International Public Partnerships

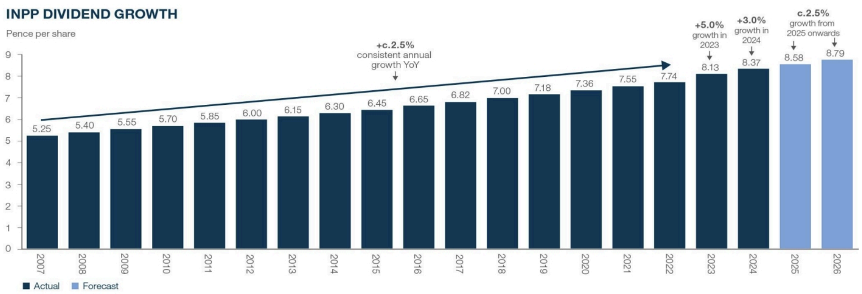
Responsible, growing and protected

Investment companies
Infrastructure

31 October 2025

International Public Partnerships (INPP) had a strong first half of 2025, maintaining solid financial and operational performance while advancing portfolio optimisation and disciplined capital allocation. Alongside accretive share buybacks, the company's investment in Sizewell C, targeting low-teens returns, enhances both inflation linkage and portfolio longevity. At the current share price, investors can access double-digit net returns from a low-risk, inflation-protected portfolio offering a cash yield above 6%, with dividend growth underpinned for over 20 years.

Exhibit 1: DPS has increased by at least 2.5% each year since listing



Source: INPP. Note 2025 and 2026 are company guidance.

Consistency at an attractive valuation

INPP's lower-risk portfolio of infrastructure assets continue to perform well, operationally and financially, while providing environmental and social benefits for the individuals and communities that they serve. The portfolio is well diversified by sector and geography and focused on assets that provide essential public infrastructure services. Revenues are typically 'availability-based' or regulated, significantly government backed, with strong inflation linkage. INPP's strategy model has been consistently executed by its sector specialist manager, Amber Infrastructure Group (Amber), since its listing in 2006, and INPP has been tested through many challenging environments. Having increased DPS growth in the past two years to reflect positive inflation linkage, INPP targets FY25 and FY26 uplifts in line with the 2.5% long-term trend. It predicts that the cash flows from the existing portfolio alone are sufficient to meet DPS growth at a similar rate for at least the next 20 years, increasing to c 25 years if the Sizewell C investment completes. The prospective dividend yield is 6.7% and (vs the expected portfolio return of 9.0%) investment at the current share price, a 14% discount to NAV, implies a total return of c 10% per year, net of fees.

Asset sales and realisations, at prices in line with or above valuation, are providing portfolio optimisation opportunities, support ongoing buybacks and will fund accretive reinvestment opportunities identified by Amber, including Sizewell C and the Moray West OFTO. These transactions meet INPP's strict capital allocation policy and are expected to enhance a number of key portfolio metrics, including the weighted average discount rate, the proportion of inflation-linked cash flows, the progressive and fully covered dividend and the weighted average life of the fund. In addition, both assets bring positive ESG characteristics, further reinforcing the company's commitment to delivering sustainable, long-term value.

Price	**124.40p**
Market cap	**£2,330m**
Total assets	**£2,755m**

[1]As at 30 June 2025

NAV		148.7p

[1]As at 30 June 2025

Discount to NAV		14.1%
Current yield		6.7%

[1]Based on FY25 target DPS of 8.58

Shares in issue		1,823.5m
Code/ISIN		INPP/GB00B188SR50
Primary exchange		LSE
AIC sector		Infrastructure
Financial year end		31 December
52-week high/low	132.7p	105.2p

Fund objective

International Public Partnerships is an infrastructure investment company that listed in 2006. It invests in a diversified portfolio of global public infrastructure assets and businesses, with a focus on availability-based or regulated revenues. It aims to provide investors with a consistent and predictable return from assets that meet societal and environmental needs, both now and in the future.

Bull points

- Operates in a structurally supported sector.
- Financial returns are consistent and predictable, with good inflation linkage.
- Established, specialist, well-resourced manager with a global presence.

Bear points

- Higher capital costs are a headwind to new portfolio investment.
- Sector has de-rated with higher interest rates.
- Differing risk-return strategies and discount rates across the sector are difficult for investors to compare.

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Edison profile page

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NOT INTENDED FOR PERSONS IN THE EEA

Creating long-term value through responsible investment

Lower-risk strategy with specialist execution

INPP is a Guernsey-registered investment company, listed on the London Stock Exchange since 2006. It is a UK top 250 index constituent and a member of the Association of Investment Companies (AIC) and sits within the AIC Infrastructure sector. INPP shares are eligible for UK ISA/PEPs and SIPPs. Since listing, the company has been managed by Amber Infrastructure Group (Amber), a part of the Boyd Watterson Global Asset Management Group.[1] Amber is a specialist international infrastructure investment manager, which has a well-resourced, in-house asset management and origination team, comprising over 180 individuals, and a local presence in 12 countries. Amber Infrastructure Group's ability to actively and responsibly source and manage INPP's investments, and enhance their performance, is one of the company's core strengths.

INPP aims to provide investors with stable, long-term, inflation-linked returns, based on growing dividends, with the potential for capital appreciation. It looks to achieve this by investing in a cash-generative, diversified portfolio of essential social and public infrastructure assets that can sustainably meet its financial return targets as well as societal and environmental needs. Portfolio cash flows are backed by a high proportion of contractual or regulated revenues and benefit from a high level of inflation linkage. INPP is actively managed to optimise the operational performance of individual investments and overall portfolio returns.

This strategy has been consistently and successfully implemented since listing, with the company building a strong track record of consistent operational and financial performance, generating returns for shareholders commensurate with the company's relatively low-risk investment strategy, and we expect this to continue.

