3i Infrastructure plc

Annual report and accounts 2024

Inside this report

Overview

4
Chair's statement

Sustainability

44
Sustainability

Governance

85
Board values

Our portfolio

25
In conversation with Tampnet CEO

Financial review and Risk

53
Financial review

Accounts and other information

This Annual report and accounts contains Alternative Performance Measures ('APMs'), which are financial measures not defined in International Financial Reporting Standards ('IFRS'). These include Total return on opening net asset value ('NAV'), NAV per share, Total income and non-income cash, Investment value including commitments, Total portfolio return percentage, Total liquidity and Portfolio debt to enterprise value.

The definition of each of these measures is shown on page 62. The Total return for the year shown in the Performance highlights is the total comprehensive income for the year under IFRS. The Total return on opening NAV is a Key Performance Indicator ('KPI').

The Strategic report on pages 1 to 75 and the Governance information on pages 77 to 111 for the year to 31 March 2024 have been drawn up in accordance with applicable English law and Jersey law, and the liabilities of the Directors in connection with this information shall be subject to the limitations and restrictions provided by such law.

This Annual report and accounts contains statements about the future outlook for 3i Infrastructure plc ('3i Infrastructure', '3iN' or the 'Company'). Although the Directors believe their expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

The Company is managed by 3i Investments plc (the 'Investment Manager' or '3i').

Cover images: TCR, ESVAGT and Infinis
Pages: 21, 22 and 23

Welcome

Our purpose is to **invest responsibly** in infrastructure, delivering long-term **sustainable returns** to shareholders and having a **positive influence** on our portfolio companies and their stakeholders.

Hear more about what this means

Scott Moseley and Bernardo Sottomayor
Managing Partners and Co-Heads of European Infrastructure 3i Investments plc

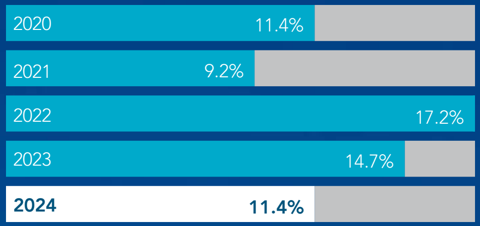
Watch video online

Performance highlights

Consistent delivery against our target NAV return of 8% to 10% per annum.

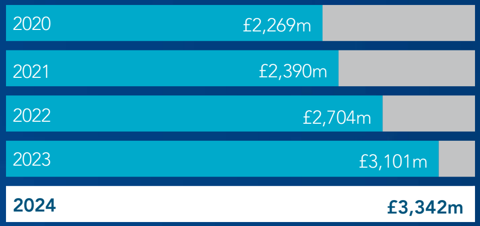
Total return on opening NAV

11.4%



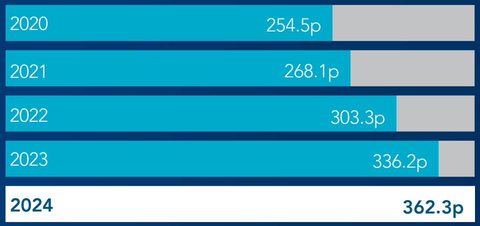
NAV

£3,342m



NAV per share

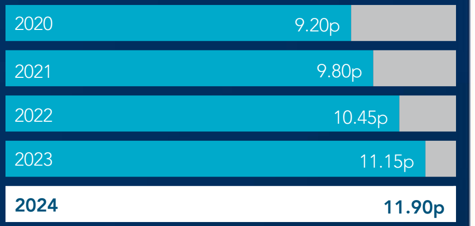
362.3p



Full year dividend per share

11.90p

+6.7%



Total return for the year

£347m

2023: £394m

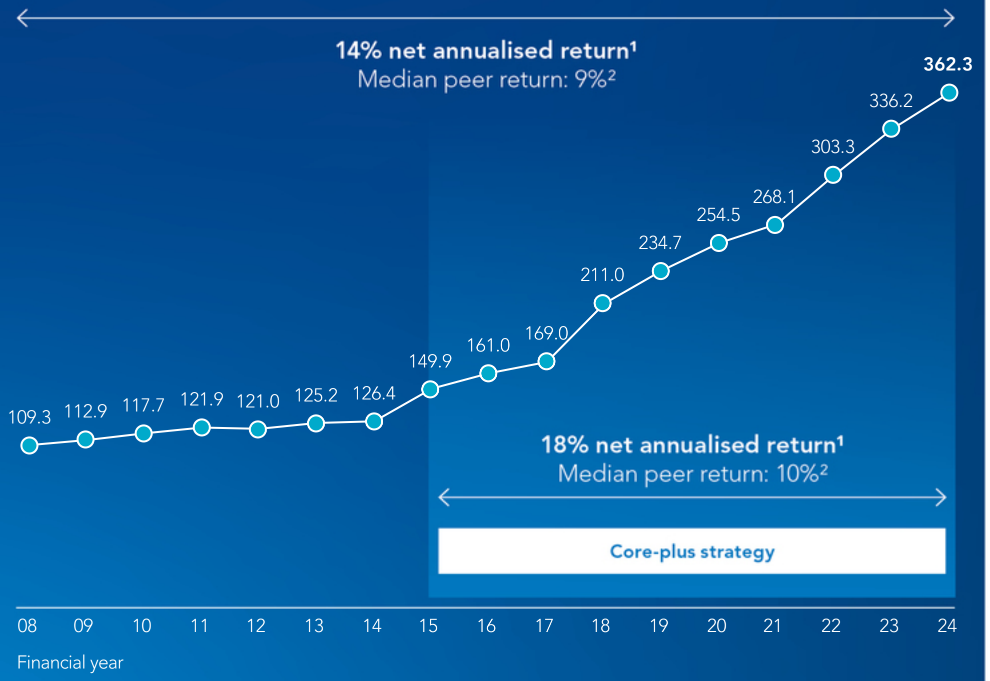
2025 Target dividend per share

12.65p

+6.3%

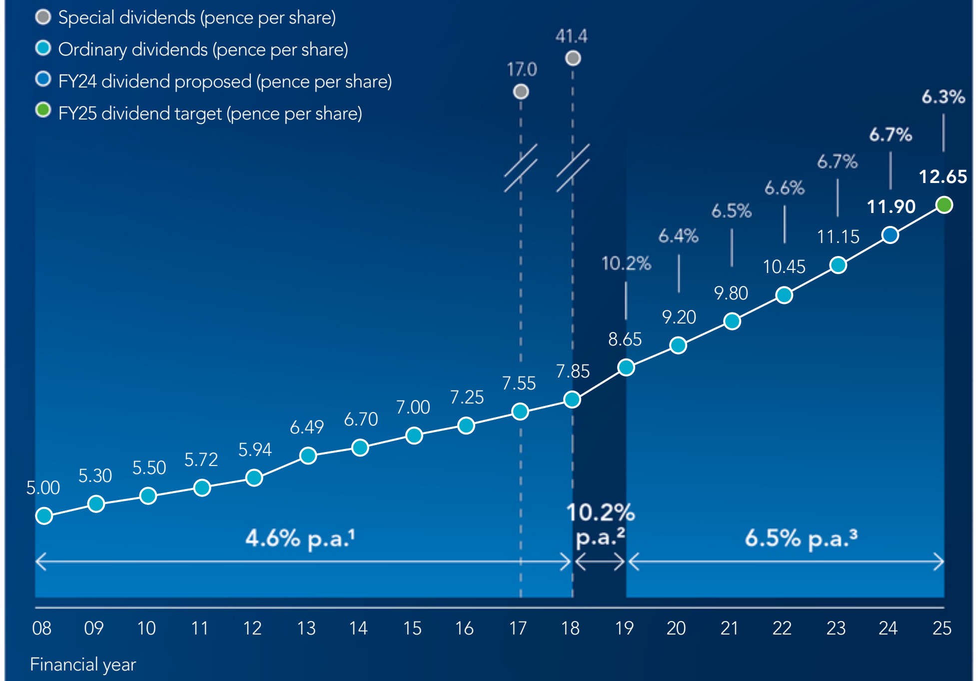
A top quartile track record

Consistent growth in NAV per share since IPO.



1 Annualised growth rate in NAV per share including ordinary and special dividends over the period.
2 IRR calculation based on historic returns of European Infrastructure funds. Source: Pitchbook.

The dividend has grown every year since IPO.



1 Annualised growth rate in ordinary dividends to FY18.
2 One-off step up in FY19 following sale of Elenia and AWG.
3 Annualised growth rate in ordinary dividends FY19 to FY25.

Chair's statement

3i Infrastructure continues to deliver long-term sustainable returns, with another year of outperformance.

I am pleased to report that we achieved another year of outperformance, with a total return of 11.4% in the year ended 31 March 2024. That return is ahead of our target to provide shareholders with a total return of 8% to 10% per annum, to be achieved over the medium term. We have consistently achieved or surpassed our return target over the long term. Additionally, we have raised the dividend per share every year since the Company's inception in 2007.

The Company is unique in the listed infrastructure sector. We have built a diverse portfolio of businesses that are aligned with long-term megatrends. Our companies, supported by the engaged asset management approach of 3i, our Investment Manager, are generating attractive and accretive growth investment opportunities.

The dedicated environmental, social and governance ('ESG') team at the Investment Manager works closely with our portfolio companies, supporting them in the development and implementation of their own sustainability strategies.

I am grateful to all of the Investment Manager's team for their hard work and dedication, as well as to shareholders and the Board of Directors for their support during the year.

Our purpose

Our purpose, as set out on page 1, is to invest responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive influence on our portfolio companies and their stakeholders.

We invest across a broad range of infrastructure investment themes and highlight the strong growth prospects of our portfolio companies in this report. Our portfolio companies invest in, develop and actively manage essential infrastructure. The progress of our portfolio companies along our sustainability pathway is included in the Sustainability section of this report.

> Another year of outperformance from our unique portfolio.
>
> **Richard Laing**
> Chair, 3i Infrastructure

Chair's statement continued

Performance

The Company generated a total return of £347 million in the year ended 31 March 2024, or 11.4% on opening NAV, ahead of our target of 8% to 10% per annum to be achieved over the medium term. This is discussed in more detail in the Review from the Managing Partners on page 7.

The NAV per share increased to 362.3 pence. Our share price has not kept pace with the growth in our NAV, which resulted in a Total shareholder return ('TSR') of 8.1% in the year, marginally behind that of the FTSE 250, which returned 8.7% in the same period. Since the IPO, the Company's annualised TSR is 11.5%, comparing favourably with the broader market (FTSE 250: 6.3% annualised over the same period).

Dividend

Following the payment of the interim dividend of 5.95 pence per share in January 2024, the Board is recommending a final dividend for the year of 5.95 pence per share, meeting our target for the year of 11.90 pence per share, 6.7% above last year's total dividend. We expect the final dividend to be paid on 12 July 2024.

2007 → 2024

In the 17 years since the IPO the Company has delivered a total shareholder return of:

11.5%

per annum

Consistent with our progressive dividend policy, we are announcing a total dividend target for the year ending 31 March 2025 of 12.65 pence per share, representing an increase of 6.3%.

AGM and Board

This year's Annual General Meeting ('AGM') will be held on 4 July 2024. Further details are provided in the Notice of Meeting and on the Company's website, www.3i-infrastructure.com. In July 2023, we were delighted to welcome Martin Magee as a non-executive Director, replacing Paul Masterton. We also welcomed Jennifer Dunstan as the 3i Group plc ('3i Group') nominated non-executive Director, replacing Ian Lobley.

Both Martin and Jennifer will stand for election at the AGM. Wendy Dorman and Samantha Hoe-Richardson will retire from the Board at the conclusion of the 2024 AGM. We thank Paul, Ian, Wendy and Samantha very much for their strong contributions to the Board, and in particular for Paul and Wendy's accomplished tenures as Senior Independent Director and Chair of the Audit and Risk Committee respectively. Stephanie Hazell was appointed as the new Senior Independent Director and Chair of the Remuneration Committee, whilst Martin will succeed Wendy as Chair of the Audit and Risk Committee at the conclusion of the 2024 AGM.

Outlook

After further interest rate increases at the start of the financial year, there are signs that the interest rate curve may be stabilising. Our portfolio companies are well financed, and the Company has remained disciplined in its investment approach and balance sheet management. We expect to repay drawings on the Company's revolving credit facility ('RCF') through realisation of assets over time, as we did during the year following the sale of Attero.

Our portfolio consists of resilient businesses providing essential services to their customers and the communities they serve, aligned with long-term megatrends. We continue to see accretive growth opportunities through our existing platform investments and are prioritising these over adding new companies to the portfolio. We remain well positioned to continue our strong performance.

Richard Laing
Chair, 3i Infrastructure plc
7 May 2024

At a glance

High quality, diverse and differentiated portfolio.

