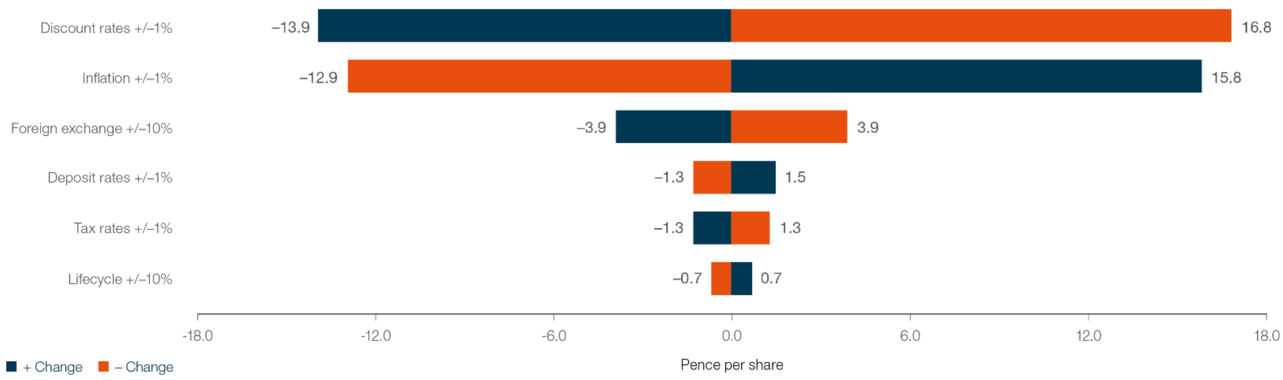
	30 JUNE 2020	31 DECEMBER 2019	MOVEMENT
Weighted average government bond yield – portfolio	0.69%	0.98%	(29bps)
Weighted average investment premium – portfolio	6.39%	6.04%	35bps
Weighted average discount rate – portfolio	7.08%	7.02%	6bps
Weighted average discount rate – risk capital	7.64%	7.52%	12bps

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

VALUATION SENSITIVITIES

This section indicates the sensitivity of the 30 June 2020 NAV per share of 149.2 pence to changes in key assumptions. Further details can be found in note 9 of the financial statements. This analysis is provided as an indication of the potential impact of these assumptions on the NAV per share on the unlikely basis that the changes occur uniformly across the portfolio. The movement in each assumption could be higher or lower than presented. Further, forecasting the impact of these assumptions on the NAV in isolation cannot be relied on as an accurate guide to the future performance of the Company as many other factors and variables will combine to determine what actual future returns are available. These sensitivities should therefore be used only for general guidance and not as an accurate prediction of outcomes.

Estimated impact of changes in key variables on the 30 June 2020 NAV of 149.2p per share



OPERATING REVIEW CONTINUED

DISCOUNT RATES

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

INFLATION

The impact of inflation on the value of each investment depends upon the extent to which the revenues and costs of that particular investment are linked to an inflation index. On a portfolio basis, there is a positive correlation to inflation with a 1.00% sustained increase in the assumed inflation rates projected to generate a 0.78% increase in returns (31 December 2019: 0.82%). The returns generated by the Company's UK investments are typically linked to the Retail Price Index ('RPI'), whereas the Company's non-UK investments are typically linked to the relevant Consumer Price Index ('CPI') for that jurisdiction. Further to recent announcements by the UK's energy and water regulators, the revenues earned by Cadent and Tideway will be linked to the CPIH (CPI including owner occupied housing costs) from 2021 and 2030, respectively. The regulators have stated that this is not designed to negatively impact companies but rather to reflect the perceived shortcomings of the RPI (i.e. the regulators' intention is for the transition from RPI to CPIH to be valuation neutral). The inflation sensitivities by geographical region are provided in note 9.5 of the financial statements.

FOREIGN EXCHANGE

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

DEPOSIT RATES

The long-term weighted average deposit rate assumption across the portfolio is 1.15% per annum. While operating cash balances tend to be low given the structured nature of the investments, project finance structures typically include reserve accounts to mitigate certain costs and therefore variations to deposit rates may impact valuations. The impact of a 1.00% increase or decrease in these rates is provided for illustration.

TAX RATES

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

LIFECYCLE SPEND

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

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

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

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

OPERATING REVIEW CONTINUED

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

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board seeks to mitigate and manage risks relating to the Company through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's portfolio. The Company's approach to risk is set out in the Risk Report in the 2019 Annual Report and financial statements (pages 42-53), the Risk Report includes an overview of the principal and emerging risks and their mitigation. Risk factors are also detailed further in the Company's last Prospectus (the Placing, Open Offer and Offer for Subscription and Placing Programme Prospectus published on 12 April 2017). 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 regarding the long-term average inflation rate. The Company's ability to meet targets may be adversely or positively impacted by inflation
- Foreign exchange risk – the Company has exposure 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 Company
- 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 their counterparties
- Covid-19 disruption – the Company notes that there are a range of contingent risks stemming from Covid-19. These include, but may not be limited to, staff shortages and supply chain breakdowns and their consequences
- Climate change – An emerging risk which has the potential to impact infrastructure assets through such effects as physical damage as a result of extreme weather, change in demand and usage and impact from new regulatory requirements
- Other external risks – including political and regulatory risks (including tax and accounting policies and practices and risks associated with the end of the Brexit transition period) associated with the Company and its projects; any Covid-19 pandemic impact on the timescales and budgets for our assets under construction or operating assets where there is an element of demand-based revenue, IT and cyber risks; and changes in the competitive environment which may have an adverse impact on the Company
- The Board considers and reviews, on a regular basis, the risks to which the Company is exposed.

By order of the Board

Mike Gerrard	John Le Poidevin
Chairman	Director
9 September 2020	9 September 2020

RESPONSIBLE INVESTMENT

RESPONSIBLE INVESTMENT

OUR APPROACH

Fundamentally, the Company believes that by investing in infrastructure that supports a sustainable, prosperous and resilient society, it will maintain robust financial performance.

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

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

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

The Company has adopted the ESG Policy[1] of its Investment Adviser. It defines the objectives and approach to embedding ESG in operations, investments and in the communities in which the Company's investments operate. The Company is supportive of the 2030 Agenda for Sustainable Development adopted by the UN Member States in 2015. Alongside the research of the Investment Adviser into emerging ESG trends and sustainable development, the Company draws on the SDGs to help guide its approach to sustainability. More information on the Investment Adviser's ESG Integration Framework is available on its website[2]**.**

ESG is integrated into the Company's everyday activities and this includes investment origination and the management of the Company's investments. At the Investment Adviser level, this is monitored by the Head of ESG, although all members of its Executive Committee have responsibility to ensure that this is carried out.

PRI

To benchmark the Investment Adviser's ESG integration performance, the Investment Adviser became a signatory of the UN-backed PRI in August 2019. In addition to integrating ESG into core investment practices across the business, the Investment Adviser participates in various PRI-led initiatives and working groups such as the UN SDG Infrastructure Working Group. This included contributing towards a set of practical guidelines that have recently been published by the PRI.