Investment case summary

- INPP's low-risk investment strategy differentiates it from most listed peers and the company has a strong track record of providing **stability during turbulent times**. The portfolio is well diversified and focused on assets that provide essential public infrastructure services, with revenues that are typically 'availability-based' or regulated, significantly government backed, and are uncorrelated with the economic cycle.
- **Dividends have increased by at least 2.5% in every year since inception** across a number of market cycles and in sometimes challenging economic conditions, and have been consistently fully covered by operational cash flow. Reflecting the positive linkage of returns (see below), in FY23 and FY24, DPS growth was 5% and 3%, respectively. From 2025, the frequency of dividends has been changed to quarterly from semi-annually. The company calculates that the expected cash flows from the existing portfolio alone, without any benefit from new investments, are sufficient to meet progressively growing dividends for at least the next 20 years, increasing to c 25 years assuming the investment in Sizewell C completes.
- Along with a lower-risk strategy, portfolio cash flows provide **a high level of positive inflation linkage,** with a 1.0% per year increase in inflation above that assumed in the valuation, expected to increase investment returns by 0.7% per year, or 0.8% including Sizewell C on a fully invested basis at the end of 2030. Additionally, the investments are **well protected against the impact of interest rate fluctuations** on equity returns. INPP itself has no debt.
- The change in the basis of fee calculation, from 1 July 2025, more closely aligns the interests of the investment adviser and shareholders and **reduces corporate costs**. Fees are now based on an equal weighting of market cap and NAV (previously this was on gross asset value which, with no company level borrowing, is similar to NAV). INPP has said that it expects the fee change to reduce the ongoing management fee by c.10% per year based on the share price at the time of the initial announcement (27 March 2025).[2] Prior to any impact from reduced fees, the H125 ongoing charge ratio was 1.12%, below the AIC Infrastructure sector average of 1.26%.

1. Amber is part of Boyd Watterson Global Asset Management Group, a global diversified infrastructure, real estate and fixed income business with over $36bn in assets under management and more than 300 employees. It has offices in eight US cities and a presence in twelve countries.
2. If the shares return to a premium to NAV (as was the case for most of the period since listing until interest rates began to rise), INPP and Amber have agreed that management fees will be no higher than under the previous arrangement.

- The board has demonstrated its commitment to addressing the share price discount, with a **strict and well-defined capital allocation policy**. Asset realisations have underpinned valuations and contributed to the repayment of all corporate borrowing (during 2024) and share repurchases of up to £200m by March 2026. The proceeds have also been partially recycled into new accretive investments where these are consistent with INPP's strict capital allocation framework. This framework benchmarks the strategic and prospective return on new investment against the immediate impact of share repurchases.
- **Amber Infrastructure Group's ability to source attractive new investment opportunities that will grow the portfolio and long-term cash flows is very positive.** This is set against a positive sector outlook as governments in INPP's core markets continue to prioritise investment in critical infrastructure. In the UK, the government's 10-year infrastructure strategy, published in June, and the 2025 Spending Review both reaffirm the UK government's long-term policy support for investing in infrastructure to generate resilient growth and to drive the transition to a secure, low-carbon energy system. The government recognises that a significant increase in private investment is needed to complement and maximise the value of public investment. Having worked successfully in partnership with government for nearly two decades, INPP should be well positioned to benefit from future opportunities in public-private partnership (PPP)-like ventures.
- **INPP provides an attractive valuation**, reflected in an FY25e dividend yield of 6.7% and 14% discount to NAV. Asset valuations (and hence NAV) are based on the expected future cash flows, discounted at a weighted average 9.0% (end-FY24: 9.0%). The opportunity to invest in the shares at a discount to NAV provides an opportunity for investors to enhance this return, and the rate implied by the current share price is c 10% net of fees.[3] We view this as an attractive premium to the 30-year UK gilt yield, which is currently c 5.50%, a multi-decade high. Whereas the gilt coupon is fixed, INPP dividends should continue to increase. Meanwhile, portfolio realisations in line with or at a premium to prevailing valuations have had a positive impact on NAV, as well as providing evidence of the robustness of INPP's valuation methodology. It is also worth noting that, while changes in the discount rate have a direct impact on NAV, they do not affect future expected cash flows. When the discount rate increases, as it did from FY19 to FY24, it is the net present value of the cash flows that is reduced, not the cash flows themselves, and from this lower base the expected future rate of return increases.
- INPP has **strong ESG credentials**, discussed in the next section.

ESG is core to INPP's investment strategy

ESG is central to INPP's investment process and the company is committed to integrating ESG considerations across the investment lifecycle. In doing so, it aims to reduce risk, enhance and sustain value creation and drive environmental and social progress for the benefit of all stakeholders.

INPP supports the 2030 Agenda for Sustainable Development (adopted by the UN member states in 2015) and alignment with the UN's Sustainable Development Goals (SDGs) is a key part of the company's approach to fully integrating ESG into all aspects of its business.

The company is committed to providing all stakeholders with clear and accurate sustainability disclosures, and it is categorised as an Article 8 Financial Product under the Sustainable Finance Disclosure Regulation. INPP reports against key performance indicators in areas such as carbon emission reductions, fostering diversity and inclusion, and alignment with the sustainability criteria outlined in the EU Taxonomy for sustainable activities. The EU Taxonomy is a classification system to assist companies and investors to identify 'environmentally sustainable' economic activities to make sustainable investment decisions. INPP's fourth sustainability report, published in March 2025, provides full details of its sustainability agenda and progress.

Some of the positive environmental and social characteristics of INPP's investments include:

- Through PPP investments, the development and maintenance of school facilities that support the education of more than 181,000 students every year.
- Through the Thames Tideway tunnel investment, the elimination of an estimated 37m cubic metres per year of untreated sewage from discharge into the River Thames when the super sewer becomes fully operational, which is expected by the end of 2025.

> *3. This is calculated by INPP, based on the weighted average discount rate, less the ongoing charges ratio, adjusted to reflect the share price discount to the NAV using published sensitivities.*

- Through the offshore transmission investments, the transmission of enough renewable energy to power an estimated 3.7m homes (a number that will increase if a 12th offshore transmission investment, Moray West, for which INPP is preferred bidder, goes ahead).
- Through transport investments in rail operating companies across Europe, the UK and Australia, enabling an estimated 243m passenger journeys.
- Assuming it goes ahead, INPP's Sizewell C investment will contribute to the avoidance of a significant amount of CO_2 emissions, create additional employment and enhance biodiversity.

Exhibit 2: Sustainability highlights as at 30 June 2025

Source: INPP

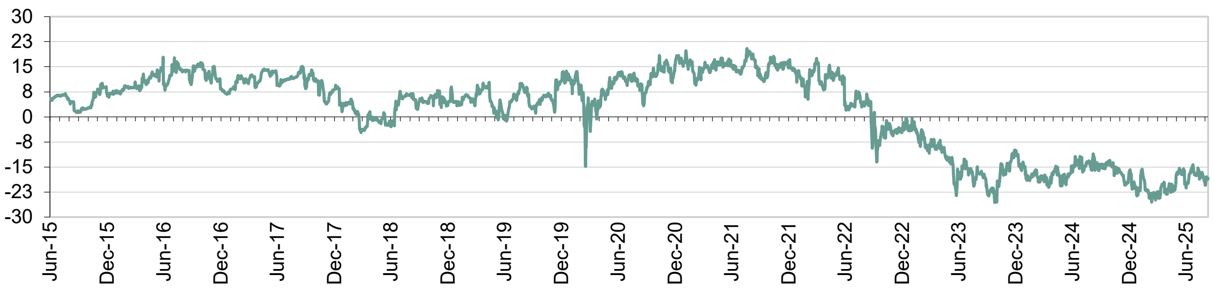
Focused on maximising value

After listing, INPP shares mostly traded at a premium to NAV until the interest rate environment changed, leading to a significant de-rating of the listed infrastructure sector and most of the wider closed-end investment company universe.