Portfolio value

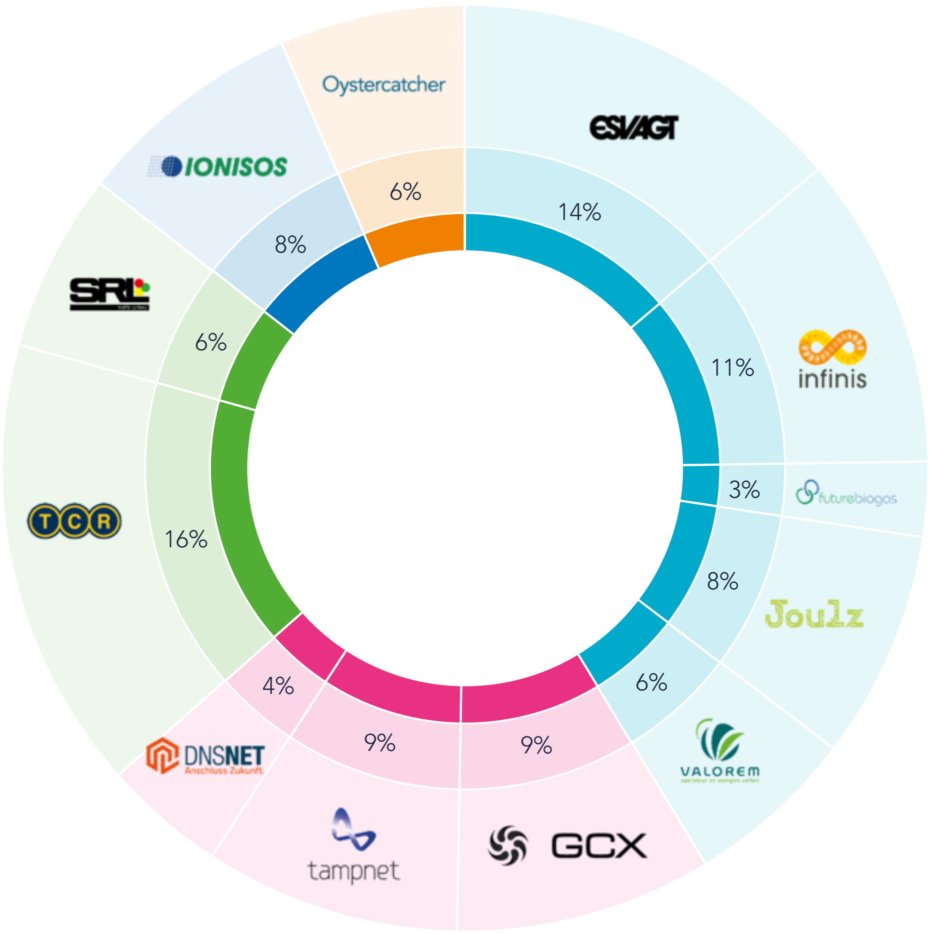
£3.8bn

2023: £3.6bn

Assets

12

Portfolio value by investment



Megatrends*

Energy transition	42%
Digitalisation	22%
Renewing essential infrastructure	22%
Demographic change	8%
Other critical infrastructure	6%

* Refer to page 16 for details on megatrends.

Read more in Our portfolio
Pages 21 to 33

Review from the Managing Partners

"

Our portfolio continues to outperform.

Scott Moseley and Bernardo Sottomayor
Managing Partners, Co-Heads of European Infrastructure
3i Investments plc

This was another strong year for the Company, once again exceeding its target return.

We delivered another strong total return this year of 11.4%.

Since 2015, when we adopted our current strategy of focusing on core-plus infrastructure investments, NAV per share including dividends has grown by 18% per annum.

Our track record represents top quartile performance when benchmarked across all infrastructure managers, including those investing through private funds.

3i Infrastructure plc is unique in the listed infrastructure sector. We have proven our value-creation model consistently through sourcing attractive opportunities, active asset management and successfully managing exit processes. The realisation of Attero in November at an IRR of 22% and a money multiple of 2.7x is a good example of this.

We have constructed a portfolio that is diversified across industries, geographies and risk factors and exhibits fundamental growth trends through the economic cycle.

This year we have seen continued earnings momentum at our largest assets. Our portfolio companies' earnings are typically positively correlated to inflation, as well as growing in real terms.

We actively engage with the management teams at our portfolio companies to pursue value-accretive initiatives, such as expanding into adjacent markets and/or geographies, identifying and executing on add-on acquisitions or establishing an appropriate capital structure for the business.

We take a prudent approach to the use of leverage. The average level of gearing within our portfolio companies is a relatively modest 32% (2023: 33%) of enterprise value, and there are no material refinancing requirements within the portfolio before 2027. The strong operational cash generation by the portfolio companies and available credit in the RCF ensures that we are well placed to finance growth investment opportunities as they arise.

This combination of earnings growth and investment in accretive capital expenditure results in a compounding growth dynamic that generates attractive risk-adjusted returns for shareholders.

Review from the Managing Partners continued

Compounding growth dynamics

Competitive landscape

A number of infrastructure managers have shifted from middle market to large cap investment strategies over time. This creates a visible route to exit for 3iN's investments. We have also seen a number of high-profile private market manager acquisitions, such as BlackRock's acquisition of Global Infrastructure Partners. This is in anticipation of rapid growth in the infrastructure sector and is indicative of continued growth of buyer interest for our existing portfolio.

We are seeing a number of attractive opportunities to invest through our portfolio. One example of this was TCR's acquisition of KLM's equipment services subsidiary, KES, funded by TCR's own resources.

Sustainability

Our dedicated ESG team continued to work closely with portfolio company management teams to enhance their ESG maturity (see page 45 for more information). The team continued to evolve the systems and processes in place around ESG to increase their robustness and level of automation, including the roll-out of new data collection software. 3i Group committed to set near-term science-based emissions reduction targets in April 2023. We are working with our portfolio companies to support their adoption of science-based emission reduction targets.

In the year ahead we plan to work with portfolio company management teams to refine their data collection and calculation methodologies, including the calculation of Scope 3 greenhouse gas ('GHG') emissions and, in a number of cases, actively support them in the development of their decarbonisation plans.

Investment and divestment activity

During the year we completed a number of transactions as shown in the table below:

Date	Activity
June 2023	Investment of £5 million in Ionisos to support the acquisition of an E-Beam plant in Switzerland
June 2023	Investment of a further £20 million to fund DNS:NET's fibre roll-out programme
September 2023	Investment of a further £35 million in Future Biogas to fund the construction of a new Anaerobic Digestion ('AD') plant
November 2023	Investment of a further £30 million in Future Biogas to fund the acquisition of two AD plants
November 2023	Sale of Attero for £183 million
March 2024	Investment of a further £14 million to fund DNS:NET's fibre roll-out programme

Outlook

We have carefully constructed our portfolio to feature companies that are supported by long-term growth trends. We believe the quality and defensive characteristics of the portfolio will enable it to deliver attractive returns throughout the economic cycle. This was the case through the recent period of high inflation, energy prices and interest rates and before that, during Covid. We have a clear strategy to deliver long-term sustainable returns through focusing on earnings growth and accretive capital investment largely funded by our portfolio companies' own resources. This approach, combined with the scarcity value of our assets, means we are confident about the 3iN portfolio's potential for continued value creation.

Scott Moseley and Bernardo Sottomayor
Managing Partners and Co-Heads of European Infrastructure, 3i Investments plc
7 May 2024

Realisation – Attero

Realisation in November 2023

Net proceeds received

€214m

Return on investment (Total cash return over cost)

2.7x

Gross IRR

22%

Key achievements during our ownership include:

- Acquired a 50% stake through a bilateral non-competitive process in 2018, alongside DWS as a trusted co-investor. Syndication of 3iN stake for portfolio risk management
- Doubled EBITDA over five years. Spent €99 million cumulatively on growth projects
- Outperformed the ambitious underwriting case substantially and delivered a strong value-creation plan:
  - Commissioned a new 120MW turbine, capable of producing enough electricity in one hour to power a household for 25 years
  - Commissioned a new plastics recycling plant
  - Installed solar farms on landfill sites
  - Renovated composting sites to deliver c.20 million m^3 of biogas and biomethane p.a.
  - Diversified sources of waste imports, thereby materially reducing concentration risk
  - Refinanced with long-term, portable debt before interest rate cycle turned
- The investment in Attero delivered private equity-style returns together with an infrastructure cash yield (c.11% p.a) - a very strong outcome

Watch video online

Our business model
Introduction

Unique offering for shareholders

The Company remains unique, providing public market investors with access to private infrastructure businesses across a variety of megatrends, sectors and geographies.

Investment discipline

We acquire private businesses that provide essential infrastructure services. We remain a disciplined investor and, where possible, seek opportunities to transact off-market, only participating in competitive processes where we believe we have a distinct advantage.

We have an infrastructure-focused investment team, with an extensive network and access spanning the geographies where we invest. Our reputation, local presence and the relationships we develop with management teams provide us with competitive advantages.

Active asset management

We maintain a significant focus on active asset management and investment stewardship. We identify high-calibre management teams and look to implement a clear business strategy. We help identify accretive growth opportunities with the portfolio companies, and actively support them to deliver those opportunities, including executing add-on M&A and putting in place adequate capital structures and capital expenditure ('capex') facilities to fund the associated investments.

We actively seek to enhance the infrastructure characteristics of the businesses we acquire, ensuring that, where possible, we direct capex toward immediate contracted revenue-generating assets, improving the infrastructure characteristics of the business to attract competitive financing, adding elements of service that create customer stickiness, and often implementing operational efficiency programmes to optimise EBITDA margins. All of this helps us maximise the potential exit value.

An example of this approach is the recent realisation of Attero, as discussed on page 9.

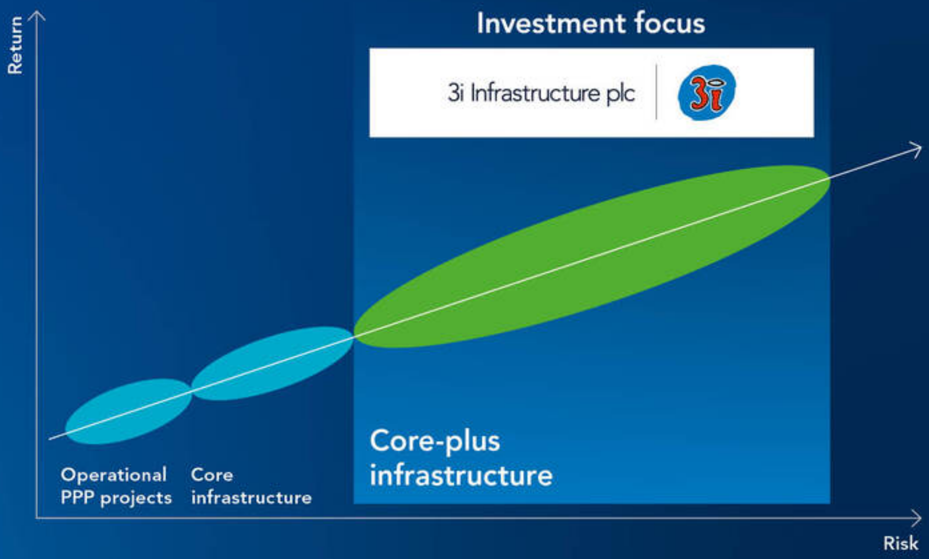
We typically execute all of the above through ownership control, ensuring appropriate Board representation and composition, direct involvement in the companies' key workstreams and incentivising and aligning management teams.

Investment focus

Competition for new investment primarily comes from private infrastructure funds. Most other UK-listed infrastructure funds typically target smaller investments in finite life contracted assets like operational and greenfield Public Private Partnership ('PPP') projects or operational renewable portfolios, which are outside our investment focus.

Our primary investment focus remains mid-market core-plus infrastructure with controlling majority or significant minority positions and strong governance rights, whilst adhering to a set of core investment characteristics and risk factors.

Market segmentation and investment focus



Our business model continued
Investment characteristics

Characteristics commonly found across our portfolio

We look to build and maintain a diversified portfolio of assets, across a range of geographies and sectors, whilst adhering to a set of core investment characteristics and risk factors.

The Investment Manager has a rigorous process for identifying, screening and selecting investments to pursue. We look for businesses that combine a base of strong cash flow resilience (for example, contracted revenues) with high through-cycle underlying market growth fundamentals and operational improvements, and M&A opportunities, which allows us to deliver above target returns. Although investments may be made into a range of sectors, the Investment Manager typically focuses on identifying investments that meet most or all of the following criteria and are aligned with identified megatrends:

Asset-intensive business
Owning or having exclusive access under long-term contracts to assets that are essential to deliver the service

Asset bases that are hard to replicate
Assets that require time and significant capital or technical expertise to develop, with low risk of technological disruption

Provide essential services
Services that are an integral part of a customer's business or operating requirements, or are essential to everyday life

Established market position
Businesses that have a long-standing position, reputation and relationship with their customers – leading to high renewal and retention rates

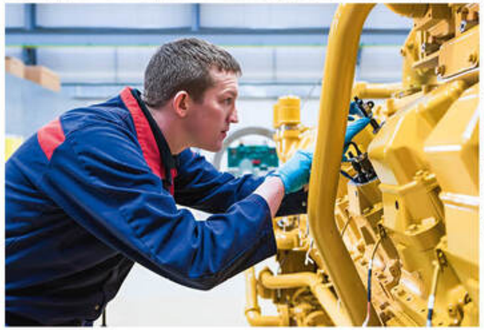
Good visibility of future cash flows
Long-term contracts or sustainable demand that allow us to forecast future performance with a reasonable degree of confidence

An acceptable element of demand or market risk
Businesses that have downside protection, but the opportunity for outperformance

Opportunities for further growth
Opportunities to grow or to develop the business into new markets, either organically or through targeted M&A

Sustainability
Businesses that meet or are committed to meeting the criteria set out in our Responsible Investment policy and will work with us to enhance their ESG maturity




Our business model continued
How we create value

We invest responsibly in infrastructure to create long-term value for stakeholders.