Reporting is compulsory for all PRI signatories. Upon joining the PRI, signatories have a one-year period whereby the first reporting cycle is voluntary. The Company is pleased to report that its Investment Adviser decided to forgo this grace period and, upon submitting its first report, obtained an A+ ranking for both responsible investment strategy and governance, and the infrastructure module. The PRI assessment methodology[3] and the Investment Advisers Transparency Report can be found on the PRI website[4].

1 https://www.amberinfrastructure.com/media/2231/esg-policy_final.pdf. The policy was updated in 2020.
2 https://www.amberinfrastructure.com/media/2210/esg-integration-framework_310320.pdf.
3 www.unpri.org/report/about-reporting-and-assessment.
4 https://www.unpri.org/signatory-directory/amber-infrastructure-group/4757.article.

RESPONSIBLE INVESTMENT

CONTINUED

UN SUSTAINABLE DEVELOPMENT GOAL ALIGNMENT

The Investment Adviser, on behalf of the Company, has aligned with the SDGs[1]. In addition to screening and managing material ESG risks, both organisations have committed to advancing these objectives. Infrastructure appears as both an explicit goal under SDG 9 (industry, innovation and infrastructure) and as an implicit means to support other SDGs, for example school buildings enabling a quality education (SDG 4).

By investing in the 'right type' of infrastructure, the Company believes its investments can significantly support the targets set out by the SDGs. For each investment sector, the Company has identified which SDGs its investments are positively impacting. The core benefits to society are described under the 'Impact' section on the following pages.

Equally, the Company believes any investment must be managed in a sustainable way. The Company has undertaken an exercise to identify what ESG topics are material for each sector that need to be actively managed. This is to ensure that any ESG risks are managed, and opportunities for environmental and social progress are maximised. Performance against these objectives is described under 'Sustainable Management'. The principle SDGs supported by the Company's investments are set out below.

Impact: Bold SDG icons indicate aspects the Company's investments are positively supporting at a macro level.

Impact: Bold UN SDG icons indicate those that INPP is contributing towards at the macro level.

Sustainable Management: Inverted SDG icons indicate those that the Company are using to guide sustainable management of assets.

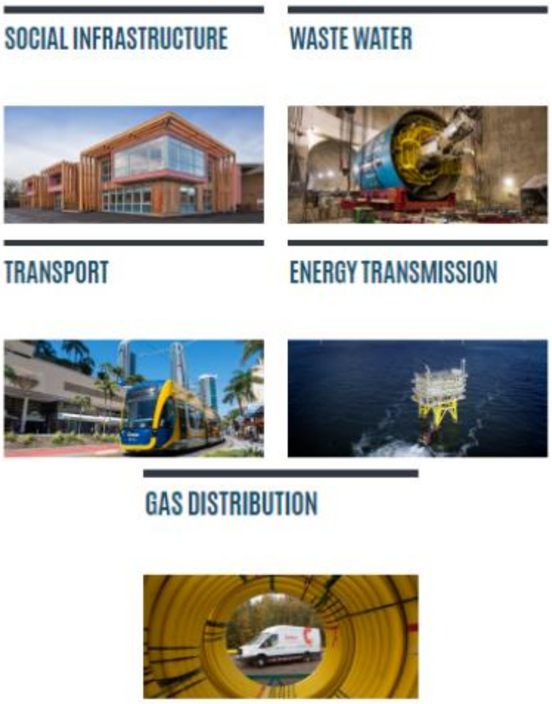
Sustainable Management: Inverted UN SDG icons indicate those that INPP are using to guide sustainable management of assets.

1 https://www.un.org/sustainabledevelopment/sustainable-development-goals/.

RESPONSIBLE INVESTMENT
CONTINUED

IMPACT AND STEWARDSHIP
The Company has developed bespoke ESG stewardship objectives which map out how the Company measures the positive impact of its investments and how it drives sustainable asset management.

ESG impact and stewardship objectives are divided into five asset classes. This allows the Company to target and manage material ESG issues, which can vary considerably across a diverse portfolio of assets. These include all sectors listed in the sector breakdown in the Company Overview section of this report. Data for these sections is gathered through a half-yearly data capture request, and the Company is pleased to have a 100% response rate for its investments.



Whilst the Company focuses on material issues for each sector, there are several requirements and cross-cutting issues which are relevant across the portfolio.

ESG MINIMUM REQUIREMENTS
All investments must meet local regulation as a minimum. Due to the regions in which the Company invests, this generally means that investments must meet high standards of ESG compliance. The Company has also introduced several minimum requirements for the overall ESG governance framework. To the extent the investment does not have robust equivalent policies already in place, the Company endeavours to implement relevant key ESG policies as part of the post-investment plan.

CLIMATE CHANGE
Climate change is an emerging risk which could lead to more frequent or severe weather events such as flooding, fires, droughts and storms. To the extent that climate change does occur, investments may be subject to extreme weather and changes in precipitation and temperature, all of which may result in physical damage or a decrease in demand for infrastructure assets located in the areas affected by these conditions. In the case that the impact of climate change is material in nature or occurs for lengthy periods of time, the financial condition or results of operations of the investments could be adversely affected.

Climate change is considered alongside other ESG risks by the Company’s Investment Committee, and Audit and Risk Committee.

COVID-19
The Investment Adviser’s asset management team has dedicated significant resource to monitoring and managing the impact of the Covid-19 pandemic during the six months to 30 June 2020, as described on pages 17-21.

The PRI has outlined how it is working with its signatories to respond to the Covid-19 crisis. It has established two signatory participation groups to coordinate and develop investor responses, focusing on short and long-term responses.

The Investment Adviser is participating in these working groups and has been exploring how it is actively supporting recommended actions and building these into its approach to asset management throughout the crisis.

SOCIAL INFRASTRUCTURE

Incorporates the Company's investments in educational facilities, hospitals, healthcare facilities, judicial and other government buildings

IMPACT

Education
267 Schools
>195,000 Pupils
Healthcare
3 Hospitals
37 Healthcare facilities
>540,000 Patients annually
Government
5 Police stations
8 Judicial buildings

SUSTAINABLE MANAGEMENT[1]

Environment
92% (Investments with an Environment Management System)
94% (Investments monitoring energy usage)
31% (Investments monitoring waste)
88% (Investments monitoring water)
83% (BREEAM 'Very Good' or higher)

Social
100% (Investments with a health & safety policy and management system)
>4,000 (Sustained full-time employees)
96% (Investments with an equality, diversity and inclusion policy)
11,605 (Additional community hours)

Social infrastructure is pivotal to the development of sustainable communities. While the provision of housing, clean water and electricity are vital for meeting basic human needs, other services such as schools, law and order and healthcare facilities are important for ensuring the long-term satisfaction of residents. Together, these types of infrastructure create the framework within which residents can establish a community with opportunities for social and economic wellbeing.

As part of this, ensuring equitable access to these services is critical. Basic services such as health, education, shelter, water and sanitation being available to all is central to the objectives of the SDGs.