INPP's assets continue to perform well, it is a beneficiary of higher inflation and it has a strong level of protection against higher interest rates, yet its shares have moved from trading at a premium of more than 20% to a 14% discount currently, which is a little below the sector average of 16%.

While the de-rating has been driven by factors outside the control of the company, the board has nonetheless been proactive in seeking to narrow it through a range of initiatives, built off a disciplined and clear approach to capital allocation, supporting portfolio optimisation, debt repayment and the share buyback programme. Earlier in 2025, the discount to NAV had begun to narrow (to c 11%) but this has been unwound by the continued rise of government bond yields, particularly at the long end of the yield curve. While the discount to NAV provides new investors with an attractive entry point, a closing of the discount to NAV that would benefit all shareholders.

Exhibit 3: Price/net asset value history



Source: INPP data, LSEG Data & Analytics prices

Since June 2023, INPP has realised more than £345m of capital, or c 13% of the portfolio, from across a range of portfolio sub-sectors. Asset sales and realisations have been at prices in line with or above the prevailing book value, validating and enhancing the published NAV.

The corporate debt facility was repaid in full by January 2024 and, in the same month, INPP announced a buyback programme, initially targeting up to £30m, but it has since increased up to £200m by March 2026. When reporting interim results in September, INPP said that, up to that point, £92m of completed repurchases had enhanced NAV per share by more than 1.1p (including c 0.5p in H125). At the time of writing, the aggregate amount of repurchases is now more than £100m.

While continuing the buyback programme, INPP has recently begun to reinvest part of the disposal proceeds into new opportunities where the strategic benefits and projected financial returns are superior to the one-off benefit of share repurchases.

Positive arbitrage on recent portfolio transactions

H125 newly agreed disposals and realisations of c £90m included:

- In March, INPP agreed to the divestment of minority interests in seven UK education PPPs to an existing co-investor for c £8m, in line with the most recent valuation. INPP expects the transaction to complete before the end of the year.
- In early July, INPP completed a debt refinancing to release £49m of capital from its remaining senior debt position in the Priority School Building Aggregator Programme and 13, mostly minority interests, in the Building Schools for the Future (BSF) programme. The BSF investments were acquired in 2011 and INPP's strategy has been to increase minority holdings to a majority position wherever possible. Where this has not been feasible and where a sale is aligned with the company's interests, it has divested. The value of the retained equity interests and funds released from this transaction was at a premium to the 31 December 2024 valuation. The retained equity interests equate to c 1% of NAV.
- In August, INPP agreed to the sale (for £32m) of a 1.6% stake in Angel Trains at a very attractive premium to the end-FY24 valuation, reducing its interest to 8.4%. We estimate that the sale price implied a c 28% premium to the end-FY24 carried value or c £25m. The agreed price was reflected in the H125 portfolio valuation and the sale has since closed. Importantly, Angel Trains remains an attractive investment and Amber Infrastructure Group's board representation on behalf of INPP continues.

New investment during H125 was modest, including the c £6.1m funding of three long-standing investment commitments to Flinders University Health and Medical Research Building, Gold Coast Light Rail – Stage 3 and digital fibre provider toob.

The most significant currently planned future investment is a c £65m investment in the Moray West OFTO, INPP's 12th investment in the sector (where it is preferred bidder), which is expected to complete in 2026. INPP has also recently committed £250m to the Sizewell C project over a five-year period. These transactions are expected to be accretive to the portfolio across several key metrics, including the weighted average discount rate, the proportion of inflation-linked cash flows, the progressive and fully covered dividend supported by portfolio cash flows and, in the case of Sizewell C, the weighted average life of the fund. In addition, both assets bring positive ESG characteristics, further reinforcing the company's commitment to delivering sustainable, long-term value.

Sizewell C is an exciting and significant development for INPP

INPP's appointment as preferred bidder for the Sizewell C nuclear project was announced in July. This is an exciting and significant development for INPP and demonstrates clearly its ability to grow the portfolio, while adhering to its strict capital allocation policy. The company expects to generate attractive, regulated, risk-adjusted returns significantly above the equivalent internal rate of return (IRR) generated in a share buyback (INPP's presentation and our previous note cover this in detail). The transaction is expected to close by the end of the year. INPP's participation is the result of a decade-long consultation process and is a testament to the abilities of its investment adviser, Amber Infrastructure Group, to source and structure attractive opportunities at an early, higher-return stage of the investment cycle.

The Sizewell C nuclear power station is a landmark infrastructure project in the UK, and it is critical to strengthening the UK's energy security and to meeting the government's net-zero targets. The plant will have the capacity to produce enough low-carbon electricity to meet 7% of the UK's forecast electricity needs when completed and operational, expected in the mid-to-late 2030s.

INPP will take a c 3% equity stake in the Sizewell C regulated company, alongside the UK government, the Nuclear Liabilities Fund, La Caisse, EDF Group and Centrica, and has committed to invest c £250m to finance the construction, development and 60-year operations of the plant. On behalf of the company, Amber will exercise governance for both INPP and the Nuclear Liabilities Fund, equating to a 7.5% initial shareholding, and will be represented on the holding company board.

INPP expects to invest c £50m per year over a five-year period and, once the committed funds have been deployed, it is expected that the investment will represent c 10% of the portfolio and extend its average life (currently 38 years), and that the duration of expected cash flows will fund dividend growth.

The development of Sizewell C is being funded using the regulated asset base (RAB) framework, which INPP expects will deliver an attractive, low-teens IRR during construction and early operations (expected to run into the early 2040s), before transitioning to a regulated return mechanism, with participation through the construction phase of the project generating additional NAV growth. The RAB funding model was successfully applied to Tideway, now in the commissioning phase, and demonstrated its effectiveness in delivering large-scale and complex infrastructure projects. By offering an inflation-linked fixed real return on the capital deployed and protections against construction risks, the funding model gives visibility to returns, making it attractive to providers of private capital. INPP says this was a key consideration in its decision to commit to Sizewell C.