Enablers

- Investment Manager's team
- 3i Group network
- Engaged asset management
- Reputation and brand
- Dedicated ESG team
- Robust policies and procedures
- Efficient balance sheet

Read more
Pages 13 to 15

Investment characteristics

- Asset-intensive business
- Asset bases that are hard to replace
- Provide essential services
- Established market position
- Good visibility of future cash flows
- An acceptable element of demand or market risk
- Opportunities for further growth
- Sustainability

Read more
Page 11

How we create value

Read more
Pages 13 and 18

Value created

Financial

11.4%
Total return on opening NAV

11.90p
Ordinary dividend per share

18%
Asset IRR (since inception)

Non-financial

5
Further investments in existing portfolio companies to fund growth

+17%
Increase in installed renewable energy capacity

100%
Portfolio companies reporting on GHG emissions

Our business model continued
How we create value continued

We have a rigorous approach to identify the best investment opportunities and then actively manage our portfolio companies to drive sustainable growth and value creation.

1. Buy well
- Effective use of 3i's network
- Comprehensive due diligence
- Consistent with return/yield targets
- Fits risk appetite

2. Strong governance
- Make immediate improvements
- Appropriate board representation and composition
- Incentivise and align management teams

3. Optimise strategy
- Agree strategic direction
- Develop action plan
- Right capital structure to fund growth plan
- Enhance ESG maturity

4. Execute plan
- Ongoing support
- Monitor performance
- Review further investment opportunities
- Facilitate and execute M&A

5. Realisation
- Position business and enhance infrastructure characteristics to maximise exit value
- Long-term view but will sell to maximise shareholder value

What we do is framed by our strategic priorities

Read more
Page 18

What enables us to create value

Investment Manager's team

The Company is managed by an experienced and well-resourced team. The European infrastructure team was established by 3i Group in 2005.

The partners in the Investment Management team, shown on page 82, have a combined infrastructure investment experience of 114 years and have been at 3i for a combined 86 years.

We have a very experienced group of infrastructure investment professionals, supported by dedicated finance, tax, legal, operations, ESG and strategy teams.

3i Group's network

3i Group has a network of offices, advisers and business relationships across Europe. The Investment Management team leverages this network to identify, access and assess opportunities to invest in businesses, on a bilateral basis where possible, and to position the Company favourably in auction processes.

Our business model continued
How we create value continued

What enables us to create value continued

Engaged asset management

We create value from our investments through the Investment Manager's engaged asset management approach. Through this approach, the Investment Manager partners with our portfolio companies' management teams to develop and execute a strategy to create long-term sustainable value. Examples of this partnership include: developing strategies that support investment in the portfolio company's asset base over the long term; continued improvements in operational performance; and establishing governance models that promote an alignment of interests between management and stakeholders.

We develop and supplement management teams, often bringing in a non-executive chair early in our ownership.

Examples of this engaged asset management approach can be found on our website, www.3i-infrastructure.com.

Strengthen portfolio company management teams

Invest in and develop companies with a clear strategy

Grow our platform businesses through further investments

Reputation and brand

The Investment Manager and the Company have built a strong reputation and track record as investors by investing and managing their business and portfolio responsibly and by carrying out their activities according to high standards of conduct and behaviour. This has been achieved through upholding the highest standards of governance, at the Investment Manager, the Company and in portfolio companies. This in turn has earned the trust of shareholders, other investors and portfolio companies, and has enabled the Investment Manager to recruit and develop employees who share those values and ambitions for the future.

The Board seeks to maintain this strong reputation through a transparent approach to corporate reporting, including on our progress on driving sustainability through our operations and portfolio. We are committed to communicating in a clear, open and comprehensive manner and to maintaining an open dialogue with stakeholders.

Robust policies and procedures

Established investment and asset management processes are supported by the Investment Manager's comprehensive set of best practice policies, including governance, conduct and anti-bribery.

Efficient balance sheet

The Company's flexible funding model seeks to maintain an efficient balance sheet with sufficient liquidity to make new investments or support portfolio companies.

Since FY15 the Company has raised equity three times and returned capital to shareholders twice following successful realisations.

Our business model continued
How we create value continued

What enables us to create value continued

Dedicated ESG team

In FY23, the Investment Manager created a new team to lead ESG and sustainability initiatives across the portfolio. The ESG team's role is to ensure the Company's approach is right for the portfolio and to drive genuine ambition and progress at portfolio company level.

Dedicated ESG resource enables us to identify, monitor and realise the value-creation opportunities linked to sustainability for relevant portfolio companies more effectively and to identify and manage sustainability risks.

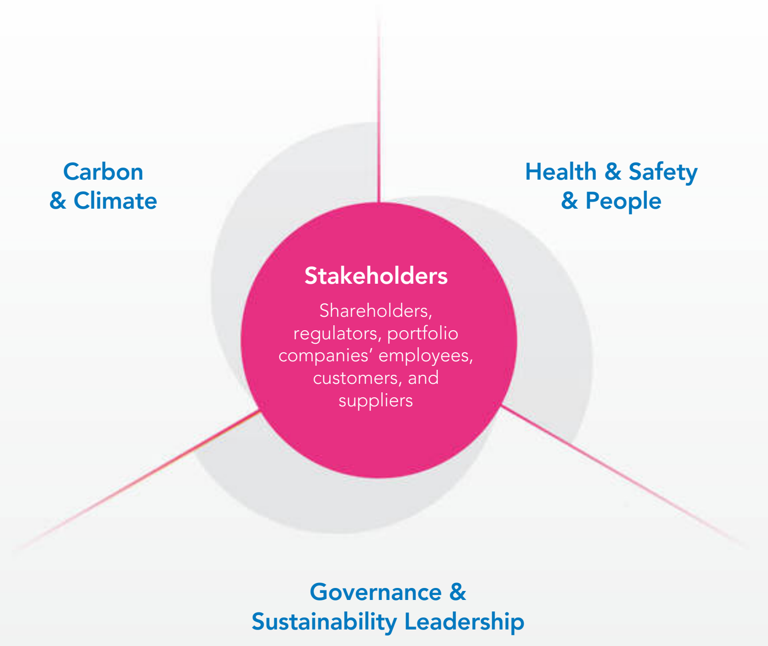
The team supports each portfolio company in enhancing its ESG maturity, in line with the sustainability pathway described on page 45. The team also leads ESG reporting for the Company and delivers the annual ESG review of the portfolio.

The Investment Manager is committed to constructing and managing the Company's portfolio in accordance with the Investment Manager's Responsible Investment policy, which covers a range of ESG issues including climate.

Sustainability and ESG standards are discussed throughout this report. Please refer to the Sustainability section on pages 44 to 51 and the Risk report on pages 63 to 74.

> There is a strong link between companies that have high ESG standards and those that are able to achieve long-term sustainable business growth.
>
> **Anna Dellis**
> Partner, 3i Investments plc

ESG topics driving initiatives in the year



Read more in Sustainability
Pages 44 to 51

Megatrends

Megatrends significantly influence our world, affecting decision-making and changing the demands placed on our economy and services. Identifying the potential for growth across businesses, sectors and countries serves as a key driver in our investment decision-making and asset management processes.

We seek to diversify the Company's portfolio across a range of megatrends that will provide a supportive environment for long-term sustainable returns to shareholders across the economic cycle. We also continually assess underlying risk factors, both when considering new investment opportunities and in managing the existing portfolio and its exposure to certain risks, such as commodity prices and foreseeable technological disruptions.

Examples of the megatrends which support our current portfolio are described in the table opposite.

Megatrend	Investment theme	Our portfolio
Energy transition	Renewable energy generation	infinis, VALOREM, futurebiogas
	Electrification/energy transition	infinis, Joulz, TCR, ESVAGT
	Shared resources	TCR, SRL
Digitalisation	Automation and digital operations	tampnet, GCX
	Increasing connectivity and demand for bandwidth	tampnet, DNSNET, GCX
Demographic change	Demand for healthcare	IONISOS
Renewing essential infrastructure	Smart cities	DNSNET, SRL
	Urbanisation	Joulz, SRL

Investment themes

We constantly seek out structural growth trends that will provide long-term tailwinds throughout the GDP cycle, 'Megatrends'. A selection of the related investment themes are explained below.

Renewable energy generation

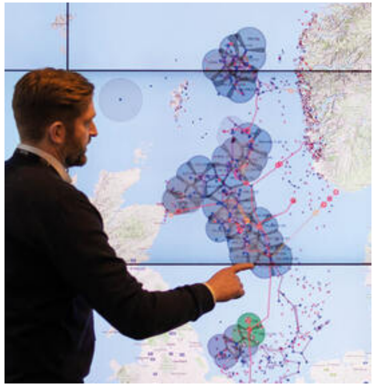
There is increasing demand for energy generated from renewable sources such as wind and solar to support the energy transition. Our investments in Infinis, Future Biogas, and Valorem all generate energy from a variety of renewable sources and their combined installed capacity has grown significantly during our ownership. This is shown on page 49.

Electrification/energy transition

The transition towards a low-carbon economy is gathering pace. Rising electricity consumption is increasing the demand for related equipment and services such as those provided by Joulz, which has expanded its offering to include solar and EV charging products.

Shared resources

Developed economies are experiencing a shift towards a shared resources model. This can lead to significant cost savings for users of capital intensive assets and also reduce overall greenhouse gas emissions. In the case of TCR, which provides pooled ground support equipment ('GSE') at airports, this has reduced the amount of equipment required.



Automation/digital operations

Technology is developing rapidly, changing operating models and digitalising industrial processes to enhance efficiency, streamline processes, and improve overall performance. Tampnet and GCX are benefitting from their customers' increasing use of AI, automation, cloud computing, and other digital technologies.

Demand for healthcare

Increasing life expectancy and an ageing population are increasing the demand for healthcare-related services and infrastructure. Our investment in Ionisos, which provides cold sterilisation services to the medical and pharmaceutical industries amongst others, is aligned to this trend.

Smart cities

Technology is increasingly being used to enhance the efficiency and safety of urban areas. SRL's products allow for more efficient control of traffic flows, which in turn reduces congestion around roadworks, and improves safety.

Urbanisation

Migration from rural areas to urban centres continues, imposing higher requirements on the infrastructure in and around cities. This imposes a need for upgraded water, gas, electricity, transportation and communication networks. For example, Joulz is offering integrated solutions to address challenges such as grid congestion.

Our strategy

Our strategy is to maintain a balanced portfolio of infrastructure investments delivering an attractive mix of income yield and capital appreciation for shareholders.

Strategic priorities

Maintaining a balanced portfolio

Delivering an attractive mix of income yield and capital growth for shareholders.

Investing in a diversified portfolio in developed markets, with a focus on the UK and Europe.

16%

Largest single investment by value

Read more
Pages 21 to 33

Disciplined approach to new investment

Focusing selectively on investments that are value-enhancing to the Company's portfolio and with returns consistent with our objectives.

£104m

Follow-on investment in the financial year

Read more
Pages 16 to 33

Managing the portfolio intensively

Driving value from our portfolio through our engaged asset management approach.

Delivering growth through investment in platforms with growth potential.

5

Follow-on investments in portfolio companies in the financial year

5

Portfolio companies refinanced in the financial year

Read more
Pages 21 to 42

Maintaining an efficient balance sheet

Minimising return dilution to shareholders from holding excessive cash, while retaining a good level of liquidity for future investment.

£395m

Total liquidity

Read more
Page 59

Sustainability a key driver of performance

Ensuring that our investment decisions and asset management approach consider both the risks and opportunities presented by sustainability.

2

Companies with validated science-based targets

Read more
Page 49

Our objectives and KPIs

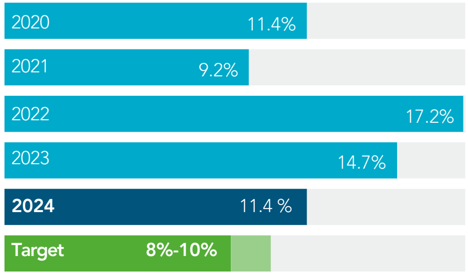
Our objectives are to provide shareholders with:

a total return of 8% to 10% per annum, to be achieved over the medium term

a progressive annual dividend per share

Our KPIs

Total return (% on opening NAV)



Target

To provide shareholders with a total return of 8% to 10% per annum, to be achieved over the medium term.