By investing directly in social infrastructure, the Company is supporting three SDGs; SDG 3 (good health and wellbeing, SDG 4 (quality education) and SDG 9 (industry, innovation and infrastructure).

During H1 2020, 92% of social infrastructure investments were managed by facilities management companies with an Environmental Management System, with no reportable environmental incidents.

The Company identified that 94% of social infrastructure investments monitored their energy usage. In addition, 31% of the Company's social infrastructure investments implemented energy-saving initiatives, with several investments operating a rolling programme of replacing lighting with LED alternatives.

The Company continues to monitor investments and how they are managing resources, and 88% of investments now monitor water usage (an increase in 6%). Approximately 31% of the Company's social infrastructure investments monitored waste at the site level. The Investment Adviser continues to identify opportunities to reduce waste from lifecycle. For example, the AstroTurf pitches removed from Derby schools have been re-used by a local golf course.

The importance of health and safety as a core value of the Company has been heightened during the Covid-19 pandemic.

Promoting the use of assets for community benefit continues to be a priority and the Investment Adviser's asset management team have been exploring how it can support both local and national initiatives.

Across the portfolio, the Company has large spaces, such as sports halls, that have been made available for broader use while the asset itself has either been closed or not fully occupied. The decline in pupils attending schools has offered an opportunity to support the local areas; for example, where catering facilities have not been fully utilised, they have been used to prepare food for distribution across the relevant local authority. To date, over 19,400 meals have been provided to children of key workers in school and over 4,000 hampers have been delivered to pupils who receive free school meals.

1 Metrics are estimates and include the Company's investments in social infrastructure. schools, hospitals, healthcare facilities, judicial and other government buildings.
2 https://www.breeam.com/.

WASTE WATER

Encompasses the Company's investment in Tideway

IMPACT

37 Million (Tonnes of avoided sewage)
25km (Tunnel length)
3 Acres (New public space)

SUSTAINABLE MANAGEMENT

Environment

100% (Investments with an Environment Management System)
34 tCO_2e (Scope 2 GHG Emissions)
39,796 tCO_2e (Scope 3 GHG Emissions)
94% (Beneficial re-use of excavated material)

Social

100% (Investments with a health and safety policy and management system)
2,514 (Sustained full-time employees)
56% (Female employees)

An average of 39 million tonnes of untreated waste water containing raw sewage overflows into the River Thames in London every year[1].

On completion, Tideway will stop tens of millions of tonnes of sewage polluting the River Thames and in doing so will transform the River Thames and will bring both environmental and social benefits, including a cleaner Thames, more water sports and the creation of more jobs. It has already delivered many benefits during its construction period.

While the main benefit of the tunnel when built is to prevent pollution and improve biodiversity in the tidal River Thames, during the eight-year construction period, the project has and continues to be delivered in a sustainable way.

By investing directly in environmental infrastructure, the Company can directly support three SDGs; SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

Tideway has a robust environmental management system in place to deliver on planning requirements and on its legacy commitments. This includes a variety of initiatives to minimise its impact on the environment.

Tideway continues to track emissions performance against its anticipated construction carbon footprint of under 768,756 t CO_2e. Tideway's Scope 2 emissions were 34 tCO_2e and Scope 3 were 39,786 tCO_2e for H1 2020.

In terms of responsible sourcing of materials, Tideway has included a requirement within its works information that 100% of key building materials (cement, aggregates, steel) must be certified to responsible sourcing of construction products standards.

All timber being used on site must be certified as FSC and/or PEFC standard. For the period of this report the materials procured came from certified responsible sources (or otherwise agreed with the project manager) ranged from 97% to 100% which has improved since the previous report where the range was between 92% and 100%.

Tideway's social performance metrics continue to meet the high standards set by the business. Since the emergence of Covid-19, Tideway has pivoted some of its existing initiatives to support its communities.

For example, Tideway has been using the free educational resources that it makes available at www.tideway.london/tunnelworks and the organisation Uptree to engage and support young people that are home schooling due to Covid-19.

Tideway has a strong focus on community fundraising and gave emergency donations to South London Cares, The Drive Forward Foundation and London Youth Rowing at the end of the business year as they struggled with the impact of the Covid-19 crisis.

Tideway's award-winning safety regime, Employers Project Induction Centre, continues to evolve and includes additional modules developed for road logistics and marine activity. These new modules have trained over 1,000 HGV drivers and 100 marine operatives engaged to date.

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/471847/thames-tideway-tunnel-strategic-economic-case.pdf.
2 https://www.tideway.london/media/3128/a0601_green-bond-report-2018_vis8.pdf.

TRANSPORT

Includes transport related investments, such as rail PPPs and other rail businesses

IMPACT

>229 Million (Passengers per annum)
4,651 (Train units)
>364 Million (Train kilometres per annum)

SUSTAINABLE MANAGEMENT

Environment

64% (Composition of fleet of trains that are electric)
80% (Investments with a sustainability/ESG policy)
60% (Investments with an Environment Management System)
100% (Investments monitoring energy)

Social

100% (Investments with a health and safety policy)
>2,300 (Sustained full-time employees)
100% (Equality diversity and inclusion policy)

Well planned and coordinated economic infrastructure is fundamental to the economic and social wellbeing of a community. It is also becoming increasingly important to combat climate change and has been identified as a key part of net-zero carbon strategies emerging internationally[1].

In normal times, the Company's rail investments move c.230 million passengers annually (over 627,000 people daily). This is roughly the equivalent to moving the entire population of Glasgow city[2] every day.

Although rail is already an existing low-carbon form of transport, the Company recognises that there will be a growing shift towards cleaner units, and it will fully support investments to make this transition.

By investing directly in sustainable transport, the company can support SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

In H1 2020, 100% of transport investments continue to monitor their energy use. Approximately 64% of the train units under investment were electric, with three: Gold Coast Light Rail, Diabolo Rail Link and Reliance Rail being 100% electric.

In H1 2020, Angel Trains Limited marked an important milestone in the ground-breaking Hydrive[3] project with Chiltern Railways and Magtec. The project aims to convert diesel train units into low-emission hybrid units, as an innovative solution to decarbonise the UK rail industry.

60% of transport investments are monitoring water and 40% monitoring waste. During train use, many train components such as bogies, wheelsets, gear boxes and engines are mostly refurbished and reused and not disposed of.

Health and safety is the highest priority for the Company's investments in rail, with 100% of investments holding a robust health and safety policy and management system.

Since Covid-19, the Company's rail investments have taken measures to maintain operations and keep passengers safe. For example, BeNEX has increased train capacities (e.g. double heading) wherever possible to allow passengers to follow the social distancing rules and disinfection dispensers are available in the trains and BeNEX/TOCs inform the passengers comprehensively on their specific train cleaning and hygiene activities.

In 2020, 100% of transport investments held a diversity and inclusion policy. In most instances these are developed by the investment themselves. In other cases, the investment adopts government standards. For example, BeNEX was obliged to apply the Hamburg Corporate Governance Code. This includes meeting requirements for non-discrimination, promotion of equal opportunities and gender distribution.