As a responsible investor, it was also essential that the commitment met INPP's sustainability requirements, which it does, and that it has a net positive impact on the overall portfolio ESG indicators. The benefits of Sizewell C include the avoidance of around 9Mt CO_2 emissions annually, the creation of 10,000 new jobs at peak construction and a 19% net gain in biodiversity, with 250 hectares of new habitat created. Additionally, Amber Infrastructure Group will represent INPP on the board and will participate in the ongoing oversight of ESG policies, compliance and reporting.

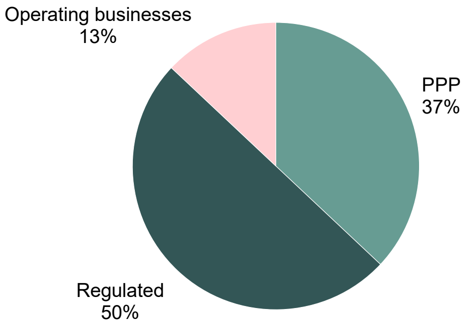
Diversified low-risk portfolio, performing well

At the end of H125, INPP's portfolio comprised approximately 140 investments, of which the largest number by far are the PPP assets, in aggregate accounting for 37% of the portfolio fair value. The majority of projects or companies that INPP is invested in benefit from 'availability-based' or regulated revenues, together 87% of portfolio fair value, and operating businesses represent the balance. PPP revenues are primarily availability based, as are the revenues from the regulated OFTO assets, together representing 56% of portfolio fair value. A majority of revenues from the operating businesses come from railway rolling stock asset leasing, with upwards of seven-year lease terms, which are relatively more robust and visible.

The investments are located in developed infrastructure markets in nine different OECD countries, with the UK being the largest exposure (73%).

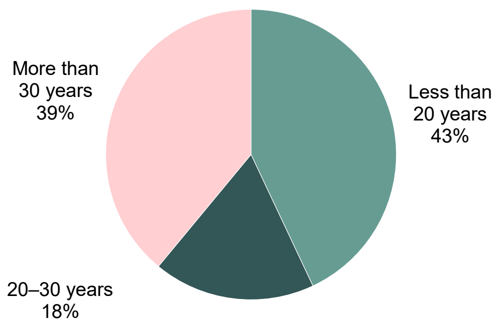
INPP seeks a high degree of influence over its investments and prefers majority stakes where possible. By fair value, it fully owns and controls 45% of the portfolio and holds a majority stake in a further 5%. Where it does not hold a controlling stake, it exercises influence through board representation. It also favours being an early-stage investor, leveraging the investment adviser's extensive industry knowledge, contacts and local presence in key markets. Investment is almost entirely (99%) in risk capital, comprising project-level equity and subordinated debt where Amber Infrastructure Group's sourcing and asset management expertise can best be used to optimise the risk-return characteristics. The weighted average life of the investments at end-H125 was c 38 years.

Exhibit 4: Investments by type (by fair value)



Source: INPP. Note: At 30 June 2025.

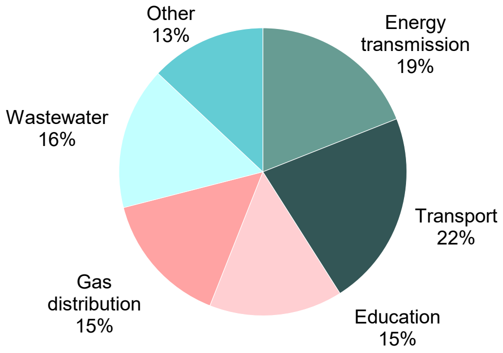
Exhibit 5: Project life (by fair value)



Source: INPP. Note: At 30 June 2025.

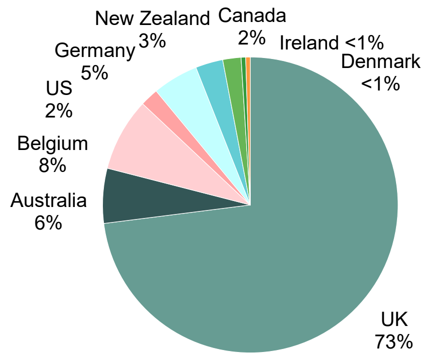
As well as being diversified by asset, the portfolio is broadly spread across sectors and geographies in a number of developed infrastructure markets. Within the PPP projects and offshore transmission owners (OFTOs) that rely on long-term contracts with third-party service providers for their day-to-day operations, there is no material exposure to any one counterparty.

Exhibit 6: Investments by sector (by fair value)



Source: INPP. Note: At 30 June 2025.

Exhibit 7: Geographical diversification (by fair value)



Source: INPP. Note: At 30 June 2025.

Significant asset level protection against interest rate risk

Asset level debt is non-recourse to the company and the weighted average level of asset leverage at end-H125 was 69%, which INPP says is appropriate and conservative given the security of revenues and protection against interest rate fluctuations. As a proportion of portfolio fair value, 56% of asset debt, and effectively all PPP project debt, is hedged for the full term of the project. For another 31%, the risk of adverse movement in interest rates is limited through protections provided by the regulatory regime. The balance of 13% is primarily related to the investments in operational businesses.

PPP assets (37% of portfolio value)

At H125 there were over 120 PPP assets, mostly comprising individual concession-based investments that span various sectors, such as education, healthcare, justice and other social infrastructure sectors across multiple jurisdictions. Revenues are nearly always based on the availability of the asset (rather than the extent that it is used), are long term and are contracted with government or government-backed entities. The only notable demand-based revenue exposure within the PPP assets is in Diabolo Rail, the rail link between Brussels Airport and Belgium's national rail network, in the form of passenger usage. This is mitigated by a revenue adjustment mechanism that allows the project to seek an increase in the passenger fares it charges if passenger numbers and returns fall below a certain threshold.

Although there are variations, PPP projects typically involve the creation of a private company (usually in the form of a special purpose vehicle) that contracts to design, build, operate and maintain a social infrastructure asset, to agreed service standards, for a specified period of time, after which the asset reverts to the public sector. Further de-risking the cash flows that INPP expects from its PPP assets, construction costs are fixed in advance, the operation of the assets is outsourced on long-term contracts, and the cost of debt funding is hedged or fixed for the term of the contract. Most importantly, the PPP projects have consistently maintained a high level of asset availability and performance. During H125, the overall availability of INPP's PPP assets was 99.7%, in line with the strong performance of recent years. Performance deductions were just 0.2%, again in line with recent years, and these deductions are typically passed on to third-party facilities management providers.