Met or exceeded target for 2024 and every prior year shown

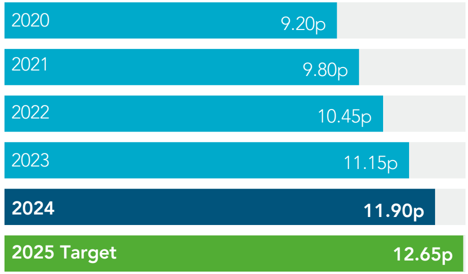
Rationale and definition

- Total return is how we measure the overall financial performance of the Company
- Total return comprises the investment return from the portfolio and income from any cash balances, net of management and performance fees and operating and finance costs. It also includes foreign exchange movement and movement in the fair value of derivatives and taxes
- Total return, measured as a percentage, is calculated against the opening NAV, net of the final dividend for the previous year, and adjusted (on a time-weighted average basis) to take into account any equity issued and capital returned in the year

Performance over the year

- Total return of £347 million in the year, or 11.4% on opening NAV
- The portfolio showed good resilience overall with strong performance in particular from TCR, Tampnet and Valorem, and the return generated from the sale of Attero
- The performance of DNS:NET detracted from the portfolio return
- The hedging programme continues to reduce the volatility in NAV from exchange rate movements
- Costs were managed in line with expectations

Annual distribution (pence per share)



Target

Progressive dividend per share policy.
FY25 dividend target of 12.65 pence per share.

Dividend per share increased every year since IPO

Rationale and definition

- This measure reflects the dividends distributed to shareholders each year
- The Company's business model is to generate returns from portfolio income and capital returns (through value growth and realised capital profits). Income, other portfolio company cash distributions and realised capital profits generated are used to meet the operating costs of the Company and to make distributions to shareholders
- The dividend is measured on a pence per share basis, and is targeted to be progressive

Performance over the year

- Proposed total dividend of 11.90 pence per share, or £110 million, is in line with the target set at the beginning of the year
- Income generated from the portfolio and cash deposits, including non-income cash distributions and other income from portfolio companies, totalled £208 million for the year
- Operating costs and finance costs used to assess dividend coverage totalled £88 million in the year
- The dividend was fully covered for the year
- Setting a total dividend target for FY25 of 12.65 pence per share, 6.3% higher than for FY24

Our portfolio

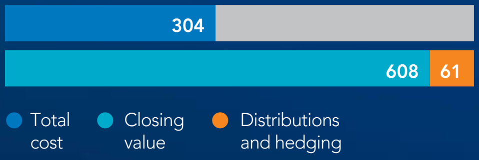
SRL
Page 30

Our portfolio

TCR is the largest independent lessor of airport GSE and operates at over 200 airports worldwide. TCR has defined the market for leased GSE, providing high-quality assets under full-service leasing, as well as maintenance and fleet management to its clients (predominantly independent ground handling companies, airlines and airports).

Read more online

Performance (£m)



Our portfolio continued

ESVAGT is the pioneer and market leader in the provision of purpose-built, high-performance service operation vessels ('SOVs') to offshore wind farms, with nine in operation and four further vessels under construction. SOVs provide efficient maintenance platforms to wind turbines and other offshore wind equipment, under long-term contracts. ESVAGT is also a leading provider of emergency rescue and response vessels ('ERRVs') to the offshore oil industry, in and around the North Sea and the Barents Sea.

Read more online

Performance (£m)

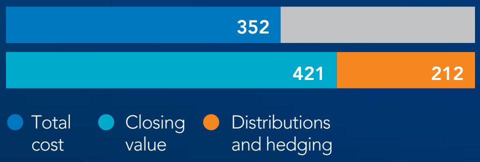
Our portfolio continued

infinis

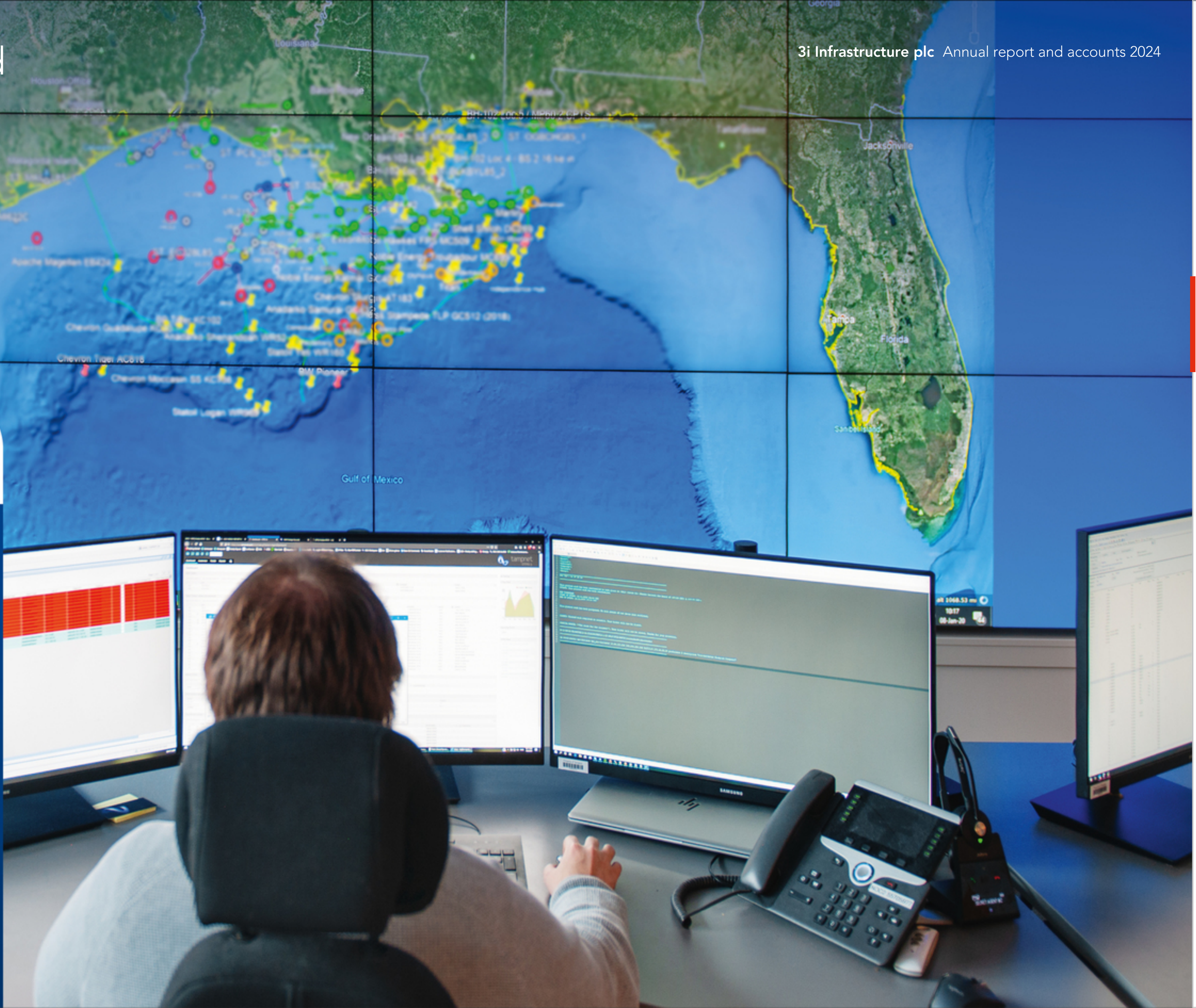
Infinis is the largest generator of low-carbon electricity from captured methane in the UK, with a portfolio of renewable baseload and low-carbon flexible generation across more than 150 sites and a total installed capacity of more than 500MW. The business is rapidly transforming through an active solar and battery development pipeline.

Read more online

Performance (£m)



Our portfolio continued

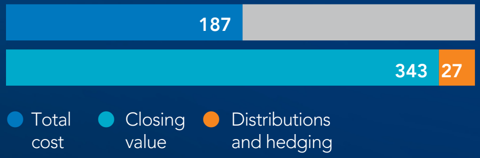


tampnet

Tampnet owns and operates the world's largest offshore, high-capacity communication network, which is located in the North Sea and the Gulf of Mexico. It provides customers with mission-critical reliable communications, including high-speed, low-latency and resilient data connectivity offshore through an established and comprehensive network of fibre-optic cables, 4G base stations, and microwave links.

Read more online

Performance (£m)



Our portfolio continued
Creating value through offshore connectivity – Tampnet

In conversation with 3i Managing Partner Scott Moseley and Tampnet CEO, Elie Hanna.

Q Tell us about Tampnet?

EH Tampnet is the largest offshore communications provider in the world. We provide high-speed, low-latency connectivity solutions to energy customers in the oil and gas, offshore wind, maritime, and carbon capture and storage industries.

> Tampnet is just getting started.
>
> **Scott Moseley**
> Managing Partner and Co-Head of European Infrastructure

Q Why did 3iN invest and how has Tampnet developed?

SM We were really excited when we had the opportunity to invest in 2019. It was clear Tampnet was highly innovative, but we saw the opportunity to increase its positions in the North Sea and the Gulf of Mexico. Tampnet has now acquired a 1,200km network in the Gulf of Mexico, increasing the size of its physical infrastructure, which now services over 300 customers on its networks in those basins.

Q What benefits has 3iN brought?

EH 3iN is a great partner. We have open, robust discussions and there's trust which I really feel and value, working on business plans, strategy, and usually getting complementary angles to discussions with operations and management. It's really been a pleasure.

Q What's next for Tampnet?

SM Tampnet is just getting started. Since FY18 we've more than doubled earnings. The digitalisation and connectivity opportunities that the team has identified mean that sort of growth trajectory is only going to accelerate and Tampnet is absolutely best placed to deliver that.

EH We still have lots of growth in our core fibre business. We also like to diversify, so we are very much growing in offshore wind, carbon capture and maritime industries.

Watch video online

Our portfolio continued

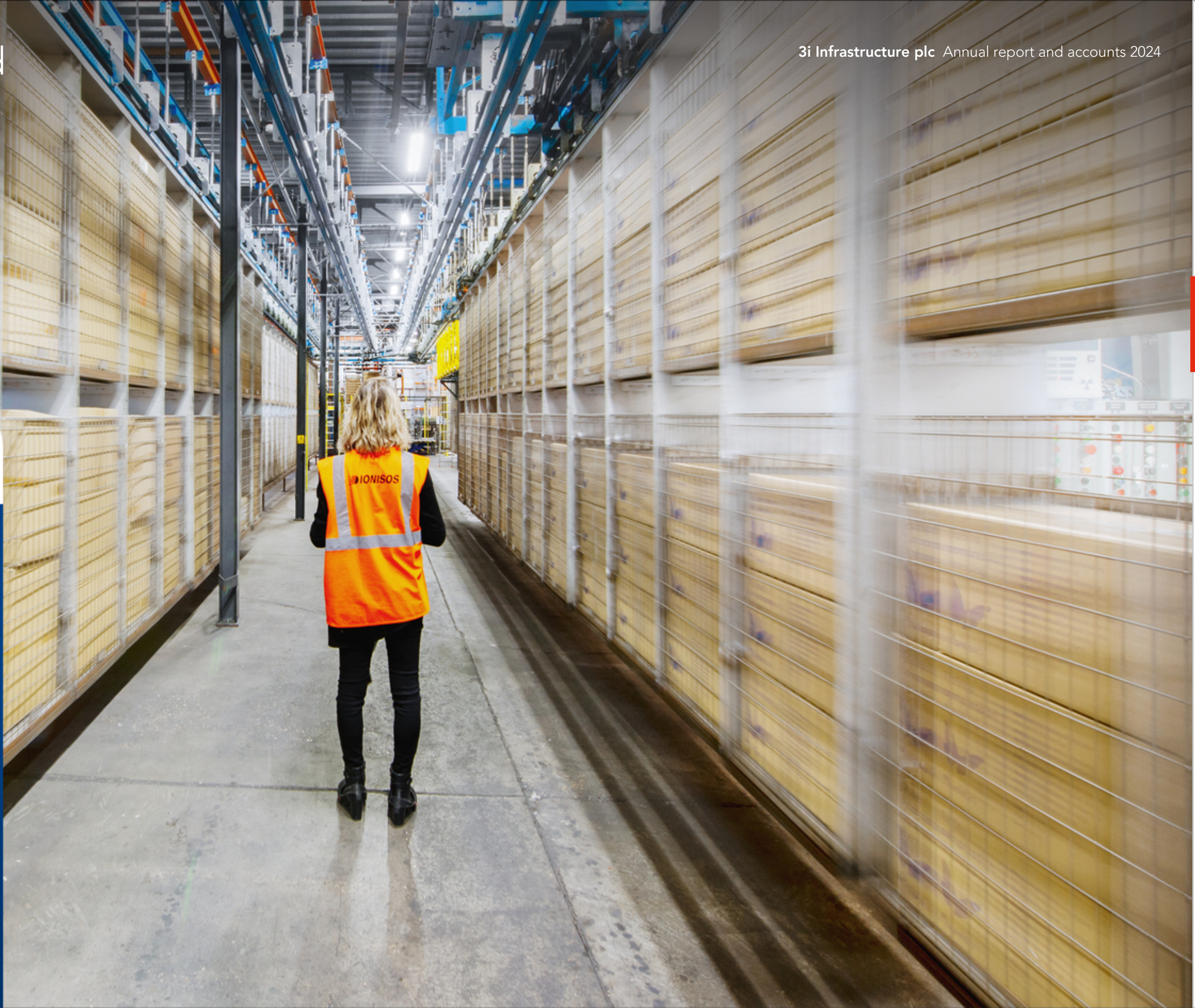
GCX

GCX owns one of the most comprehensive fibre-optic subsea cable networks globally. Its 50,000km of cables constitute one of the few networks with significant available capacity to serve the rapidly growing demand for data traffic on the Europe-Asia and inter-Asia routes.