1 https://www.theccc.org.uk/publication/net-zero-technical-report/.
2 https://www.nrscotland.gov.uk/files/statistics/council-area-data-sheets/glasgow-city-council-profile.html.
3 https://www.ft.com/content/4f7d9fd8-ba98-11e8-8274-55b72926558f.

ENERGY TRANSMISSION

Encompasses the Company's OFTO investments

IMPACT

1.5 GW (Transmission capacity)
1.3 Million (Homes powered by renewable energy)

Offshore wind generation is a success story for the UK. Long-term government support has underpinned innovation and investment in the sector, helping to drive down costs while contributing to decarbonisation of the economy. We now have the largest installed offshore wind capacity in the world, with 9.8 gigawatts ('GW') installed which will rise to 19.5 GW by mid 2020s. The UK has provided more support for offshore wind than any other country in the world and we anticipate that the technology will play a key role in helping the UK meet net zero by 2050.

The Company remains a leader in OFTO investment and is currently preferred bidder on its eighth and ninth OFTO projects.

The investment delivers transmission capacity of 1.5 GW, which transmits the equivalent amount of energy to 1.3 million homes.

By investing in OFTOs, the Company is directly supporting SDG 7 (affordable and clean energy) and SDG 13 (climate action).

SUSTAINABLE MANAGEMENT

Environment

100% (Investments with an Environment Management System)
100% (Investments monitoring energy)
100% (Investments monitoring waste)

As part of ISO 14001 Environmental Management System, each investment monitors water, energy usage and waste. During H1 2020, there were no reportable environmental incidents.

Across all the sites the OFTOs are mandated by environmental legislation to record the quantity of fluorinated gases (F-gases) held within the equipment. This includes sulphur hexafluoride ('SF6'), which is used across the energy transmission sector. Any leaks of SF6 are immediately identified by SCADA systems.

During the period, OFTOs implemented energy efficiency measures through installing LED lights. In addition, the investments are powered through renewable energy tariffs.

Social

100% (Investments with a health & safety policy and management system)
12 (Sustained full-time employees)
33% (Female employees)

All of the Company's OFTO investments are covered by a robust ISO18001 health and safety system. Transmission Capital Services[1] implement several training initiatives, with all staff receiving ongoing training which is relevant to their role.

Since the outbreak of Covid-19, the Company's Investment Adviser has positively engaged with both Ofgem and is coordinating with OFTO projects outside of the Company's portfolio to explore potential shared resource pools in the event of failure response being compromised by organisational resource constraints.

The Company's OFTO investments support a relatively small, but highly skilled workforce. The potential to play an important role in the government's plans to export UK skills and services to areas like Europe, Japan, South Korea, Taiwan and the United States as part of plans to boost global exports for offshore wind fivefold to £2.6 billion per year by 2030[2].

1 Transmission Capital Services are responsible for management of the OFTO.
2 https://www.gov.uk/government/news/offshore-wind-energy-revolution-to-provide-a-third-of-all-uk-electricity-by-2030

GAS DISTRIBUTION

Currently comprises the Company's investment in Cadent

IMPACT

4.9 million GJ/day (Maximum energy throughput)
>11 million (Homes and businesses connected to gas)

As the largest GDN in the UK, Cadent provides an essential service that transports gas to over 11 million homes, offices and businesses.

The gas network is at the centre of the energy system in the UK, delivering critical energy to homes, businesses and industry; reliably, efficiently and securely.

Following the UK's commitment to achieving net-zero carbon by 2050, the Company recognises that the UK cannot continue using fossil fuels in the way it does today and still meet its carbon emissions reduction targets. The Company believes Cadent has an important role to play in transitioning the UK to a net-zero carbon economy and is committed to supporting Cadent to pilot and invest in infrastructure to increase the distribution of low carbon fuels including biomethane and hydrogen.

By investing in Cadent, the Company is directly supporting two SDGs; SDG 7 (affordable and clean energy) and SDG 9 (industry, innovation and infrastructure).

SUSTAINABLE MANAGEMENT

Environment

35 (Biomethane connections)
6,923 tCO_2e (Scope 1 and 2 GHG Emissions)[1]
94% (Waste diverted from landfill)

As a business, the most significant impact Cadent has on the environment is leakage from the networks they operate, excavation waste, vehicle emissions and waste from direct activities. Cadent has made progress against each of these, with 94% waste diverted from landfill in 2019/2020 (86% in 2018/2019).

Cadent is undertaking important research and demonstration projects to support the transition to a sustainable energy system, in the home, for industry, and for transport. These innovative projects mean Cadent is positioning itself to play a key role within the changing energy landscape. Cadent continues to position the network for cleaner fuel distribution and increased biomethane connections from 32 to 35.

In addition to this important research, Cadent has recently launched a fleet of new hydrogen and electric vehicles and will be shortly running a supporting campaign which demonstrates the benefits.

Social

100% (Investments with a health and safety policy and management system)
>4000 (Sustained full-time employees)
18% (Female representation on the board)

Cadent was the first GDN to sign the Covid-19 Business Pledge launched by former cabinet minister, Rt Hon Justine Greening and entrepreneur David Harrison. The pledge encourages businesses and other organisations to find creative ways of supporting the NHS and the general public throughout the crisis and this includes taking measures to ensure their own staff's mental and physical health. Key measures include:

- Two days paid leave per month for local volunteering opportunities for all c.4,000 Cadent staff during April and May
- Gas emergency engineers can buy up to £10 of goods for vulnerable customers they visit and can claim it back through their expenses
- Some depot car parks have been made available to ambulances as rest areas

In addition, the Cadent Foundation funded by Cadent, has committed £240,000 to help food banks in the Trussell Trust's network as they seek to support people affected by Covid-19. The Trussell Trust supports more than 1,200 food bank centres.

1 Greenhouse Gas Emissions data only applicable to Q1 and excludes shrinkage.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The table below details all directors of the Company during the six month period ended 30 June 2020.