The PPP sector has begun to see an increasing focus on 'handback', the process of transferring PPP assets and the associated services back to the public sector at contract expiry. Amber Infrastructure Group's in-house asset management team proactively monitors asset condition, maintenance and lifecycle works to ensure these will meet the necessary criteria for handback, avoiding remediation costs or reputational risk. INPP's first handback, Hereford and Worcester Courts (which accounts for less than 0.2% of portfolio value), concluded successfully in Q325 with positive feedback provided by the public sector in relation to how the process was managed. The expiry dates for the rest of the PPP concessions are spread over the next 25 years and will not be significant until the mid-2030s.

Regulated investments (50% of portfolio value)

The use of economic regulation within the infrastructure sector is most often applied to businesses or assets that are monopolistic in nature and is aimed at protecting the interests of consumers while ensuring investors are provided with a fair return on their investment via a predictable and transparent regulatory framework. INPP's regulated assets comprise investments in Cadent (the UK's largest gas distribution network), OFTOs and Tideway (the new 25km 'super sewer' under the River Thames). Each is regulated by a statutory independent economic regulator, providing INPP with a relatively high degree of predictability regarding future returns on capital.

- **OFTOs** connect the UK onshore electricity grid to offshore windfarms. They are regulated by Ofgem, the UK's energy regulator, with perpetual licences that provide for an availability-based revenue stream at a predetermined rate for a fixed period of time (typically 20–25 years). INPP is currently invested in 11 OFTOs, owning 100% of the risk capital in each, and accounting for 19% of the end-H125 portfolio fair value. It is also preferred bidder for the Moray West OFTO. INPP expects the economic life of the OFTO transmission assets to be closer to 30–35 years, although the regulatory arrangements beyond the existing licence periods are yet to be determined. Ofgem has indicated its objective of maximising the combined operational lifetimes of both generation and transmission assets where it is economic and efficient to do so. In this respect, it expects incumbent OFTOs to be best positioned to operate transmission assets in an extension period. As previously reported by INPP, a cable fault in April 2025 at the Beatrice OFTO resulted in it running below capacity for a time. Full operation was resumed in July. INPP expects the cost of repair to be covered by insurance and says that the evidence available to date indicates the cable fault was beyond the reasonable control of the OFTO. Assuming this to be so, it does not expect Ofgem to levy any availability-linked revenue reduction. This was the outcome for the East Anglia One OFTO, which suffered an underwater cable fault and capacity outage in 2024. In both cases, the INPP asset management team was able to ensure a swift repair.
- **Tideway** is the trading name of the company that in 2015 was awarded the licence to design, build, finance, commission and maintain the new 'super sewer'. INPP owns 18% of Tideway's risk capital, representing 16% of the portfolio value. It is regulated by the Water Services Regulation Authority (Ofwat). Major construction works were completed on the Tideway project during 2024 and, having been fully connected to London's wider sewerage network, it is in the commissioning phase, which ensures the reliability of the tunnel through ongoing testing and storm simulations. Handover, the point at which Thames Water has certified that system commissioning is complete, remains planned for the second half of the year. During commissioning, Tideway is already being operated and to date has prevented well over nine million cubic metres of sewage from entering the River Thames, equivalent to the volume of more than 3,000 Olympic swimming pools. Allied with this, Tideway recently became the first UK corporate to issue a Blue Bond, raising finance for sustainable marine and ocean projects, building on its earlier role as one of the first UK corporates to issue Green Bonds. INPP is confident that the financial problems of Thames Water, which has a licence requirement to collect revenues from its customers and pass these to Tideway, will not have any material impact on its investment. Tideway has statutory and regulatory protections, designed to mitigate any revenue disruption.
- **Cadent** has a gas distribution network that serves 11 million homes and businesses. INPP has an interest in 7% of the risk capital, representing 15% of the end-H125 portfolio fair value. Cadent is regulated by Ofgem, which has granted it a perpetual licence with five-yearly regulatory price reviews. The transition to net zero carbon will change the role of Cadent's gas distribution network over time as consumers gradually shift their consumption to lower-carbon alternatives such as renewable electricity and green gases, alongside an expected decline in natural gas. Cadent has a critical role to play throughout the transition and beyond, continuing to safely and reliably provide gas and thereby facilitate the increased use of cleaner, albeit more intermittent, technologies; driving reductions in emissions while customers still need gas; and converting and developing the network to enable the distribution of green gases to where needed when customers are ready. In the near term, INPP says that it continues to perform strongly and in line with expectations and has a stable outlook. Ofgem will soon determine the revenues that Cadent will be able to earn over the next five-year price control period, which begins in April 2026, and its final decision is expected in December 2025. It has previously indicated that it does not expect any major regulatory changes from the existing framework, highlighting the need to be adaptable to balance the interests of both consumers and investors in view of the range of potential future pathways to net zero carbon.

Operating businesses (13% of portfolio value)

INPP's investments in operating businesses mainly include Angel Trains (the UK's largest rolling stock leasing company) and BeNEX (an investor in both rolling stock and train operating companies that operate regional passenger rail franchises across Germany), along with a small investment in digital infrastructure companies. On behalf of the company, Amber Infrastructure Group holds a board position on each business, through which it engages in their governance with the aim of ensuring effective risk management and driving the overall financial, operational and ESG performance of its investments.

At end-H125, INPP owned 10% of the risk capital of Angel Trains and this represented 6% of portfolio fair value. The partial sale of the holding in August 2025 reduced INPP's stake to 8.4% and the share of portfolio fair value to c 5%. Angel Trains is performing well, with the train operators (its customers) experiencing good levels of traffic. INPP does not expect any impact on the company from renationalisation of UK rail operators as there should be no impact on rolling stock requirements, and the transport secretary has indicated no plans to change the way this is leased.

BeNEX is an investor in both rolling stock and train operating companies (TOCs) that operate regional passenger rail franchises across Germany. It has franchises with 14 of the 16 German federal states, providing c 65m train km of transportation services per year. INPP owns 100% of the risk capital, which represented c 3% of H125 portfolio fair value. The company has been performing well, continuing to benefit from the growing popularity of train use in Germany, while expanding its regional footprint. In Q424, BeNEX's acquired the regional rail operations of Abellio, which principally comprised of two TOCs, and was part-funded by a strategic follow-on investment by INPP amounting to £15m.

The digital investments comprise two fibre network providers. Community Fibre, London's largest full-fibre broadband provider, continues to strongly increase customer numbers. Serving the south of England, toob continues to grow its network and, in H125, INPP invested a further £2.7m from an existing commitment, alongside co-investors, taking its total investment since the beginning of 2024 to £11m, with a remaining commitment of c £2m.