Read more online

Performance (£m)

Our portfolio continued

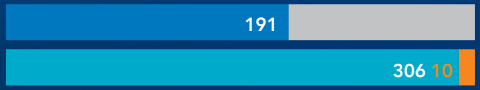


IONISOS

Ionisos is the third-largest cold sterilisation provider globally. It has developed a highly diversified customer base and delivers a critical service for the medical and pharmaceutical industries for which cold sterilisation is an essential step in the manufacturing process. It is typically applied to single-use products that would be damaged by the heat and/or humidity of hot sterilisation methods.

Read more online

Performance (£m)



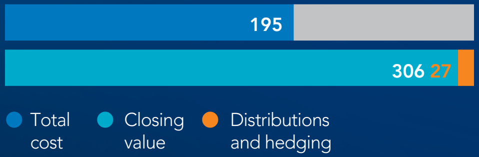
Our portfolio continued

Joulz

Joulz is a provider of essential energy infrastructure equipment and services to industrial and commercial customers in the Netherlands. It owns and leases medium-voltage electricity infrastructure alongside a metering business which owns and leases electricity and gas meters. Since we acquired it, Joulz has, through acquisitions, extended its offering to EV charging points and solar power installations.

Read more online

Performance (£m)

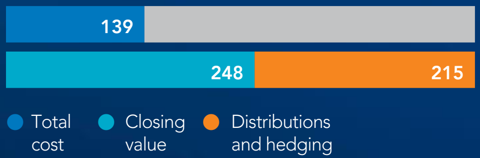


Oystercatcher

Oystercatcher is the holding company through which the Company holds a 45% interest in Advario Singapore Limited ('Advario Singapore'). Advario Singapore is a 1.3 million cubic metre facility focused on blending and storing refined petroleum products for a range of blue-chip customers. With a premier location on Jurong Island, it has pipeline connectivity to neighbouring businesses in the Jurong Island petrochemicals complex. Since 2023, it has been investing to support those customers transitioning into sustainable fuels.

Read more online

Performance (£m)

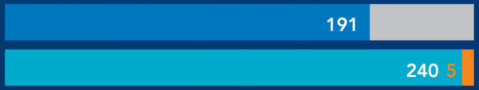


Our portfolio continued

SRL is the largest temporary traffic equipment rental company in the UK. Its market-leading reputation is underpinned by its network of 30 depots nationwide, providing a 24/7, 365 days a year service on which customers rely for quick deployment and reactive maintenance work.

Read more online

Performance (£m)



Total cost
Closing value
Distributions and hedging

Our portfolio continued

VALOREM
opérateur en énergies vertes

Valorem is a leading independent European renewable energy developer and power-producing company. It is one of the largest independent onshore wind developers in France, having developed over 1.5GW of capacity over the last 15 years. Since 3iN's investment, the business has focused on developing its owned asset base, and diversified into solar and hydro and internationally into Finland and other attractive European markets.

Read more online

Performance (£m)

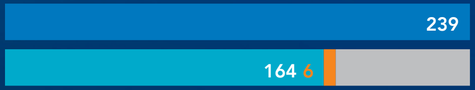
Our portfolio continued

DNSNET
Anschluss Zukunft.

DNS:NET is an independent telecommunications provider based in Berlin, where it has an existing FTTC network. In 2019 it moved its focus to rolling out a FTTH network in the vicinity of Berlin, Brandenburg and Saxony-Anhalt. These are all areas with limited high-speed broadband connectivity at present. It is the largest alternative broadband service provider in its home region and a well-known local brand.

Read more online

Performance (£m)



Total cost
Closing value
Distributions and hedging

Our portfolio continued

futurebiogas

Future Biogas is one of the largest AD plant developers and operators in the UK. Future Biogas's plants convert feedstock into clean and renewable energy through AD which produces biogas. Biogas can either be used to generate green electricity, or upgraded into biomethane and injected into the UK's national gas network. The residual digestate can be used as a fertiliser for future feedstock.

Read more online

Performance (£m)

Portfolio review

The portfolio is generating strong growth momentum supported by long-term tailwinds. We are confident that it will continue to generate attractive further investment opportunities and is well positioned to deliver our target returns.

The Company's portfolio was valued at £3,842 million at 31 March 2024 (2023: £3,641 million) and delivered a total portfolio return in the year of £460 million, including income and allocated foreign exchange hedging (2023: £501 million).

Table 1 summarises the valuations and movements in the portfolio, as well as the return for each investment, for the year.

Table 1: Portfolio summary (31 March 2024, £m)

Portfolio assets	Directors' valuation 31 March 2023	Investment in the year	Divestment in the year	Accrued income movement	Value movement	Foreign exchange translation	**Directors' valuation 31 March 2024**	Allocated foreign exchange hedging	Underlying portfolio income in the year	**Portfolio total return in the year[1]**
TCR	537	22[2]	(25)[4]	(5)	92	(13)	**608**	13	23	**115**
ESVAGT	485	48[2]	–	2	7	(11)	**531**	12	49	**57**
Infinis	407	–	(3)[4]	(3)	20	–	**421**	–	18	**38**
GCX	323	29[2]	–	(6)	6	(7)	**345**	8	31	**38**
Tampnet	292	6[2]	–	–	54	(9)	**343**	10	13	**68**
Ionisos	298	14[2,3]	–	–	2	(8)	**306**	10	9	**13**
Joulz	287	7[2]	(1)[4]	–	22	(9)	**306**	9	7	**29**
Oystercatcher	254	–	(12)[4]	–	15	(9)	**248**	9	3	**18**
SRL	219	20[2]	–	–	1	–	**240**	–	21	**22**
Valorem	188	–	–	–	47	(5)	**230**	6	4	**52**
DNS:NET	179	44[3]	–	–	(55)	(4)	**164**	6	11	**(42)**
Future Biogas	28	66[2,3]	–	2	4	–	**100**	–	3	**7**
Attero	144	–	(183)	(1)	44	(4)	**–**	4	1	**45**
Total portfolio reported in the Financial statements	3,641	256	(224)	(11)	259	(79)	**3,842**	87	193	**460**

1 This comprises the aggregate of value movement, foreign exchange translation, allocated foreign exchange hedging and underlying portfolio income in the year.
2 Capitalised interest totalling £152 million across the portfolio.
3 These amounts include follow-on investments in Ionisos (£5 million), DNS:NET (£34 million) and Future Biogas (£65 million).
4 Shareholder loan repayment (non-income cash).

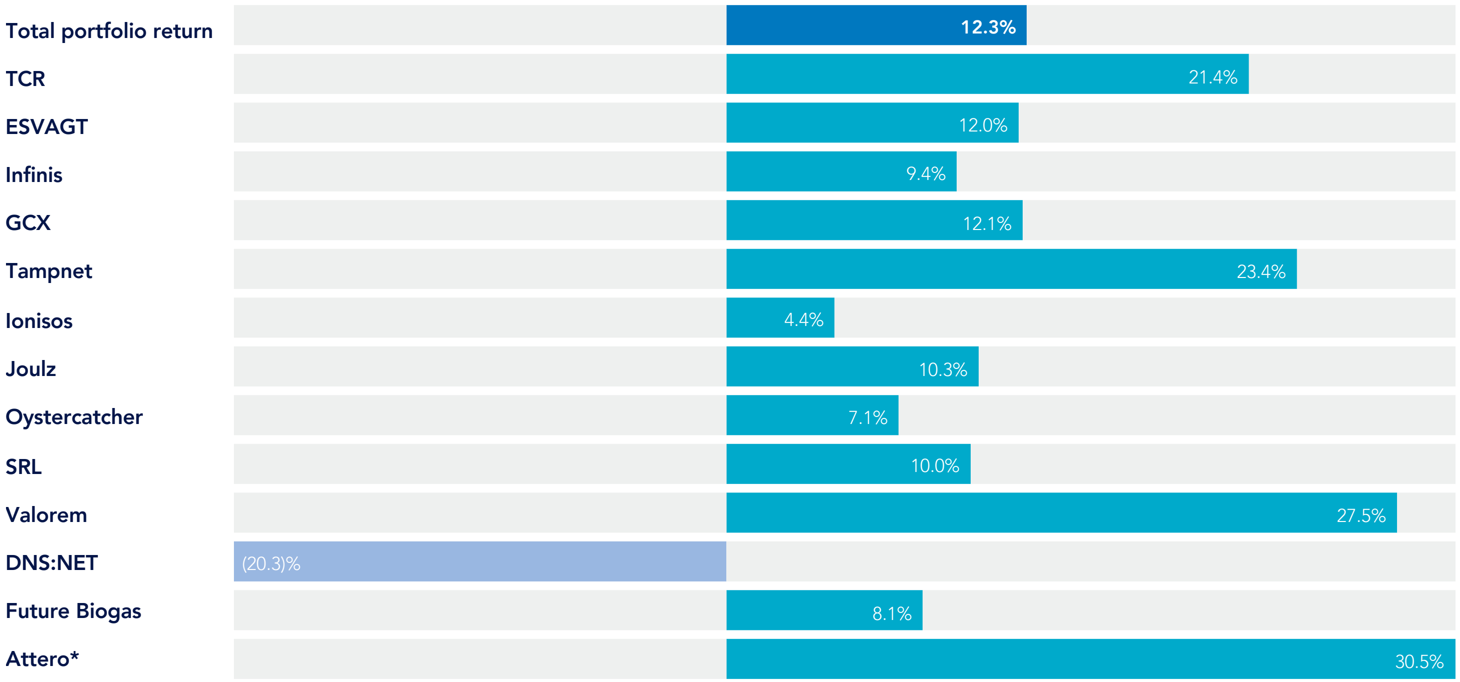
Portfolio review continued

The total portfolio return in the year of £460 million was 12.3% (2023: £501 million, 15.1%) of the aggregate of the opening value of the portfolio and follow-on investments (excluding capitalised interest), which totalled £3,745 million.

Performance was strong across the portfolio, driven by outperformance from a number of portfolio companies, but particularly TCR, Tampnet and Valorem and the return generated from the sale of Attero. Whilst progress has been made during the year at DNS:NET, its fibre network rollout remains challenging.

Chart 1 shows the portfolio return in the year for each asset as a percentage of the aggregate of the opening value of the asset and investments in the asset in the year (excluding capitalised interest). Note that this measure does not time-weight for investments and syndications in the year and includes foreign exchange movements net of hedging.

Chart 1: Portfolio return by asset (year to 31 March 2024)



* Divested in November 2023 and return not annualised.

Portfolio review continued

Movements in portfolio value

The movements in portfolio value were driven principally by the delivery of planned cash flows and other asset outperformance as well as follow-on investments made during the year. A reconciliation of the movement in portfolio value is shown in Chart 2 below. The portfolio summary shown in Table 1 on page 34 details the analysis of these movements by asset. Changes to portfolio valuations arise due to several factors, as shown in Table 2 on page 39.

The portfolio generated a value gain of £259 million (2023: £320 million) in the year, alongside income of £193 million (2023: £156 million).

Portfolio activity

Our renewable energy generating companies; Infinis, Valorem and Future Biogas, performed well in the year despite softer spot and forecast energy prices. All have made substantial progress in developing their pipelines of new projects towards and into operation. This is reflected in an overall increase in installed capacity from 979MW to 1,147MW over the year, as shown in the Sustainability section.

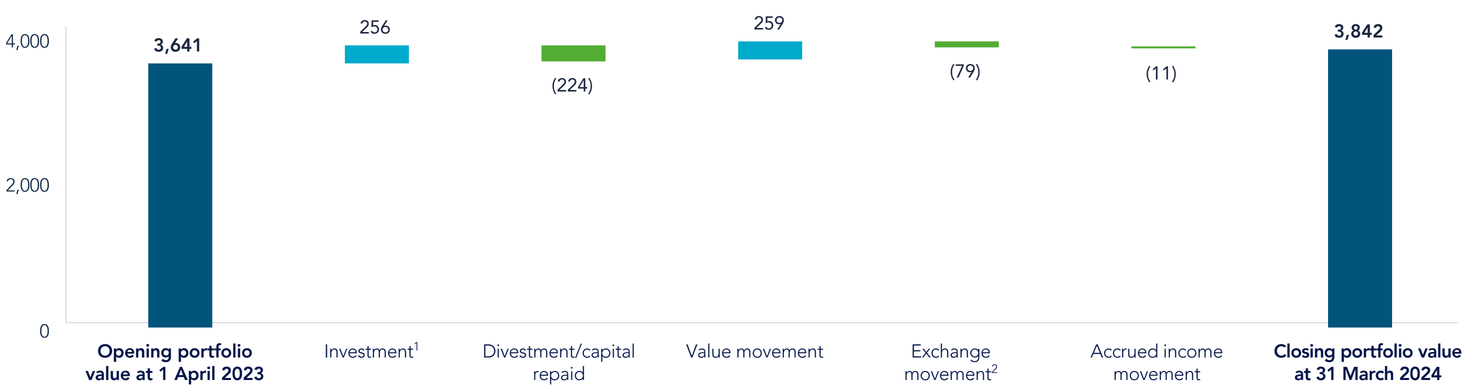
Infinis had a strong financial performance despite lower UK power prices. It generated a value gain of £20 million as its captured landfill methane business outperformed expectations, compensating for lower margins from its power response assets. Furthermore, Infinis is making significant progress in developing its 1.4GW solar energy generation and battery storage pipeline, with 103MW of solar capacity already operational.