BACKGROUND AND EXPERIENCE		LISTED COMPANY AND OTHER RELEVANT DIRECTORSHIPS
Mike Gerrard Board Chair, Chair, Investment Committee Date of appointment: 4 September 2018	Aged 62 and a resident in the UK, Mike has over 30 years of financial and management experience in global infrastructure investment. He has held a number of senior positions, including as an assistant director of Morgan Grenfell plc, a director of HM Treasury Taskforce, deputy CEO and later CEO of Partnerships UK plc and, most recently, a managing director of Thames Water Utilities Limited. Mike has a breadth of experience across a range of economic and social infrastructure sectors and has been involved in some of the largest infrastructure projects in the UK. He is a Fellow of the Institution of Civil Engineers.	Mike holds no other listed company positions but holds several non-executive positions within boards and committees that oversee the development and delivery of infrastructure investments in the UK and Europe.
Julia Bond[1] Chair, Risk Sub-Committee; Chair, Nomination and Remuneration Committee Date of appointment: 1 September 2017	Aged 61 and a resident in the UK, Julia has 27 years' experience of capital markets in the financial sector and held senior positions within Credit Suisse, including Head of One Bank Delivery and Global Head of Sovereign Wealth funds activity.	European Assets Trust ('EAT') Julia is currently a non-executive director of British Foreign and Commonwealth, Strategic Command within the Ministry of Defence and is Vice Chair of the Royal Academy of Dance.
Sally-Ann David[1] Date of appointment: 10 January 2020	Aged 56 and a resident of Guernsey, Sally-Ann has over 34 years of experience in infrastructure projects in the energy sector, including international offshore transmission systems and the challenges of the energy transition. Having held senior positions within the power utility arena, Sally-Ann is currently the Chief Operating Officer of Guernsey Electricity Ltd. She is a Chartered Engineer and Chartered Director.	Guernsey Electricity Ltd Channel Islands Electricity Grid Sally-Ann is also a director for several charities
Meriel Lenfestey[1] Date of appointment: 10 January 2020	Aged 50 and a resident of Guernsey, Meriel has over 25 years of multi-sector business experience. With a background in human centred design for technology, she brings a strategic end-user focus and a broad set of experiences encompassing many sectors and scales of organisation ranging from her own start-ups through global corporations and governmental programmes.	Bluefield Solar Income Fund Limited Meriel sits on a number of other commercial boards including Gemserv, Jersey Telecom, Aurigny Air Services and is a committee member for the Guernsey Institute of Directors
John Le Poidevin[1] Chair, Audit and Risk Committee Date of appointment: 1 January 2016	Aged 50 and a resident of Guernsey, John has over 25 years of business experience. John is a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP, where he held a number of leaderships roles, including Head of Consumer Markets, where he developed an extensive breadth of experience and knowledge across the real estate, leisure and retail sectors in the UK and overseas. John is a non-executive director on several plc boards and chairs a number of audit committees.	Episode Inc. BH Macro Ltd

CORPORATE GOVERNANCE

BOARD OF DIRECTORS CONTINUED

BACKGROUND AND EXPERIENCE		LISTED COMPANY AND OTHER RELEVANT DIRECTORSHIPS
Claire Whittet[1] Chair, Management Engagement Committee Senior Independent Director, with effect from 28 May 2020 Date of appointment: 10 September 2012	Aged 65 and a resident of Guernsey, Claire has over 40 years' experience in the banking industry with Bank of Scotland, Bank of Bermuda and Rothschild and Co Bank International, where she was latterly managing director and co-Head until May 2016 when she became a non-executive director. She has extensive experience as a non-executive director and is currently a non-executive director of a number of other non-trading, investment companies. Claire is a member of the Chartered Institute of Bankers in Scotland, the Chartered Insurance Institute, is a Chartered Banker, a member of the Institute of Directors and holds the Institute of Directors Diploma in Company Direction.	BH Macro Ltd Eurocastle Investment Ltd Riverstone Energy Ltd TwentyFour Select Monthly Income Fund Ltd Third Point Offshore Investors Ltd
Giles Frost Date of appointment: 2 August 2006	Aged 57 and a resident in the UK, Giles is a founder of Amber Infrastructure 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 chairman and a director of Amber Infrastructure Group Holdings Ltd, the ultimate holding company of the Investment Adviser to the Company and various of its subsidiaries.	Giles is also a director of a number of the Company's subsidiary and investment holding entities and of other entities in which the Company has an investment. He does not receive directors' fees from such roles for the Company.
John Stares[1] Date of appointment: 28 August 2013 Date of retirement: 31 March 2020	Aged 69 and a resident of Guernsey since 2001, John has over 40 years' experience. Before moving to Guernsey, John worked for 23 years as a management consultant with Accenture, where he held a wide variety of leadership roles. He currently holds non-executive positions on the boards of several other companies. John is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Worshipful Company of Management Consultants, and a Freeman of the City of London.	Governor of More House School New Philanthropy Capital (Trustee)
John Whittle[1] Senior Independent Director (until 27 May 2020) Date of appointment: 6 August 2009 Date of retirement: 27 May 2020	Aged 65, John is a resident of Guernsey. John is a Fellow of the Institute of Chartered Accountants in England and Wales and holds the Institute of Directors Diploma in Company Direction. John holds non-executive positions on a number of other boards. John was previously finance director of Close Fund Services, a large independent administrator. Prior to moving to Guernsey, John was at Price Waterhouse Coopers in London before embarking on a career in business services, predominantly telecoms.	Aberdeen Frontier Markets Investment Company Ltd Globalworth Real Estate Investments Ltd GLI Finance Ltd India Capital Growth Fund Ltd Starwood European Real Estate Finance Ltd Chenavari Toro Income Fund Ltd

1 All of the independent directors are members of all Committees with the exception of Michael Gerrard, who is not a member of the Audit and Risk Committee. Mr Frost is a non-independent director. John Stares and John Whittle retired from the Company's Board on 31 March 2020 and 27 May 2020, respectively .

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

Mike Gerrard
Chairman
9 September 2020

John Le Poidevin
Director
9 September 2020

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 2020 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement and the related Notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

DIRECTORS' RESPONSIBILITIES

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

As disclosed in Note 1, the annual financial statements of the Group 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 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 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Guernsey
[9] September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020

	Notes	**Six months ended 30 June 2020 £'000s**	Six months ended 30 June 2019 £'000s
Interest income	4	**39,775**	36,533
Dividend income	4	**17,439**	22,654
Net change in investments at fair value through profit or loss	4	**(1,418)**	40,427
Total investment income		**55,796**	99,614
Other operating (expense) / income	5	**(4,251)**	745
Total income		**51,545**	100,359
Management costs	15	**(13,027)**	(11,607)
Administrative costs		**(852)**	(945)
Transaction costs	15	**(150)**	(2,449)
Directors' fees		**(209)**	(198)
Total expenses		**(14,238)**	(15,199)
Profit before finance costs and tax		**37,307**	85,160
Finance costs	6	**(1,888)**	(1,480)
Profit before tax		**35,419**	83,680
Tax credit	7	**171**	37
Profit for the period		**35,590**	83,717
Earnings per share			
From continuing operations			
Basic and diluted (pence)	8	**2.21**	5.64

All results are from continuing operations in the period.