Long-term income and dividend growth visibility

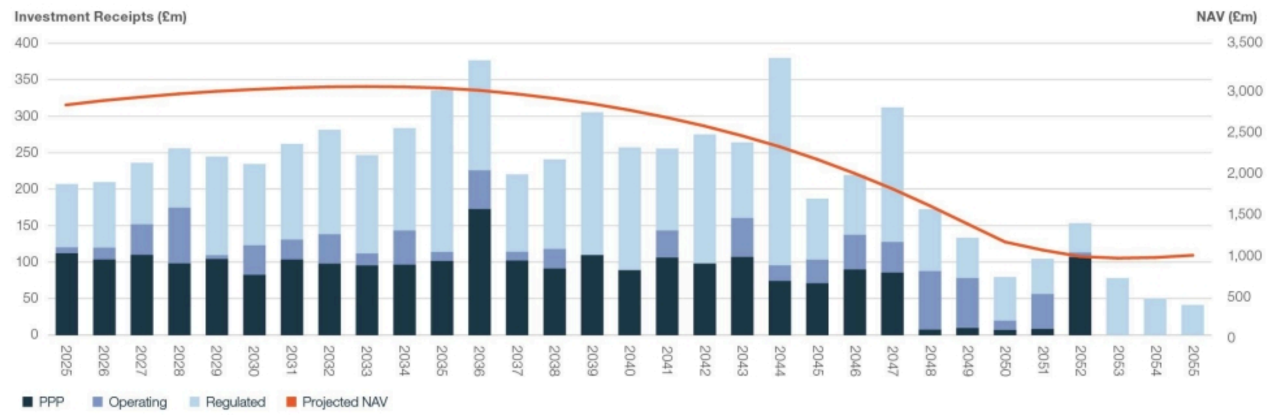
For some time, INPP has said that the expected cash flows from the existing portfolio are sufficient to sustain progressive dividends, at a long-term growth rate of around 2.5% per year, for at least the next 20 years, without assuming any new investment. The Sizewell C transaction demonstrates clearly the impact of accretive new investment and, assuming it completes, the horizon for sustained dividend growth is forecast by the company to increase to at least 25 years.

Exhibit 8 illustrates the expected future development of cash receipts from the existing portfolio (so excluding any impact from Sizewell C or the Moray West OFTO as at end-H125 for the 30 years to 2055. In reality, there are a number of investments that will continue to generate cash receipts well beyond this period.

The majority of investments have time-limited concession-based contracts, most of which have little or no material residual value at expiry (eg when a school is handed back to the education authority). Whereas their cash flow distributions initially contribute 'income', in the form of dividends and interest, over time the distributions will increasingly constitute a return of the capital invested. As the cash flow projections assume no reinvestment, the NAV (shown by the red line) declines over time, from c £2.7bn, but it is still more than £1bn by 2055. The NAV fade is of course reflected in the total return projections.

There are two reasons for the periodic spikes, which are related to the maturity of PPP projects and OFTO licences. As PPP projects approach the end of the contract period, the senior debt is repaid, and reserve accounts unwind, and excess cash flows increase. For OFTOs, INPP has made certain assumptions about the potential value of the transmission assets at the end of the current licence periods. Rather than estimate a recurring cash flow profile, this is reflected as a lump sum residual value.

Exhibit 8: Projected investment receipts and NAV



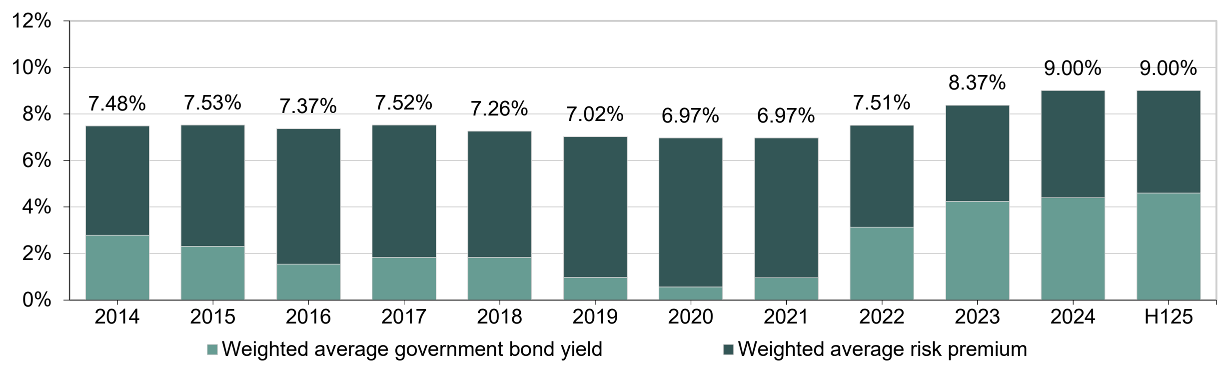
Source: INPP.
Note: Data as at 30 June 2025. This chart is for illustrative purposes only and is not intended to provide any future profit or NAV forecast. Cash flows shown are projections based on the current individual asset financial models and may vary in future. Only agreed investment commitments as at 30 June 2025, and expected cash flows up to 2055, are included. Full details of the assumptions can be found in the H125 financial report on INPP's website.

As INPP has no company level debt, NAV primarily reflects the portfolio valuation. The fair value of each investment represents the expected future cash flows, discounted at a suitable rate, specific to each. The portfolio weighted average discount at the end of H125 was 9.0% and was unchanged versus end-FY24, having risen steadily since 2020. This blended discount rate represents the expected annual average investment return on the portfolio over the lifetime of the assets (on average, 38 years as at end-H125), based on expected future cash flows at the time.

Fundamentally, the performance of the assets will have an impact on expected future cash flows, which is where INPP's active asset management can often generate positive outcomes versus expectations. Outside of INPP's control, expected cash flows are subject to a number of macroeconomic assumptions, such as for long-term interest rates, inflation and foreign currency movements. Movements in any of these may have positive as well as negative effects.

