



3i Group plc – Interim Management Statement

27 July 2012

3i Group plc (“3i”), an international investor in private equity, infrastructure and debt management, today issues its Interim Management Statement in accordance with FSA Disclosure and Transparency Rule 4.3. This statement relates to the three month period from 1 April 2012 to 30 June 2012 (the “period”).

Simon Borrows, 3i’s Chief Executive said:

“We are making good progress in implementing the strategic changes announced at the end of June to refocus our investment capabilities and reduce the Group’s cost base.”

Realisations

Realisations in the period were £119 million (2011: £337 million), generating net realised profits over 31 March 2012 value of £56 million (2011: £8 million) and a money multiple of 1.6x on a cash-to-cash basis. The most significant disposal related to EUSA Pharma, a legacy Venture Capital asset, which generated proceeds of £72 million and a profit of £42 million over 31 March 2012 value.

Realisation proceeds by business line were as follows:

Realisations £m

	3 months ended 30 June 2012	3 months ended 30 June 2011
Private Equity	47	332
Infrastructure	-	-
Debt Management	-	-
Non-core activities	72	5
Total	119	337

The realisations in the period do not include proceeds in respect of the announced disposals of Hilite's SCR division (Private Equity, Germany) or the Group's holding in LNI (Infrastructure, Europe), which together are expected to generate further realisation proceeds of c.£70 million.

Investments

Cash investment from the Group's balance sheet was £65 million in the period. This primarily relates to the completion of the acquisition of GEKA (Private Equity, Germany) announced in February, which is the last new investment in Eurofund V.

Investments during the period by business line were as follows:

Investment £m

	3 months ended 30 June 2012	3 months ended 30 June 2011
Private Equity	49	161
Infrastructure	5	33
Debt Management ¹	11	-
Non-core activities	-	-
Total cash investment	65	194
Non cash investment ²	6	39
Total gross investment	71	233

1 Debt Management investment reflects net cash investment in the quarter into the Credit Opportunities fund.

2 Non-cash investment includes capitalised interest and other of £21million (2011: £39million) offset by unsettled trades on the Credit Opportunities fund of £(15)million (2011: £nil).

Investment in the period does not include the £28 million investment in Blue Interactive (Private Equity, Brazil), which was announced in December 2011 and completed in July 2012.

Balance sheet

Gross debt as at 30 June 2012 was reduced to £1,254 million (31 March 2012: £1,623 million), following the £223 million repayment of the remaining balance of the June 2012 Floating Rate Note, and early repayment of €150 million of a €300 million bond, which is due to mature in May 2013. The early partial repayment of the May 2013 bond means full year interest costs have been accelerated into this quarter. The benefit in reduced costs will be seen next financial year.

Net debt increased to £490 million (31 March 2012: £464 million), as net divestment was offset by operating and interest costs. Consequently, gearing also increased to 19% (31 March 2012: 18%).

Liquidity was £1.3 billion (31 March 2012: £1.7 billion), comprising £764 million cash and cash deposits and £491 million undrawn committed facilities.

Portfolio

The unaudited valuations as at 30 June 2012 of our Top 10 assets are shown in the table below and reflect 30 June 2012 exchange rates. These comprise 43% of the total portfolio.

Top 10 Investments by value at 30 June 2012

Investment	Geography	Valuation Basis	Valuation	Valuation
			March 2012	June 2012
			£m	£m
3i Infrastructure plc	UK	Quoted	375	364
Peer Holdings BV (Action)	Benelux	Earnings	143	137
Eco US Holding Inc (HILITE)	Germany	Earnings	115	128
Mayborn Group	UK	Earnings	105	113
Foster + Partners	UK	Earnings	112	112
Mold-Masters Luxembourg Acquisition S.A.R.L.	Canada	Earnings	115	111
ACR Capital Holdings Pte Ltd	Singapore	Industry metric	118	110
Element Materials Technology	Benelux	Earnings	90	97
Quintiles Transnational Corporation	US	Earnings	86	91
Scandferries Holding GmbH (Scandlines)	Germany	DCF/Earnings	89	86

The earnings used to value the Private Equity portfolio grew by 1% in aggregate and included the use of forecast accounts for 16% of companies (31 March 2012: 8%). Companies valued using forecast earnings accounted for 9% of the Private Equity portfolio value at 30 June 2012.

Earnings growth was largely offset by a reduction of 1% in multiples, resulting in broadly flat unrealised profits in the period to 30 June 2012. No new provisions were made in the period.

Returns

Unaudited NAV as at 30 June 2012 was £2.75 per share (31 March 2012: £2.79).

Along with the realised and unrealised profits noted above, the calculation of NAV also includes provision of £15 million for implementation costs relating to the strategic review of the business announced on 29 June 2012, a non-cash negative movement of £26 million relating to foreign exchange as the Euro and Rupee both continue to weaken against Sterling and a non-cash negative movement of £14 million relating to IAS 19 losses on the Group's pension fund due to corporate bond rates falling in the period.

Debt Management

On the 31 May 2012, the Debt Management team announced an agreement to acquire CLO fund management contracts from Invesco, which is subject to consents. The acquisition would add c.€2.0 billion of AUM and additional fee income to the Group.

AGM and Investor meeting

On 29 June 2012, the Company held its Annual General Meeting and an Investor meeting. At the AGM, a final dividend of 5.4p was declared, giving rise to a cash payment of £50 million in July 2012. At the Investor meeting, 3i's new Chief Executive, Simon Borrows, set out 3i's future strategy as it relates to its investment strategy, asset management, operating costs, balance sheet and shareholder returns. The presentation is available at 3iGroup.com.

Ends

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Notes to editors

3i is a leading international investor focused on mid-market private equity, infrastructure and debt management across Europe, Asia and the Americas. As at 31 March 2012, 3i had total assets under management of £10.5 billion, including £6.3 billion advised or managed on behalf of third parties.