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

There are no other Comprehensive Income items in the current period (30 June 2019: nil). The profit for the period represents the Total Comprehensive Income for the period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020

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

SIX MONTHS ENDED 30 JUNE 2019

	Notes	Share Capital and Share Premium	Other Distributable Reserve	Retained Earnings	Total
		£'000s	£'000s	£'000s	£'000s
Balance at 31 December 2018		1,560,243	182,481	456,023	2,198,747
Total comprehensive income		-	-	83,717	83,717
Issue of Ordinary Shares	13	1,501	-	-	1,501
Issue costs applied to new shares	13	-	-	-	-
Distributions in the period	13	-	-	(51,952)	(51,952)
Balance at 30 June 2019		1,561,744	182,481	487,788	2,232,013

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2020

	Notes	**30 June 2020 £'000s**	31 December 2019 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	**2,375,179**	2,382,645
Total non-current assets		**2,375,179**	2,382,645
Current assets			
Other financial assets	9, 11	**28,074**	31,150
Cash and cash equivalents	9	**40,364**	45,610
Derivative financial instruments	9	**-**	4,161
Total current assets		**68,438**	80,921
Total assets		**2,443,617**	2,463,566
Current liabilities			
Trade and other payables	9, 12	**13,467**	10,471
Derivative financial instruments	9	**627**	-
Total current liabilities		**14,094**	10,471
Non-current liabilities			
Bank loans	6, 9	**20,158**	27,856
Total non-current liabilities		**20,158**	27,856
Total liabilities		**34,252**	38,327
Net assets		**2,409,365**	2,425,239
Equity			
Share capital and share premium	13	**1,760,204**	1,753,840
Other distributable reserve	13	**182,481**	182,481
Retained earnings	13	**466,680**	488,918
Equity attributable to equity holders of the parent		**2,409,365**	2,425,239
Net assets per share (*pence per share*)	14	**149.2**	150.6

The financial statements were approved by the Board of Directors on 9 September 2020.

They were signed on its behalf by:

Mike Gerrard
Chairman
9 September 2020

John Le Poidevin
Director
9 September 2020

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2020

	Notes	**Six months ended 30 June 2020 £'000s**	Six months ended 30 June 2019 £'000s
Profit before tax in the Consolidated Statement of Comprehensive Income[1]		**35,419**	83,680
Adjusted for:			
Loss / (Gain) on investments at fair value through profit or loss	4	**1,418**	(40,427)
Finance costs[2]	6	**1,888**	1,480
Fair value movement on derivative financial instruments	5	**4,788**	(720)
Working capital adjustments			
Decrease / (increase) in receivables		**2,940**	(609)
Increase in payables		**2,996**	2,222
		49,449	45,626
Income tax received/(paid)[3]		**340**	(163)
Net cash inflow from operations[4]		**49,789**	45,463
Investing activities			
Acquisition of investments at fair value through profit or loss	10	**(11,741)**	(193,370)
Net repayments from investments at fair value through profit or loss		**17,789**	19,362
Net cash flow from investing activities		**6,048**	(174,008)
Financing activities			
Dividends paid	13	**(51,463)**	(50,450)
Finance costs paid[2]		**(2,098)**	(1,311)
Loan drawdowns[2]		**11,302**	143,300
Loan repayments[2]		**(19,000)**	-
Net cash (used in)/ provided by financing activities		**(61,259)**	91,539
Net decrease in cash and cash equivalents		**(5,422)**	(37,006)
Cash and cash equivalents at beginning of period		**45,610**	84,718
Foreign exchange gain on cash and cash equivalents		**176**	92
Cash and cash equivalents at end of period		**40,364**	47,804

1 Includes interest received of £46.8 million (H1 2019 £34.1 million) and dividends received of £17.4 million (H1 2019 £22.7 million).
2 These are cash flows and non-cash flows for financing liabilities in accordance with IAS 7, 44A-E.
3 Cash flows received from unconsolidated subsidiary entities in respect of surrender of tax losses.
4 Net cash flows from operations above are reconciled to operating cash flows as shown in the Operating Review on pages 22-23.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

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

The financial information for the year ended 31 December 2019 included in this half-yearly Financial Report is derived from the 31 December 2019 Annual Report and Financial Statements and does not constitute statutory accounts as defined in the Companies (Guernsey) Law, 2008. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 263 (2) and (3) of the Companies (Guernsey) Law, 2008.

ACCOUNTING POLICIES

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. The set of condensed consolidated financial statements included in this Half-yearly Financial Report have been prepared in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as adopted by the EU and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, 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 2019. The new and revised IFRS and interpretations becoming effective in the period have had no material impact on the accounting policies of the Group.

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

a) obtains funds from one or more investor(s) for the purpose of providing those investor(s) with investment management services;

b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

GOING CONCERN

As set out in the Directors' Report, the Directors have reviewed cash flow forecasts prepared by management which include the reassessment of the operational forecasts as a result of Covid-19. Based on those forecasts and an assessment of the Group's committed banking facilities, it has been considered 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 £40.4 million as at 30 June 2020. The Company continues to fully cover operating costs and distributions from underlying cash flows from investments. The Company has access to a corporate debt facility of £400 million, of which £379.8 million was uncommitted as at 30 June 2020. In addition, a £20 million portion of the facility can be utilised for working capital purposes. The facility is forecast to continue in full compliance with the associated banking covenants. The facility is available for investment in new and existing assets until July 2021, and the Company expects to renew the facility later in the year.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

FAIR VALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

3. SEGMENTAL REPORTING

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

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

	Six months ended 30 June 2019				
	UK £'000s	Europe (Excl. UK) £'000s	North America £'000s	Australia £'000s	Total £'000s
Segmental results					
Dividend and interest income	44,882	3,019	4,315	6,971	59,187
Fair value gain on investments	14,302	19,646	2,564	3,915	40,427
Total investment income	59,184	22,665	6,879	10,886	99,614
Reporting segment profit[1]	42,542	22,910	7,490	10,775	83,717
Segmental financial position					
Investments at fair value	1,694,338	305,011	105,854	206,700	2,311,903
Current assets	73,997	-	-	-	73,997
Total assets	1,768,335	305,011	105,854	206,700	2,385,900
Total liabilities	(153,887)	-	-	-	(153,887)
Net assets	1,614,448	305,011	105,854	206,700	2,232,013

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

Revenue from investments which individually represent more than 10% of the Group's interest and dividend income approximates £14.2 million (30 June 2019: £15.9 million).

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

4. INVESTMENT INCOME

	Six months ended 30 June 2020 £'000s	Six months ended 30 June 2019 £'000s
Interest income		
Interest on investments	**39,770**	36,533
Interest on bank deposits	**5**	-
Total interest income	**39,775**	36,533
Dividend income	**17,439**	22,654
Net change in fair value of investments at fair value through profit or loss	**(1,418)**	40,427
Total investment income	**55,796**	99,614

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

5. OTHER OPERATING (EXPENSE) / INCOME

	Six months ended 30 June 2020 £'000s	Six months ended 30 June 2019 £'000s
Fair value (loss) / gain on foreign exchange contracts	**(4,788)**	720
Other foreign exchange movements	**537**	25
Total other operating (expense) / income	**(4,251)**	745

6. FINANCE COSTS

Finance costs for the period were £1.9 million (30 June 2019: £1.5 million). The Group has a corporate debt facility of £400 million provided by Royal Bank of Scotland, National Australia Bank, Barclays Bank and Sumitomo Mitsui Banking Corporation. The drawdowns in the period were in the form of cash drawdowns, used to partially fund investments. As at 30 June 2020, the facility was £20.2 million cash drawn (31 December 2019: £27.9 million). The uncommitted balance of the facility which was not cash drawn or notionally drawn via letters of credit was c.£379.8 million.