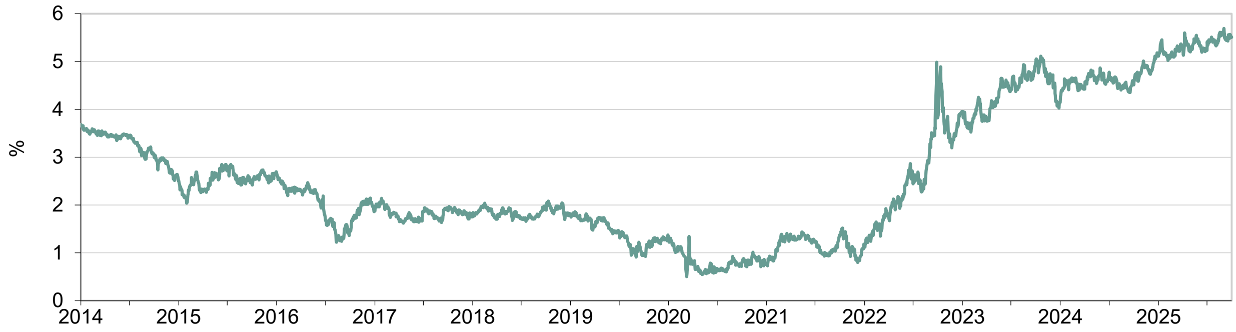
The discount rates used to value the investments reflect the level of 'risk-free' government bond yields plus a risk premium. Across the portfolio, in H125, the negative impact of higher government bonds yields was offset by a tightening of the risk premium. The tightening of the risk premium was supported by an increase in market transactions across the sector, including INPP, and the prices achieved.

Exhibit 9: Discount rate history



Source: INPP data, Edison Investment Research

Exhibit 10: The 30-year UK gilt (government bond) yield over the past 10 years



Source: LSEG Data & Analytics

Exhibit 10 shows a summary of the H125 NAV movement. During H125, NAV (after dividends and share buybacks) increased slightly to £2.7bn. Reflecting the buybacks, in per share terms NAV increased by 4.0p, or 2.8%, to 148.7p.

As with the portfolio valuation, the negative impact of rising bond yields was offset by a lower risk premium (the actual impact differs slightly between the portfolio's and the company's NAV). The positive impact of changes in macroeconomic assumptions was mainly driven a modest increase in the assumed long-term rate of UK consumer price inflation (with a positive linkage to cash flows). In aggregate, these factors added 2.2p to NAV per share. The 5.5p per share NAV return in this table is the portfolio return, reflects specific valuation movements in certain assets, such as Angel Trains, and more generally, the unwinding of the discount rate net of corporate costs. 4.2p per share (the H224 DPS declared) was paid to shareholders and share buybacks at a discount to NAV added 0.5p for the period.

Exhibit 11: Movement in H125 NAV

	Pence per share	£m
Opening NAV	144.7	2,717
Change in government bond yields	(2.7)	(50)
Change in investment risk premia	3.2	60
Change in macroeconomic assumptions	1.6	30
Change in fx rates	(0.0)	(0)
NAV after change in discount rate and other assumptions	**146.9**	**2,756**
NAV return	5.5	102
Cash distributions to INPP shareholders	(4.2)	(78)
Share repurchases	0.5	(37)
Closing NAV	**148.7**	**2,744**

Source: INPP data, Edison Investment Research

Adjusting for dividends paid, the NAV total return over the six months was 5.7%.

Exhibit 12 shows the NAV total return over the past 10 years and what stands out is the consistency of dividend returns, which account for 80% of the total return over the period. Capital returns have been suppressed by the impact of the increased discount rate. INPP's ability to sell assets at or above the most recent valuations provides confidence in the robustness of the valuation methodology. As we discuss below, changes in the discount rate affect the net present value of expected future cash flows but not the cash flows themselves. If the discount rate increases, the net present value and NAV is reduced but the expected future return, representing the unwinding of the discount rate, increases.

The decline in NAV over the past two years is reflected in NAV total return versus the broader market. Over the three years to end-FY24, INPP generated an aggregate NAV total return of 16.1% or an average 4.4%. During the same period, the broad UK equity market returned an aggregate 35.5% or an average 10.7% per year. This is reflected in the longer-term relative performance, with INPP generating an average 5.5% per year versus the broad market index return of 5.9%.

The potential for this performance differential to unwind seems strong. INPP's DPS should continue to grow, and its NAV seems well underpinned, while any decline in bond yields should have a positive impact. Further expansion in bond yields would likely reflect, at least in part, increased inflation concerns, against which the strong linkage of expected cash provides protection.

Exhibit 12: NAV returns over 10 years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Three-year average	Five-year average	10-year average
Opening NAV per share (p)	127.0	130.2	142.2	145.0	148.1	150.6	147.1	148.2	159.1	152.6	148.2	150.6	127.0
Closing NAV per share (p)	130.2	142.2	145.0	148.1	150.6	147.1	148.2	159.1	152.6	144.7	144.7	144.7	144.7
DPS paid (p)	6.4	6.6	6.7	6.9	7.1	7.3	7.5	7.6	7.9	8.3	23.8	38.6	72.2
Dividend return	5.0%	5.0%	4.7%	4.8%	4.8%	4.8%	5.1%	5.2%	5.0%	5.4%	16.1%	25.6%	56.9%
Capital return	2.5%	9.2%	2.0%	2.1%	1.7%	-2.3%	0.8%	7.3%	-4.1%	-5.2%	-2.4%	-3.9%	13.9%
Total return	**7.5%**	**14.2%**	**6.7%**	**6.9%**	**6.5%**	**2.5%**	**5.8%**	**12.5%**	**0.9%**	**0.2%**	**13.7%**	**21.7%**	**70.8%**
Dividend return per year											**5.1%**	**4.7%**	**4.6%**
Capital return per year											**-0.8%**	**-0.8%**	**1.3%**
Average annual return											**4.4%**	**4.0%**	**5.5%**

Source: INPP data, Edison Investment Research. Note: NAV total return is calculated as the change in NAV during the period adjusted for dividends paid but not reinvested.

A disparate peer group with little direct comparability

INPP is a constituent of the AIC Infrastructure sector, a diverse group of companies in terms of the types of assets they invest in and the risk return profile that they target. On this basis, any direct comparison between the companies is inappropriate. INPP's discount to NAV of 14% is slightly below the peer group average of 16%.

Among the group, HICL Infrastructure is perhaps the closest peer to INPP as it invests in core infrastructure assets in developed markets. However, compared with INPP, the HICL portfolio has a greater exposure to pure demand risk.

Prior to its acquisition by British Columbia Investment Management Corporation (BCI), BBGI, with its international portfolio of lower-risk infrastructure assets, also provided a reasonable comparator to INPP. BBGI was acquired for c £1bn in cash at a 21% premium to the undisturbed share price and a small premium to its end-2024 NAV.

3i Infrastructure has delivered the strongest return within the peer group but with a different investment strategy and risk-return profile to INPP. 3i Infrastructure has a more concentrated portfolio of operational assets in carefully selected, structurally supported growth sectors, which it actively manages for growth. While 3i Infrastructure has successfully delivered on this strategy over many years, it does mean that it has a much greater exposure to demand-based revenues and wider economic conditions.