Valorem had a very good year with revenues from electricity generation ahead of expectations due to favourable wind conditions contributing to a value gain of £47 million. The company's closed capacity now totals 853MW of wind, solar and hydro projects, a 10% increase from the previous year.

Valorem completed the sale of a minority stake in part of its French operational portfolio on attractive terms, demonstrating the strong appetite for its projects and raising capital to finance development of future projects. This was supplemented by issuance of euro private placement debt for the first time.

In France, the market fundamentals for renewable developers remains strong, as evidenced by the increase in recent auction tariff levels due to demand for projects exceeding supply. The construction of Valorem's new projects in Finland and Greece are progressing according to or ahead of plan. The company has expanded its development pipeline from 5.7GW to 6.6GW, including securing partnerships for co-developments in Poland and Sweden.

Chart 2: Reconciliation of the movement in portfolio value (year to 31 March 2024, £m)



1 Includes capitalised interest.
2 Excludes movement in the foreign exchange hedging programme (see Chart 8 in the Financial review).

Portfolio review continued

Future Biogas performed in line with expectations due to good services revenues and index-linked contracts. The company has a promising pipeline of organic growth and M&A opportunities.

During the year, Future Biogas signed a new 15-year gas supply agreement with AstraZeneca ('AZ') for unsubsidised green gas. To deliver this green gas, it is constructing the UK's first unsubsidised AD plant. In September 2023, 3iN invested £35 million to fund the plant's construction, which will supply 100GWh of biomethane to AZ's UK sites.

In November 2023, 3iN invested a further £30 million to fund the acquisition of two AD plants that Future Biogas was already managing. These strategic investments continue to transition Future Biogas from a manager of third-party biogas plants to a leading developer, asset owner and operator. The company is actively exploring viable sites for constructing new AD plants, and the interest from high-quality corporate partners is encouraging.

TCR materially outperformed expectations, resulting in a substantial increase in value by £92 million. This performance was driven by several factors, including significant contract wins, extensions and higher fleet utilisation rates. The company is benefitting from the combination of the post-Covid aviation recovery, high interest rate environment making on-balance sheet options less attractive for customers, and the green agenda in Europe driving strong demand for new electric ground service equipment.

In February 2024, TCR completed the bolt-on acquisition of KES, KLM Royal Dutch Airline's ground equipment services subsidiary at Schiphol airport, adding incremental contracted EBITDA with a flagship European carrier and positioning TCR to support Schiphol's decarbonisation ambitions. TCR's footprint now spans more than 200 airports, positioning it well to grow organically with its existing clients as well as increasing market penetration of its full-service rental offering. To support its next phase of expansion, TCR successfully secured additional debt from existing and new lenders on attractive terms.

ESVAGT performed well in the year, benefitting from strong contract rates and high utilisation levels. As the clear market leader in European offshore wind SOV provision, ESVAGT currently operates nine vessels. A further four SOVs are under construction, specifically designed to serve long-term charter agreements, and construction progress is on track. Despite inflationary pressure causing delays and cancellations in wind farm development, regulators and governments have become more supportive of incentivising growth in offshore wind.

Inflation, while negatively impacting the construction cost of the near-term pipeline, has a positive effect on ESVAGT due to its index-linked contracts, which enhance the value of its operational SOV fleet. The offshore wind market remains on a positive trajectory and this is reflected in the pipeline for additional new SOVs in the North Sea and the rapidly expanding US wind market. Over the next 12 months, we anticipate several tenders to take place.

ESVAGT's ERRV segment also maintained positive momentum, driven by favourable supply/demand dynamics, and an increased emphasis on security of supply in Europe.

Joulz performed in line with expectations. It is benefitting from its inflation-linked long-term contracts and the completion of new installations. Joulz has seen significant interest in integrated energy transition solutions from customers seeking to decarbonise their operations and overcome constraints due to electricity grid congestion.

Our communications infrastructure investments, Tampnet, GCX and DNS:NET, are taking advantage of the acceleration in digitalisation trends.

Tampnet performed extremely well in the year, generating a value gain of £54 million. It exceeded revenue and EBITDA targets, driven by increased offshore activity and stronger demand for bandwidth upgrades.

Tampnet is continuing to expand its network infrastructure by pursuing new fibre projects in both the North Sea and the Gulf of Mexico. Notably, Tampnet secured significant new contracts in these regions.

Digitalisation of the offshore energy sector is gaining momentum and Tampnet's digitisation proposition, which combines low-latency connectivity with services such as private networks, is generating considerable interest.

Portfolio review continued

Tampnet's private networks offer a secure, closed 4G/5G system deployed on offshore platforms, providing robust connectivity and enhanced security compared to traditional Wi-Fi solutions.

Furthermore, Tampnet is actively engaged in carbon capture and offshore wind projects within its existing network in the North Sea. The business was awarded its first offshore carbon sequestration connection in March 2024. The potential for further comparable initiatives is substantial and Tampnet is strategically positioned to contribute to their success.

GCX has shown strong year-on-year growth in lease revenues and has recently signed several large bulk capacity deals on its Middle East and intra-Asia subsea routes. Financial performance was held back by a high level of cable cuts which have now been repaired. The sales pipeline is healthy and demand for subsea data capacity continues to grow, driven by increasing adoption of AI applications and substantial investments in capacity and route diversification by the hyperscalers.

Looking ahead, GCX is evaluating several attractive growth opportunities, for example, acquiring new subsea capacity and developing new edge data centres near its cable landing stations that will drive additional data on its subsea network.

DNS:NET received investment of £34 million during the year from 3iN to continue the development of its FTTH network in areas around Berlin and in the State of Brandenburg. A new CEO joined DNS:NET in July 2023. He has overseen the preparation of an updated business plan that was agreed with shareholders in December 2023. We are making good progress in building a strengthened and experienced management team.

FTTH network rollouts in Germany remain challenging. Passing homes has been the industry's primary focus to date. Connecting and activating customers to the network on a timely basis is an industry-wide challenge. The negative value movement in the year was driven by more conservative business plan assumptions for DNS:NET's FTTH rollout. Throughout the year, DNS:NET has focused on connecting backbone fibre infrastructure and home connections for its owned network, as well as on securing the handover of leased networks built by authorities in the neighbouring State of Saxony-Anhalt, making good progress in the number of its connected and activated customers as a result.

The company is now preparing for the next stages in its network delivery in a way that narrows the time lag between passing homes and connecting and activating customers on that FTTH network to improve performance.

We have increased the discount rate to reflect uncertainties over available debt pricing for fibre businesses in future years and the delay against the original rollout timetable.

Ionisos performed below expectations due to reduced bio-processing and labware volumes, which have returned to pre-Covid levels, and weaker demand in markets connected to the construction industry which represents a small share of treatment capacity. However, the majority of product categories sterilised by Ionisos continue to exhibit strong volume growth. Ionisos is making progress in its growth initiatives. The expansion of its new greenfield EO plant in Kleve, Germany is progressing and the development of the new X-ray greenfield facility in north east France is proceeding according to schedule and within budget.

Oystercatcher performed well in the year. Advario Singapore, which is 45% owned by Oystercatcher, benefitted from high utilisation levels for its storage capacity, high customer activity levels and higher rates being secured at contract renewal. Whilst the oil products market remains in backwardation, a tight storage market in Singapore and the wider region provided a helpful backdrop to renewal discussions. Advario Singapore remains the leading gasoline blending facility in Singapore and the wider region.

The company has continued to pursue opportunities linked to sustainable fuels, in line with its sustainability strategy. Building on its success to date with Neste, which is blending sustainable aviation fuel ('SAF') at Advario Singapore, the terminal had actively looked to expand its role in activities to supply sustainable transport fuels.

SRL performed slightly behind expectations during the financial year. There has been a reduction in general market activity levels due to delays in capital expenditure programmes within the public sector in advance of the UK general election, and in the telecom sector as the fibre rollout has slowed.

Despite this challenging market environment, SRL has shown resilience and continued to grow its revenue and EBITDA. It has also been successful in extending contract durations with customers, providing better revenue visibility.

Summary of portfolio valuation methodology

Investment valuations are calculated at the half-year and at the financial year end by the Investment Manager and then reviewed by the Board. Investments are reported at the Directors' estimate of fair value at the relevant reporting date.

The valuation principles used are based on International Private Equity and Venture Capital ('IPEV') valuation guidelines, generally using a discounted cash flow ('DCF') methodology (except where a market quote is available), which the Investment Manager considers to be the most appropriate valuation methodology for unquoted infrastructure equity investments.

Where the DCF methodology is used, the resulting valuation is checked against other valuation benchmarks relevant to the particular investment, including, for example:

- earnings multiples;
- recent transactions; and
- quoted market comparables.

In determining a DCF valuation, we consider and reflect changes to the two principal inputs: being forecast cash flows from the investment; and discount rates.

We consider both the macroeconomic environment and investment-specific value drivers when deriving a balanced base case of cash flows and selecting an appropriate discount rate.

The inflation rate in the UK and Europe gradually declined during the year but remains above the long-term average, which has put pressure on supply chain and employee costs.

Our inflation assumptions use market forecasts for 2024 and 2025, followed by our long-term assumption of 2% CPI across all jurisdictions, or 2.5% for UK RPI.

The portfolio is positively correlated to inflation, but the ability to pass cost inflation to customers differs across portfolio companies. As a result, we take an individualised approach to modelling the impact of inflation.

Longer-term power prices affect the valuation of our energy generating portfolio companies. The majority of our power price exposure is hedged in the short to medium term.

Future power price projections are taken from independent forecasters, and changes in these assumptions will affect the future value of these investments. Taxes on renewable electricity generators vary in their applicability and we have considered their impact on each company individually, based on their circumstances.

Table 2: Components of value movement (year to 31 March 2024, £m)

Value movement component	Value movement in the year	Description
Planned growth	162	Net value movement resulting from the passage of time, consistent with the discount rate and cash flow assumptions at the beginning of the year less distributions received and capitalised interest in the year.
Other asset performance	166	Net value movement arising from actual performance in the year and changes to future cash flow projections, including financing assumptions and changes to regulatory assumptions.
Discount rate movement	(29)	Value movement relating to changes in the discount rates applied to the portfolio cash flows.
Macroeconomic assumptions	(40)	Value movement relating to changes to macroeconomic out-turn or assumptions, eg. power prices, inflation, interest rates and taxation rates. This includes changes to regulatory returns that are directly linked to macroeconomic variables.
Total value movement before exchange	259	
Foreign exchange retranslation	(79)	Movement in value due to currency translation to year-end date.
Total value movement	180	

Portfolio review continued

As a 'through-the-cycle' investor with a strong balance sheet, we consider valuations in the context of the longer-term value of the investments. This includes consideration of climate change risk and stranded asset risk.

Factors considered include physical risk, litigation risk linked to climate change, and transition risk (for example, assumptions on the timing and extent of decommissioning of North Sea oil fields, which affects Tampnet and ESVAGT).

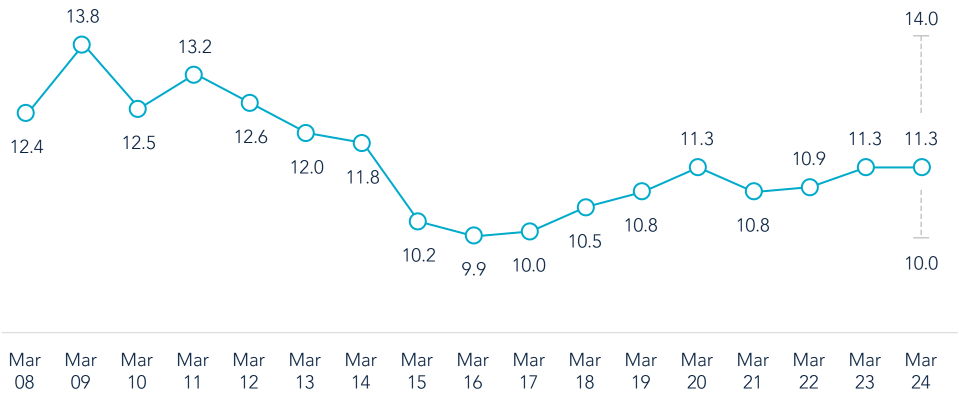
We take a granular approach to these risks, for example, each relevant offshore oil and gas field has been assessed individually to forecast the market over the long term, and a low terminal value has been assumed at the end of the forecast period.