The interest rate margin on the CDF is 165 basis points over Libor. The loan facility matures in July 2021 and is secured over the assets of the Group.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

7. TAX

	Six months ended 30 June 2020 £'000s	Six months ended 30 June 2019 £'000s
Current tax:		
UK corporation tax (credit) – current period	**(196)**	(67)
UK corporation tax charge/(credit) – prior period	**-**	23
Other overseas tax – current period	**25**	35
Other overseas tax (credit) – prior period	**-**	(28)
Tax credit for the period	**(171)**	(37)

Reconciliation of effective tax rate:

	Six months ended 30 June 2020 £'000s	Six months ended 30 June 2019 £'000s
Profit before tax	**35,419**	83,680
Exempt tax status in Guernsey	**-**	-
Application of overseas tax rates	**25**	35
Group tax losses surrendered to unconsolidated investee entities	**(196)**	(67)
Adjustment to prior period	**-**	(5)
Tax credit for the period	**(171)**	(37)

The income tax credit above does not represent the full tax position of the entire Group as the investment returns received by the Company are net of tax payable at the underlying investee entity level. As a consequence of the adoption of the IFRS 10 investment entity consolidation exception, underlying investee entity tax is not consolidated within these financial statements. To provide an indication of the tax paid across the wider portfolio, total forecasted corporation tax payable by the Group's underlying investments is in excess of £1 billion (30 June 2019: £1 billion) over their full concession lives.

8. EARNINGS PER SHARE

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

	Six months ended 30 June 2020 £'000s	Six months ended 30 June 2019 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**35,590**	83,717
	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	**1,611,047,072**	1,484,433,340
Basic and diluted (pence)	**2.21**	5.64

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS

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

9.1 FINANCIAL ASSETS

	30 June 2020 £'000s	31 December 2019 £'000s
Investments at fair value through profit and loss	**2,375,179**	2,382,645
Financial assets		
Other financial assets	**28,074**	31,150
Cash and cash equivalents	**40,364**	45,610
Derivative financial instruments		
Foreign exchange contracts	**-**	4,161
Total financial assets	**2,443,617**	2,463,566

9.2 FINANCIAL LIABILITIES

	30 June 2020 £'000s	31 December 2019 £'000s
Financial liabilities at amortised cost		
Trade and other payables	**13,467**	10,471
Bank loans	**20,158**	27,856
Derivative financial instruments		
Foreign exchange contracts	**627**	-
Total financial liabilities	**34,252**	38,327

9.3 FINANCIAL RISK MANAGEMENT

The Group's objective in managing risk is the protection of stakeholder value. Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to market risk (which includes currency risk, interest rate risk and inflation risk), credit risk and liquidity risk arising from the financial instruments it holds. The Board of Directors is ultimately responsible for the overall risk management of the Group, with delegation of oversight and activities (including identifying and controlling risks) provided to the Audit and Risk Committee and the Group's Investment Adviser. The Group's risk management framework and approach is set out within the Strategic Report (pages 44-56 of the 2019 Annual Report and financial statements). The Board takes into account market, credit and liquidity risks in forming the Group's risk management strategy.

Market risk

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

Inflation risk

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

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

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

Foreign currency risk

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

	30 June 2020 £'000s	31 December 2019 £'000s
Cash		
Euro	**1,256**	2,951
Canadian dollar	**545**	654
Australian dollar	**472**	1,623
US dollar	**96**	664
	2,369	5,892
Current receivables		
Euro receivables	**275**	124
US dollar receivables	**994**	539
	1,269	663
Investments at fair value through profit or loss		
Euro	**309,863**	321,337
Canadian dollar	**40,118**	39,911
Australian dollar	**208,830**	200,552
US dollar	**71,023**	65,090
	629,834	626,890
Total	**633,472**	633,445

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk

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

Liquidity risk

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

Level 1:

The Group has no financial instruments classified as Level 1.

Level 2:

This category includes derivative financial instruments such as interest rate swaps, RPI Swaps and currency forward contracts. As at 30 June 2020, the Group's only derivative financial instruments were currency forward contracts amounting to a liability of £0.6 million (31 December 2019: asset of £4.2 million).

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

Level 3:

This category consists of investments in equity and loan instruments in underlying unconsolidated subsidiary entities and other non-controlled investments which are classified at fair value through profit or loss. At 30 June 2020, the fair value of financial instruments classified within Level 3 totalled £2,375.2 million (31 December 2019: £2,382.6 million).

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

Valuation process

Valuations are the responsibility of the Board of Directors. The valuation of unlisted equity and debt investments is performed on a quarterly[1] basis by the Investment Adviser and reviewed by the senior members of the Investment Adviser.

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY (CONTINUED)

Valuation methodology

The valuation methodologies used are primarily based on discounting projected net cash flows at appropriate discount rates. Valuations are also reviewed against recent market transactions for similar assets in comparable markets observed by the Group or the Investment Adviser and adjusted where appropriate.

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

30 June 2020	UK	Europe (Excl. UK)	North America	Australia
Inflation rates	**2.75% RPI, 2.00% CPIH**	**2.00%**	**2.00%**	**2.50%**
Tax rates	**19.00%**	**12.50% - 32.28%**	**23.00% - 26.50%**	**30.00%**
Foreign exchange rates	**N/A**	**1.07**	**1.25 - 1.71**	**1.83**
Long-term deposit rates	**1.00%**	**1.00%**	**2.00%**	**2.00%**

31 December 2019	UK	Europe (Excl. UK)	North America	Australia
Inflation rates	2.75% RPI, 2.00% CPIH	2.00%	2.00%	2.50%
Tax rates	19.00%	12.50% - 32.28%	23.00% - 26.50%	30.00%
Foreign exchange rates	N/A	1.13	1.37 - 1.80	1.92
Long-term deposit rates	2.00%	2.00%	2.50%	3.00%

Discount rate

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

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 FAIR VALUE HIERARCHY (CONTINUED)

Discount rate (continued)

Over the period, the weighted average government bond yield decreased by 0.29%. The weighted average investment premium increased, reflecting observable market-based evidence.

Valuation assumptions	30 June 2020	31 December 2019	Movement
Weighted Average Government Bond Yield	**0.69%**	0.98%	(0.29%)
Weighted Average Investment Risk Premium	**6.39%**	6.04%	0.35%
Weighted Average Discount Rate	**7.08%**	7.02%	0.06%
Weighted Average Discount Rate on Risk Capital[1]	**7.64%**	7.52%	0.12%

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

Reconciliation of Level 3 fair value measurements of financial assets:	30 June 2020 £'000s	31 December 2019 £'000s
Opening balance	**2,382,645**	2,097,468
Additional investments during the period	**11,741**	281,286
Net repayments during the period	**(17,789)**	(40,241)
Net change in fair value of investments at fair value through profit or loss	**(1,418)**	44,132
Closing balance	**2,375,179**	2,382,645