Pantheon Infrastructure is also focused on operational infrastructure assets and has a diverse portfolio of primarily sponsor-led co-investments and a more arm's-length ability to influence the management of the underlying assets. As the name suggests, Cordiant Digital Infrastructure invests in a range of operational digital infrastructure assets, with a greater focus on growth and an increased risk appetite versus INPP. GCP Infrastructure invests in UK assets with a focus on debt, including a significant weighting to senior debt, and Sequoia Economic Infrastructure is an international investor in infrastructure debt.

Exhibit 13: AIC peer group comparison

Group/Investment	Market cap £m	NAV total return, % One year	Three years	Five years	10 years	Discount %	Ongoing charges %	Performance fee %	Latest net gearing (ex par), %	Trailing dividend yield, %
International Public Partnerships Ord	**2,330**	**5**	**11**	**26**	**92**	**(14)**	**1.1**	**No**	**102**	**4.3**
3i Infrastructure Ord	3,288	7	31	78	241	(7)	1.5	Yes	114	3.3
Cordiant Digital Infrastructure Ord	743	8	32			(24)	0.9	Yes	117	3.4
GCP Infrastructure Investment Ord	604	4	2	37	80	(29)	1.2	No	112	7.0
HICL Infrastructure PLC Ord	2,282	3	9	29	86	(22)	1.1	No	112	5.5
Pantheon Infrastructure Ord	497	10	35			(10)	1.3	No	97	3.5
Sequoia Economic Infrastructure Inc Ord	1,179	6	25	32	81	(17)	1.0	No	105	7.5
Average	**1,552**	**6**	**20**	**46**	**139**	**(16)**	**1.2**		**110**	**4.7**
Rank	3	5	5	5	2	3	5		6	4

Source: Morningstar data as at 31 October 2025, Edison Investment Research.

Management and governance: Specialist manager and active board

The external investment adviser, Amber Infrastructure Group, is a specialist investment originator, asset and fund manager and, as noted above, in addition its own significant resources, it benefits from being a part of the larger Boyd Watterson Global Asset Management Group[4].

> *4. Amber is part of Boyd Watterson Global Asset Management Group, a global diversified infrastructure,*

Amber itself has a local presence in 12 countries and a team of over 180 professionals. It has funds under management and advisory of c £5bn. INPP highlights Amber Infrastructure Group's ability to actively and responsibly source and manage the company's investments and enhance their performance is one of its core strengths.

Amber Infrastructure Group has a team of c 50 asset managers, including a dedicated ESG team, with sector expertise and presence across the geographies in which INPP is invested. The team is responsible for the oversight and optimisation of INPP's investments, with the key focus being to deliver long-term benefits for stakeholders by meeting or exceeding performance targets. Amber Infrastructure Group's involvement in the management of each asset varies depending on the nature of the investment. It either manages the day-to-day activities or exercises its responsibilities through board representation and engagement with management teams.

Working with public sector clients, partners and service providers, Amber Infrastructure Group seeks to ensure the investments are being managed both responsibly and efficiently, creating value for shareholders, while recognising the broader value of the investment to society and/or those that use them. On behalf of INPP, Amber Infrastructure Group undertakes its own in-house research, as well as drawing on external expertise, to identify new investment opportunities and developments that may affect existing investments. This includes researching current ESG issues but also extends to the emerging technologies that are driven by and support environmental and social change. Amber Infrastructure Group was awarded the highest rating of five stars in the United Nations-backed Principles for Responsible Investment 2024 assessment for policy governance and strategy.

The lead portfolio manager for INPP, since 1 September, is Jamie Hossain. He is a senior investment director at Amber and has been a member of the portfolio management team since the company's IPO in 2006. Since 2009, Jamie has played an integral role in the INPP's strategy, portfolio construction and performance. Alongside other members of the team, Jamie will be leading the company's shareholder engagement, succeeding Chris Morgan, who recently left Amber Investment Group after 13 years to pursue opportunities elsewhere.

Investment advisory fee structure and costs

As the company has no employees, most of INPP's costs are investment advisory fees, £29.3m in FY24 out of total corporate costs of £32.2m.

From 1 July 2025, the fees paid quarterly to Amber Investment Group are based on an equal weighting of market capitalisation and the most recently published NAV, having previously been based on gross asset value (GAV) alone. The fee rates decline on a sliding scale and are calculated as follows:

- For fully operational assets:
  - 1.2% per year for the first £750m;
  - 1.0% between £750m and £1.5bn;
  - 0.9% between £1.5bn and £2.75bn; and
  - 0.8% above £2.75bn.
- For assets bearing construction risk:
  - 1.2%.
- Origination fees at a rate of 1.5% of the value of new acquisitions.

If the market returns to a premium over NAV, the fees payable will not exceed the level that would apply to the previous GAV based calculation.

The investment advisory agreement can be terminated by either party at five years' notice. As at 30 June 2025, Amber Group held 8,002,379 shares (December 2024: 8,002,379 shares) in INPP or c 4% of the total shares outstanding, further aligning the interests of the two parties.

real estate and fixed income business with over $36bn in assets under management and more than 300 employees. It has offices in eight US cities and a presence in twelve countries.

An active, independent board

The independent board is responsible for the overall direction and oversight of the company, for agreeing its strategy, monitoring its financial performance and for setting and assessing its risk appetite. The board currently consists of six non-executive directors who collectively bring a breadth of investment and business experience. In our view, the board has been very proactive in guiding INPP, which is visible in the areas of capital allocation policy, dividends and advisory fees.

The board is chaired by Mike Gerrard who has over 30 years of financial and management experience in global infrastructure investment and has been involved in some of the largest infrastructure projects in the UK. The other board members are Giles Adu, Julia Bond, Stephanie Coxon, Sally-Ann David and Meriel Lenfestey (detailed biographies are available on INPP's website).

John Le Poidevin and Giles Frost, a founder of Amber Infrastructure Group, retired from the board at the AGM held in 2025.

Exhibit 14: Board remuneration and share ownership

Member	Date of appointment	Remuneration (£)		Shares owned	
		FY24	FY23	FY24	FY23
Mike Gerrard (chair)	September 2018	106,500	101,400	279,789	279,789
Julia Bond	September 2017	63,395	61,550	132,226	114,694
Stephanie Coxon	January 2022	70,650	59,450	25,505	10,000
Sally-Ann David	January 2020	62,759	50,450	30,303	30,303
Meriel Lenfestey	January 2020	63,705	59,450	33,142	25,142
Giles Adu	September 2024	19,599			
Previous members					
John Le Poidevin	Retired 2025 AGM	70,540	76,800	327,898	327,898
Giles Frost	Retired 2025 AGM	59,000	56,200	1,052,246	1,009,965

Source: INPP

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