

International Public Partnerships

Further measures to combat the discount

International Public Partnerships' (INPP's) results for the year ended 31 December 2024 show continuing strong operational performance, underpinning fully covered dividend growth. Primarily reflecting higher government bond yields rather than any change in the portfolio outlook or risk, an increase in the valuation discount rate resulted in a 5% decline in NAV per share. Similarly to the broader sector, INPP shares trade significantly (23%) below NAV and the board remains determined to address this. Portfolio realisations and capital recycling will continue, the share buyback programme has been substantially increased and a revised investment advisory agreement will reduce costs.

In line with the pre-close update provided by the company, the portfolio delivered strong operational performance and this is expected to continue. FY24 DPS of 8.37p (+3%) was 1.1x covered by net operational cash flow. DPS has increased every year since the IPO in 2006 and the company is guiding for 2.5% pa growth in FY25 (8.58p) and FY26 (8.79p).

The share buyback programme has been increased from £60m to £200m, to be undertaken over the period to March 2026 and funded by a combination of continuing divestments and surplus operational cash flow. Repurchases to date amount to c £55m, adding c 0.5p to NAV per share. Over the 18 months to end-FY24, INPP realised £260m of assets, all at prices in line with the most recently published valuations, providing evidence of the robustness of the valuation process. In addition to accelerated dividend growth, share repurchases and the full repayment of borrowings, the proceeds have also been used for selective accretive reinvestment and, like divestment, this too is expected to continue. New and strategic follow-on investment amounted to £92m, with projected returns greater than those currently implied by share repurchases.

With effect from 1 July, investment advisory fees will be based on an equal weighting of market cap and NAV. Based on the current share price discount to the NAV, INPP expects this to reduce the ongoing management fee by approximately 10% pa. As well as providing additional value for shareholders, the change will increase the alignment of interests between the company and the investment adviser, Amber Infrastructure. Amber's demonstration of its confidence and commitment to the future success of INPP is welcome. Its ability to actively and responsibly source and manage INPP's investments, and enhance their performance, is one of the company's core strengths, and its responsible approach to investment is demonstrated in the latest sustainability [report](#).

The prospective FY25e yield is 7.7% and the company believes the projected portfolio cash flow is sufficient to cover targeted dividends for at least the next 20 years without any need for further investment. With shares trading at a 23% discount to end-FY24 NAV per share of 144.7p, the implied total return to an investor, based on projected future portfolio cash flows, is 10.7% pa, more than 500bp above the UK 30-year gilt yield. Though not directly comparable to INPP, the recommended [cash offer](#) for BBGI Global Infrastructure, at a c 20% premium to the pre-bid price and a c 3% premium to the last reported NAV, is an indication of undervaluation in the sector.

Investment companies
Infrastructure

1 April 2025

Price	112.00p
Market cap	£2,091m
Total assets	£2,729m
NAV	144.7p
Discount to NAV	23.0%
Current yield	7.7%
Shares in issue	1,866.9m
Code/ISIN	INPP/GB00B188SR50
Primary exchange	LSE
AIC sector	Infrastructure
52-week high/low	132.4p 107.8p

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.

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