9.5 SENSITIVITY ANALYSIS

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

Significant assumptions at 30 June 2020	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	**7.08%**	**+1.00%**	**(224,333)**	**-1.00%**	**271,478**
Inflation rate (overall)	**2.40%**	**+1.00%**	**255,603**	**-1.00%**	**(208,106)**
UK	**2.75%**	**+1.00%**	**203,675**	**-1.00%**	**(162,894)**
Europe	**2.00%**	**+1.00%**	**40,233**	**-1.00%**	**(34,600)**
North America	**2.00%**	**+1.00%**	**1,108**	**-1.00%**	**(947)**
Australia	**2.50%**	**+1.00%**	**10,605**	**-1.00%**	**(9,658)**
FX rate	**N/A**	**+10.00%**	**(63,750)**	**-10.00%**	**63,757**
Tax rate	**21.67%**	**+1.00%**	**(20,215)**	**-1.00%**	**20,432**
Deposit rate	**1.15%**	**+1.00%**	**23,981**	**-1.00%**	**(20,953)**

Significant assumptions 31 December 2019	Weighted average rate in base case valuations	Sensitivity factor	Change in fair value of investment £'000s	Sensitivity factor	Change in fair value of investment £'000s
Discount rate	7.02%	+1.00%	(221,830)	-1.00%	266,321
Inflation rate (overall)	2.26%	+1.00%	247,568	-1.00%	(204,613)
UK	2.47%	+1.00%	198,445	-1.00%	(160,506)
Europe	2.00%	+1.00%	39,398	-1.00%	(33,825)
North America	2.00%	+1.00%	1,037	-1.00%	(899)
Australia	2.50%	+1.00%	8,700	-1.00%	(9,384)
FX rate	N/A	+10.00%	63,017	-10.00%	(63,017)
Tax rate	18.31%	+1.00%	(20,668)	-1.00%	19,729
Deposit rate	1.81%	+1.00%	23,642	-1.00%	(20,778)

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

10. INVESTMENTS

Date of investment	Description	Consideration £'000s	% Ownership post investment
May 2020	The Group made a follow on investment into the Essex 1 and 2 Building Schools for the Future projects, UK	**6,655**	28% - 100%
January - June 2020	The Group made further investments as part of its commitment to the National Digital Infrastructure Fund, UK	**5,086**	45.00%
Total capital spend on investments during the period		**11,741**	

11. OTHER FINANCIAL ASSETS

	30 June 2020 £'000s	31 December 2019 £'000s
Accrued interest receivable	**24,135**	27,273
Other debtors	**3,939**	3,877
Total other financial assets	**28,074**	31,150

Other debtors included £3.5 million (31 December 2019: £3.7 million) of receivables from unconsolidated subsidiary entities for the surrender of Group tax losses.

12. TRADE AND OTHER PAYABLES

	30 June 2020 £ '000s	31 December 2019 £'000s
Accrued management fee	**7,764**	8,285
Other creditors and accruals	**5,703**	2,186
Total trade and other payables	**13,467**	10,471

13. SHARE CAPITAL AND RESERVES

Share capital	30 June 2020 Shares '000s	31 December 2019 Shares '000s
In issue 1 January	**1,610,795**	1,484,329
Issued for cash	-	124,248
Issued as a scrip dividend alternative	**4,163**	2,218
Closing balance	**1,614,958**	1,610,795

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

13. SHARE CAPITAL AND RESERVES (CONTINUED)

Share capital	**30 June 2020 £'000s**	31 December 2019 £'000s
Opening balance	**1,753,840**	1,560,243
Issued for cash (excluding issue costs)	**-**	192,071
Issued as a scrip dividend alternative	**6,364**	3,482
Total share capital issued in the period	**6,364**	195,553
Costs on issue of Ordinary Shares	**-**	(1,956)
Closing balance	**1,760,204**	1,753,840

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

On 19 June 2020, 4,162,764 new Ordinary fully paid shares were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ended 31 December 2019.

Other distributable reserve	**30 June 2020 £'000s**	31 December 2019 £'000s
Opening balance	**182,481**	182,481
Movement in the period	**-**	-
Closing balance	**182,481**	182,481

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

Retained earnings	**30 June 2020 £'000s**	31 December 2019 £'000s
Opening balance	**488,918**	456,023
Net profit for the period	**35,590**	138,168
Dividends paid[1]	**(57,828)**	(105,273)
Closing balance	**466,680**	488,918

1 Includes scrip element of £6.4 million in 2019 (December 2019: £3.5 million).

DIVIDENDS

The Board is satisfied that, in every respect, the solvency test as required by the Companies (Guernsey) Law, 2008 was satisfied for the proposed dividend and the dividend paid in respect of the year ended 31 December 2019. The Board has approved an interim distribution of 3.68 pence per share (six months ended 30 June 2019: 3.59 pence per share).

CAPITAL RISK MANAGEMENT

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

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

14. NET ASSETS PER SHARE

	30 June 2020 **£'000s**	31 December 2019 £'000s
Net assets attributable to equity holders of the parent	**2,409,365**	2,425,239

	Number	Number
Number of shares		
Ordinary Shares outstanding at the end of the period	**1,614,958,240**	1,610,795,476
Net assets per share (pence per share)	**149.2**	150.6

15. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

	Related party expense in the Income Statement		Amounts owing to related parties in the Balance Sheet	
	For the six months to 30 June 2020	For the six months to 30 June 2019	**At 30 June 2020**	At 31 December 2019
	£'000s	£'000s	**£'000s**	£'000s
International Public Partnerships GP Limited	**13,027**	11,607	**7,764**	8,285
Amber Fund Management Limited[1]	**150**	2,449	**170**	533
Total	**13,177**	14,056	**7,934**	8,818

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

INVESTMENT ADVISORY ARRANGEMENTS

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

For existing construction assets:

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

For existing fully operational assets:

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

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

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

As at 30 June 2020, Amber Infrastructure held 8,002,379 (31 December 2019: 8,002,379) shares in the Company. The shares held by the Investment Adviser in the Company helps further strengthen the alignment of interests between the two parties.

TRANSACTIONS WITH DIRECTORS

Shares acquired by directors in the six-month period ended 30 June 2020 are disclosed below:

Director	Number of new Ordinary shares
Mike Gerrard	**22,330**
Meriel Lenfestey	**9,979**
Giles Frost	**12,974**
Claire Whittet	**1,708**

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (UNAUDITED) SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2020, the Group has funding commitments of up to c.£39.6 million (31 December 2019: £43.5 million)[1].

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

17. EVENTS AFTER BALANCE SHEET DATE

There are a range of contingent risks stemming from Covid-19. These include, but may not be limited to, operational restrictions resulting from public health guidelines, changes in asset demand, staff shortages and supply chain breakdowns and their consequences. The Company will continue to monitor and where possible take action to avoid or mitigate any such impacts on its portfolio. The Company is closely monitoring distributions from all investments and through its Investment Adviser is actively engaging with counterparts at the portfolio level - the majority of which are public sector counterparties. The overwhelming majority of revenues come from availability-based payments or regulated cashflows that generally provide a range of protections against adverse scenarios.

18. OTHER MANDATORY DISCLOSURES

NEW STANDARDS THAT THE GROUP HAS APPLIED FROM 1 JANUARY 2020

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

- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (1 January 2020)

1 Includes a remaining funding commitment of c.£19.1 million for Benex.

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