In the case of stranded asset risk, we consider long-term threats that may impact value materially over our investment horizon, for example, technological evolution, climate change or societal change.

For ESVAGT, which operates ERRVs in the North Sea servicing sectors, including the oil and gas market, we do not assume any new vessels or replacement vessels in our valuation for that segment of the business.

A number of our portfolio companies are set to benefit from these long-term megatrends and, in the base case for each of our valuations, we take a balanced view of potential factors that we estimate are as likely to result in underperformance as outperformance.

Chart 3: Portfolio weighted average discount rate (31 March, %)



Discount rate

Chart 3 shows the movement in the weighted average discount rate applied to the portfolio at the end of each year since the Company's inception and the position as at 31 March 2024. The weighted average discount rate remained unchanged over the course of FY24.

The range of discount rates used in individual valuations at 31 March 2024 is also shown, which is broadly consistent with the prior year (2023: 10.0% to 13.2%).

During the first half of the year, we witnessed an increase in risk-free rates across Europe as central banks took action in response to higher inflation, but this then decreased in the second half of the year as inflationary pressure eased. Given the significant risk premium included in our long-term discount rates and the continued appetite for high-quality infrastructure businesses, the volatility we have seen in risk-free rates did not impact the discount rates used to value our portfolio companies at 31 March 2024.

Portfolio review continued

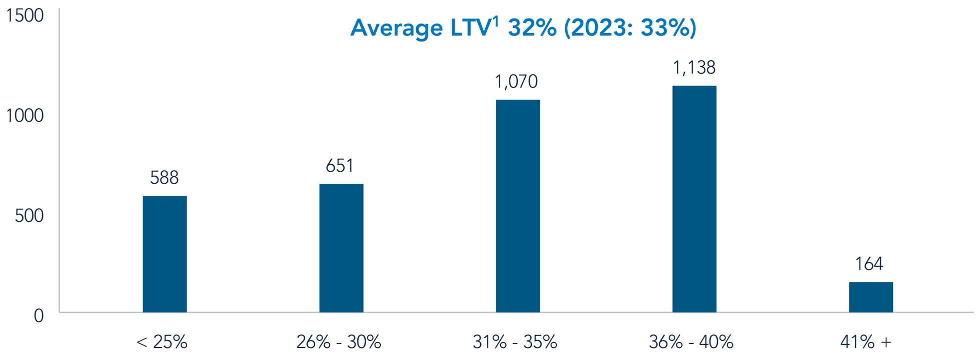
Portfolio company debt

Our portfolio companies are funded by long-term senior-secured debt alongside equity from the Company and other shareholders. Valorem also uses project financing in its portfolio of renewable energy projects. There were no mezzanine or junior debt structures within our portfolio at 31 March 2024 (2023: none).

In recent years, the Investment Manager has proactively refinanced facilities across the portfolio, extending the term of the debt and securing low fixed rates or hedged interest rates.

When considering the appropriate quantum of debt for a portfolio company, we typically look for an investment grade level of risk. Some portfolio companies have an investment grade credit rating from a credit rating agency. Chart 4 below shows the average loan-to-value ('LTV') ratio across the portfolio as well as the portfolio value analysed across a range of LTV levels. The average LTV ratio is 32% (2023: 33%).

Chart 4: Portfolio company leverage* (3iN value as at 31 March 2024, £m)



1 LTV is calculated as the aggregate Net Debt to Enterprise Value ratio of the individual portfolio companies.
* This analysis excludes Valorem, which is financed at the project level. Project financing typically employs higher levels of gearing.

Investment track record

As shown in Chart 5, since its launch in 2007, 3i Infrastructure has built a portfolio that has provided:

- significant income, supporting the delivery of a progressive annual dividend;
- consistent capital growth; and
- strong capital profits from realisations.

These have contributed to an 18% annualised asset Internal Rate of Return ('IRR') since the Company's inception. The European portfolio has generated strong returns, in line with, or in many cases ahead of, expectations.

These returns were underpinned by substantial cash generation in the form of income or capital profits.

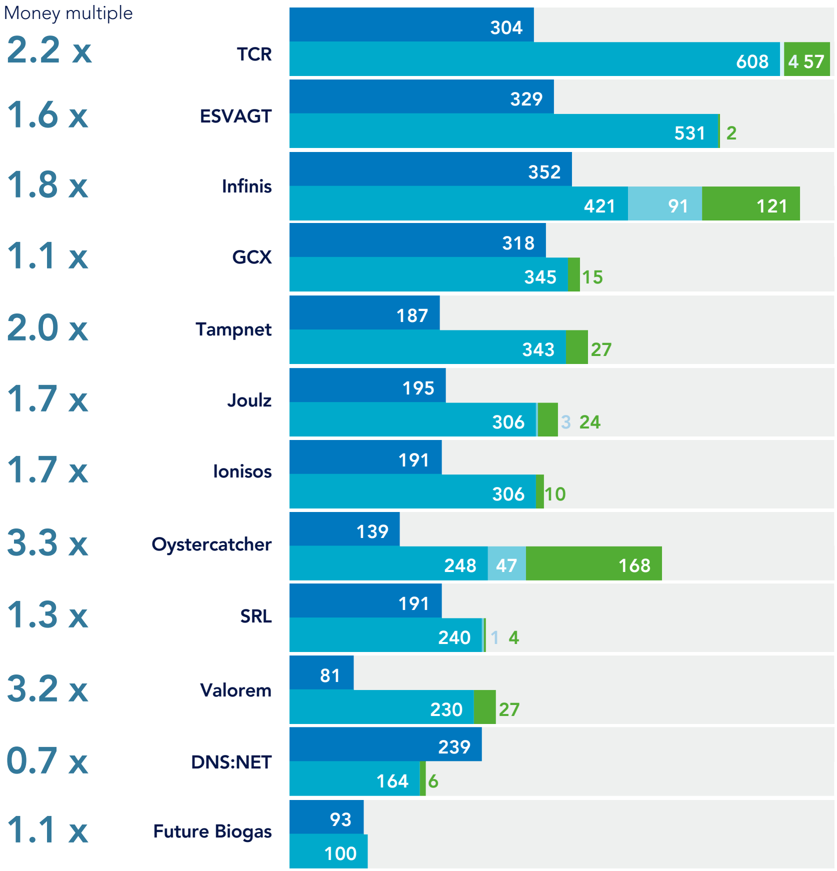
The value created through this robust investment performance has been crystallised in a number of instances through well-managed realisations, shown as 'Realised assets' in Chart 5.

While the Company is structured to hold investments over the long term, it has sold assets where compelling offers will generate additional shareholder value.

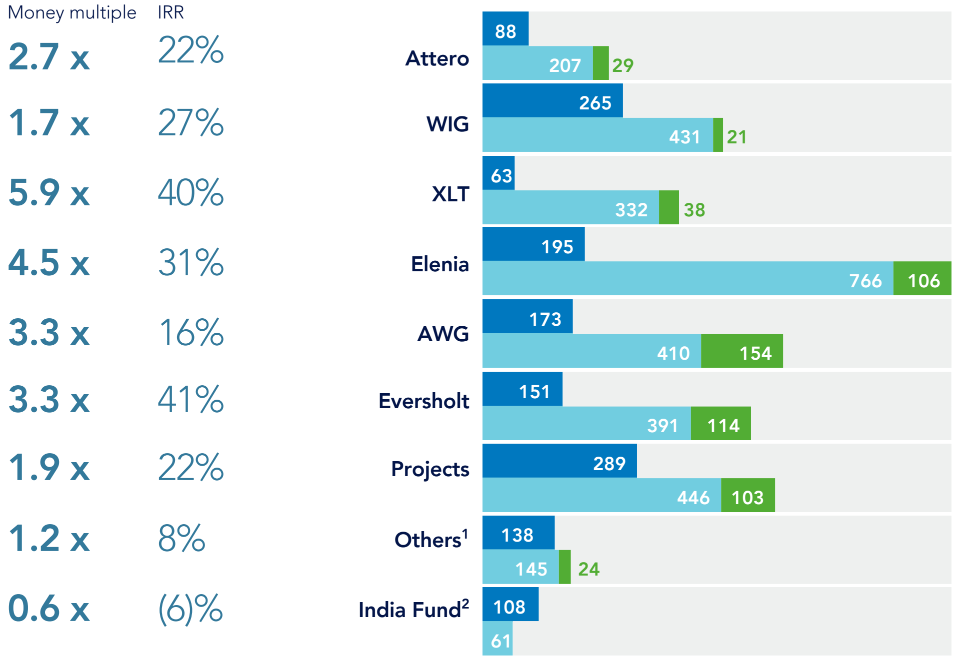
Portfolio asset returns in Chart 5 include an allocation of foreign exchange hedging where applicable.

Chart 5: Portfolio asset returns throughout holding period (since inception, £m)

Existing portfolio (Total return)



Realised assets (Total return)



Asset IRR to 31 March 2024

18%

Since inception

Total cost · Value including accrued income · Proceeds on disposals/capital returns · Cash income

Portfolio asset returns include allocation of foreign exchange hedging where applicable.

1 Others includes junior debt portfolio, T2C and Novera.

2 India Fund refers to the 3i India Infrastructure Fund.

Sustainability

Future Biogas
Page 33

Sustainability

Through proactive engagement with our portfolio companies, we support them to improve their long-term resilience and strategically position themselves to leverage sustainability opportunities.

As owners of infrastructure businesses with majority or significant minority holdings, we recognise our ability to influence our portfolio companies to act responsibly.

We endeavour to create a culture within our portfolio companies where our expectation that sustainability is embedded into their strategy is well known. We support management teams to develop resilient business strategies.

We actively promote and facilitate the exchange of best practices across our portfolio, fostering connections between companies that have made significant progress with specific sustainability initiatives with those seeking to learn from their experience and expertise.

During our investment, we seek to mitigate ESG risks whilst capitalising on sustainability opportunities. This involves strengthening the corporate governance and reporting practices of our portfolio companies, as well as encouraging them to enhance their performance on key sustainability topics.

We believe that a responsible approach to investment adds value to our portfolio. The benefits of developing a strong and clearly articulated sustainability strategy can range from incremental revenue growth (for example, by offering low-carbon services) and operational cost efficiencies through increased circularity to higher employee engagement, improved financing liquidity and enhanced market valuations upon exit.

Responsible investing

The Investment Manager has been a signatory to the UN Principles for Responsible Investment since 2011.

Each potential investment is screened against 3i's Responsible Investment policy. The policy delineates the types of businesses in which the Company will not invest, as well as stipulating minimum requirements that we expect new portfolio companies to either meet immediately or commit to achieving within a reasonable timeframe. The Responsible Investment policy applies to all investments, irrespective of their country or sector.

The Company embeds an assessment of ESG risks and opportunities throughout every phase of the investment lifecycle. We identify significant ESG risks and opportunities at the outset of our investment, implementing appropriate and robust plans to either mitigate the risks or leverage the opportunities throughout the ownership period and into our eventual exit.

The Board is responsible for overseeing the manner in which the Investment Manager applies its Responsible Investment policy to the Company's activities, with day-to-day accountability resting with the Investment Manager.

To read the Responsible Investment policy and for more information on the Investment Manager's other sustainability policies, please refer to the 3i Group website: **www.3i.com/sustainability**

Sustainability continued

Portfolio companies are enhancing their ESG maturity under the Company's ownership

During our ownership, we use our influence to encourage our portfolio companies to enhance their ESG maturity and make progress from their respective positions along our Sustainability pathway. We support portfolio companies with a bespoke approach for each, depending on the sustainability-related issues each faces. Our portfolio companies made good progress this year.

Sustainability pathway

Implement full suite of governance policies	Identify appropriate senior individuals to lead on ESG topics	Measure GHG emissions	Develop decarbonisation roadmap	Develop a Sustainability strategy sponsored by the CEO	Fully embed sustainability objectives in the organisation
Examples of tracked metrics, share of portfolio companies					
• 100% had a Health and Safety policy (2022: 92%) • 100% had a Whistleblowing policy (2022: 83%) • 100% had an Anti-bribery and Corruption policy (2022: 100%)	• 92% had a resource with specific responsibility for ESG (2022: 67%)	• 100% reported Scope 1 and 2 GHG emissions (2022: 92%) • 92% reported Scope 3 GHG emissions (2022: 50%)	• 67% had a GHG emissions reduction plan for Scopes 1 and 2 (2022: 25%) • 17% had a validated near-term science-based target (2022: 0%)	• 75% had a Sustainability strategy (2022: 58%) • 50% published a Sustainability report (2022: 42%)	• 83% provided incentives to executives for meeting targets related to ESG matters (2022: 25%)

Figures shown above refer to share of companies by number as at 31 December 2023, as reported by portfolio companies in 3i's annual ESG questionnaire, except for the incentives KPI which is at 31 March 2024. The comparison is on a like-for-like basis with Attero excluded from prior year figures, which refer to calendar year 2022.

Sustainability continued

We have an effective and collaborative approach to ESG

The Investment Manager's dedicated ESG team continued to work closely with the investment teams and portfolio company management teams. This collaborative approach has elevated the quality and focus of our engagement with these stakeholders, resulting in accelerated implementation of a range of initiatives across our investment team and portfolio.

The ESG team has continued to evolve portfolio management systems and processes, including significantly updating the annual portfolio ESG questionnaire and launching new data collection software. These advancements have enhanced the integrity of the data we collect whilst expanding the automation of our processes, enabling the delivery of enriched insights into the portfolio's ESG performance.

Our portfolio engagement focuses on material ESG topics

Alongside addressing material ESG matters specific to each business, the team has actively engaged with portfolio companies on a variety of portfolio-wide ESG topics. For numerous businesses within our portfolio, safety stands as a cornerstone of their social licence to operate. We support our businesses to uphold high health and safety standards, protecting employees, contractors, and customers alike.

We also advocate for our portfolio companies to become employers of choice within their respective sectors by promoting inclusive cultures and cultivating more diverse teams. Given that our portfolio predominantly operates within structurally gender-imbalanced sectors, we place a particular focus on encouraging them to deliver gender equality initiatives.

We believe that effectively identifying and mitigating climate risks, alongside establishing a credible decarbonisation strategy, is important for our portfolio companies. This approach is not only essential for navigating the risks associated with the energy transition but also for capitalising on the opportunities it presents. Aligned with our recent pledge to the Science Based Targets initiative ('SBTi'), we actively encourage our portfolio companies to advance in areas such as carbon reporting, decarbonisation and climate change governance.

We hold our businesses to high governance standards, requiring the implementation of policies that protect employees, promote safety, fairness, and appropriate working conditions. We also encourage the development of sustainability strategies along with sustainability-linked incentivisation for senior executives, which we deem to be a key enabler of ESG progress.

Spotlight on key initiatives in the year

Carbon & Climate

- Worked with portfolio companies to measure and disclose their GHG emissions, including Scope 3, and collaborated with them to increase data robustness
- Provided bespoke support to companies to undertake decarbonisation aligned with the objectives of the Paris Agreement, typically through setting science-based targets
- Requested that each portfolio company undertake a climate risk assessment using scenario analysis

Health & Safety & People

- Requested that each portfolio company prioritise health and safety by making it the first Board agenda item
- Provided training to executives of the Manager with portfolio board responsibilities on health and safety board effectiveness and best practices to foster a strong health and safety culture
- Requested that portfolio companies consider setting an appropriate strategy and goals to promote gender equity within their respective businesses

Stakeholders

Shareholders, regulators, portfolio companies' employees, customers and suppliers

Governance and Sustainability Leadership

- Asked portfolio companies to implement good governance through our required set of policies and procedures
- Requested that portfolio companies develop a sustainability strategy with appropriate KPIs
- Introduced ESG KPIs into variable remuneration and long-term incentive plans for portfolio company senior management executives, where appropriate
- Supported portfolio companies to prepare for increased ESG disclosure regulations

Sustainability continued

3i Sustainability Connections – leveraging our network to support change

We offer our portfolio companies the opportunity to harness a diverse array of knowledge and expertise from across the entire portfolio.

Webinars

Throughout the Company's year, our portfolio-wide engagement featured a series of webinars aimed at facilitating the exchange of best practices. They were tailored to address the evolving needs of our portfolio companies, covering a diverse range of topics such as climate change fundamentals, navigating upcoming European Corporate Sustainability Reporting Directive ('CSRD') regulations, cyber security, and strategies for enhancing workforce diversity. Invitations were extended to the designated individuals responsible for ESG within the portfolio companies and each webinar comprised presentations from expert speakers alongside real life success stories drawn from the portfolio.

Sustainability Forum

In FY24 we held our first Sustainability Forum. This event brought together over 35 participants from 21 companies across 3i's portfolio, including representatives from 10 out of 12 of the 3i Infrastructure companies.

The interactive sessions delved into various topics material to our portfolio's success. These included setting a winning Sustainability strategy, readiness for CSRD compliance, insights into setting science-based emissions reduction targets, and perspectives on the 2023 UN Climate Change Conference ('COP28'). Additionally, participants took part in a workshop on value-led decarbonisation and a gamified session involving a board decision based on financial, environmental and social factors. The event was supported by third-party experts and featured numerous short presentations from portfolio companies showcasing best practices.

> The range of experience and expertise that we were able to benefit from was excellent.
>
> It was also of real benefit to meet other companies in 3i's portfolio and find out where they are along the road of sustainability.
>
> **Attendee feedback**

FY24 Engagement metrics

- 91% of the portfolio companies that responded to the survey* reported that the Investment Manager's ESG expectations had been clearly communicated to them this year
- Portfolio companies highlighted that 'adviser recommendations', 'ad hoc support' and 'webinars' were the most useful types of support that they received from the ESG team during the last 12 months
- 4.4/5 overall satisfaction score from attendees of the Sustainability Forum

* 11 out of 12 portfolio companies responded to the survey.

> 3i Group plc committed to set science-based targets in April 2023. We have been engaging with our portfolio companies to support their adoption of science-based emissions reduction targets.
>
> **Céline Maronne**
> ESG Director

Furthermore, 3i Group plc committed to set science-based targets in April 2023. Since then, we have provided support to portfolio companies in aligning their decarbonisation strategies with the goals outlined in the Paris Agreement, with the aim of establishing science-based targets, where feasible.

This year, our focus has been on increasing the assurance level of portfolio Scope 1 and 2 GHG emissions and initiating the reporting of Scope 3 GHG emissions.

In FY24, two companies, Joulz and Ionisos, set near-term science-based reduction targets, using the pathway tailored for small and medium-sized enterprises.

Both companies have pledged to deliver an absolute reduction in Scope 1 and 2 GHG emissions of 42% by 2030, from a predefined base year. Additionally, they have committed to measure and reduce their Scope 3 emissions.

Science Based Targets initiative ('SBTi')

The SBTi is a collaboration between the CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature.

The SBTi develops standards, tools and guidance to enable companies and financial institutions to set science-based targets in line with the latest climate science.

By the end of 2023, over 4,000 companies and financial institutions had emission reduction targets validated by the SBTi.

More information
www.sciencebasedtargets.org

Stepping up efforts to encourage decarbonisation across our portfolio

Mitigating the impact of climate change remains a topic of increasing urgency for governments, regulators and other stakeholders globally. We believe that effectively managing climate-related risks and embracing opportunities for decarbonisation is instrumental in safeguarding and enhancing the value of our portfolio.

Approach to TCFD reporting

- Previously, the 3i Infrastructure plc Annual Report and Accounts included voluntary TCFD disclosures. FY24 is the first year in which the Investment Manager is required to publish a TCFD Entity report and a TCFD Product report (with respect to 3i Infrastructure plc) in line with the Financial Conduct Authority ('FCA')'s rules to which it is subject.
- The TCFD Entity report will cover the Investment Manager's approach to governance, strategy, and risk management, and metrics and targets related to climate change, as well as its approach to climate-related scenario analysis. Where possible, the Entity report will rely on the 3i Group TCFD report that will be published as part of the 3i Group plc Annual Report and Accounts.
- The TCFD Product report for 3i Infrastructure plc will be published simultaneously with the aforementioned Entity report. It will describe any material deviations from the Entity report, as well as including the GHG emissions of the 3i Infrastructure portfolio at a summary level. Therefore there are no TCFD disclosures in this report.

Read more online

The Company has invested in a number of businesses dedicated to advancing the energy transition through the production of renewable and low-carbon energy.

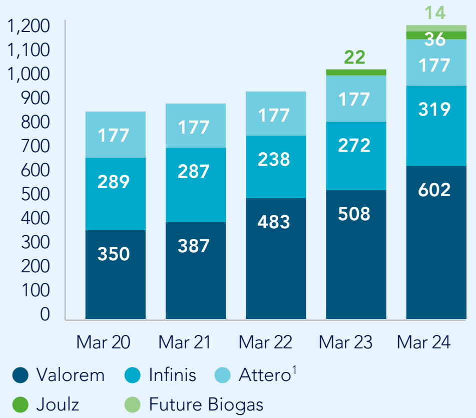
Infinis is a leading, diversified, low-carbon generation platform with over 150 sites across the UK. ESG is at the core of Infinis' operations, with over 25,000 tonnes of methane annually captured through its landfill gas and mineral methane businesses. Infinis also continues to make significant progress on building and advancing a high-quality solar and battery pipeline of over 1GW. In FY24, Infinis' operational solar capacity increased by 102MW with the successful completion of two new sites.

Valorem has grown its gross installed capacity from 157MW at acquisition in 2016 to 602MW with a further 311MW under construction. This includes onshore wind, solar and hydro-electric generation in France, Finland and Greece. The business is also making investments into green hydrogen, battery storage and floating offshore wind, and has recently diversified internationally into Poland and Sweden.

Renewable energy generation from the portfolio

The chart below shows the growth in our portfolio companies' renewable energy generating capacity over the past five financial years. Across the assets, this installed capacity includes onshore wind, solar (including both ground-mounted and rooftop) and hydro-electric generation, as well as electricity generation from waste and captured landfill methane. More recently, this also included biogas from Future Biogas. Taking into account Attero at the time of its realisation, the total renewable energy installed capacity across these businesses was 1,148MW.

Renewable energy installed capacity
(at 31 March 2024, MW)



1 Please note that Attero was sold in the year.

Our portfolio encompasses investments that are pioneering innovative solutions to decarbonisation challenges and providing essential low and zero-emission infrastructure assets.

Future Biogas agreed a partnership with AstraZeneca to establish the UK's first unsubsidised industrial-scale supply of biomethane gas. Energy from the biomethane facility will supply AstraZeneca's sites in Macclesfield, Cambridge, Luton and Speke with 100 gigawatt hours ('GWh') per year, equivalent to the heat demands of over 8,000 homes. Once operational in early 2025, the partnership will reduce emissions by an estimated 20,000 tonnes of CO_2 equivalent ('tCO_2e'), adding renewable energy capacity to the national gas grid.

TCR's significant growth is supported, amongst other drivers, by the ambition of most European airports to decarbonise their operations on the apron. TCR is helping its customers implement electric replacement plans where airport charging infrastructure allows, and working on a diesel-to-electric GSE conversion strategy where replacement is not feasible. In 2023, the business grew its electric fleet by 22%. The business is also working on the development of innovative end-to-end sustainability solutions to support its customers' decarbonisation journey, such as 'charging-as-a service' solutions.

In 2023, Joulz installed solar capacity of 14MWp, taking cumulative owned capacity to 36MWp by the end of the year. The business is also investing in battery storage systems and EV charging infrastructure. These offerings, combined with traditional energy infrastructure (such as transformers and meters), have enabled Joulz to become a leader in providing integrated solutions to businesses in the Netherlands.

Our businesses with material exposure to the oil & gas industry are continuing to contribute to security of our energy supplies whilst also taking steps to transition towards more resilient and future-proof business models, by actively increasing the share of their revenues supported by sustainability-related activities.

ESVAGT

ESVAGT now has over 60% of its contracted EBITDA serving the Wind sector, up from 25% at the time of acquisition. ESVAGT's US joint venture, CREST, co-owned with Crowley, won its first contract in the US offshore wind market in early 2023 for Siemens Gamesa. In FY24, ESVAGT won two additional SOV contracts with Ørsted and Vestas in the North Sea. ESVAGT also signed a memorandum of understanding with KMC Line, a Korean shipping company, to establish a joint venture in South Korea and enter the South Korean wind market.

tampnet

Tampnet is leveraging its infrastructure and expertise in connectivity and digitalisation to support various growing sectors offshore. This year Tampnet entered the carbon sequestration market by supporting a number of North Sea projects in their design phase, enabling them to connect to Tampnet's network as soon as they go live. Additionally, Tampnet acquired dasNetz, a leading provider of offshore wind connectivity in the German part of the North Sea, as part of a strategy to continue to expand its North Sea coverage and footprint in offshore wind and renewables.

Oystercatcher

Advario Singapore has recently invested in its facilities to enable sustainable aviation fuel storage and blending in its first SAF storage customer, Neste. This has provided the business with a first mover advantage in the SAF storage market in the region. The company is looking to support those customers transitioning into sustainable fuels.

Financial review and Risk

Joulz
Page 28

Financial review

The Company achieved robust growth in its NAV and increased its dividend per share.

Key financial measures (year to 31 March)	2024	2023
Total return[1]	**£347m**	£394m
NAV	**£3,342m**	£3,101m
NAV per share	**362.3p**	336.2p
Total income[2]	**£194m**	£158m
Total income and non-income cash	**£208m**	£202m
Portfolio asset value	**£3,842m**	£3,641m
Cash balances	**£5m**	£5m
Total liquidity[3]	**£395m**	£404m

1 IFRS Total comprehensive income for the year.
2 Total income comprises Investment income and Interest receivable.
3 Includes cash balances of £5 million (2023: £5 million) and £390 million (2023: £399 million) undrawn balances available under the Company's £900 million RCF.

> We delivered another year of outperformance and an increased dividend.

James Dawes
CFO, 3i Infrastructure

The Company delivered another year of outperformance, with the portfolio generating robust capital growth. The dividend was fully covered by net income. The target dividend for FY25 of 12.65 pence per share is an increase of 6.3% over FY24.

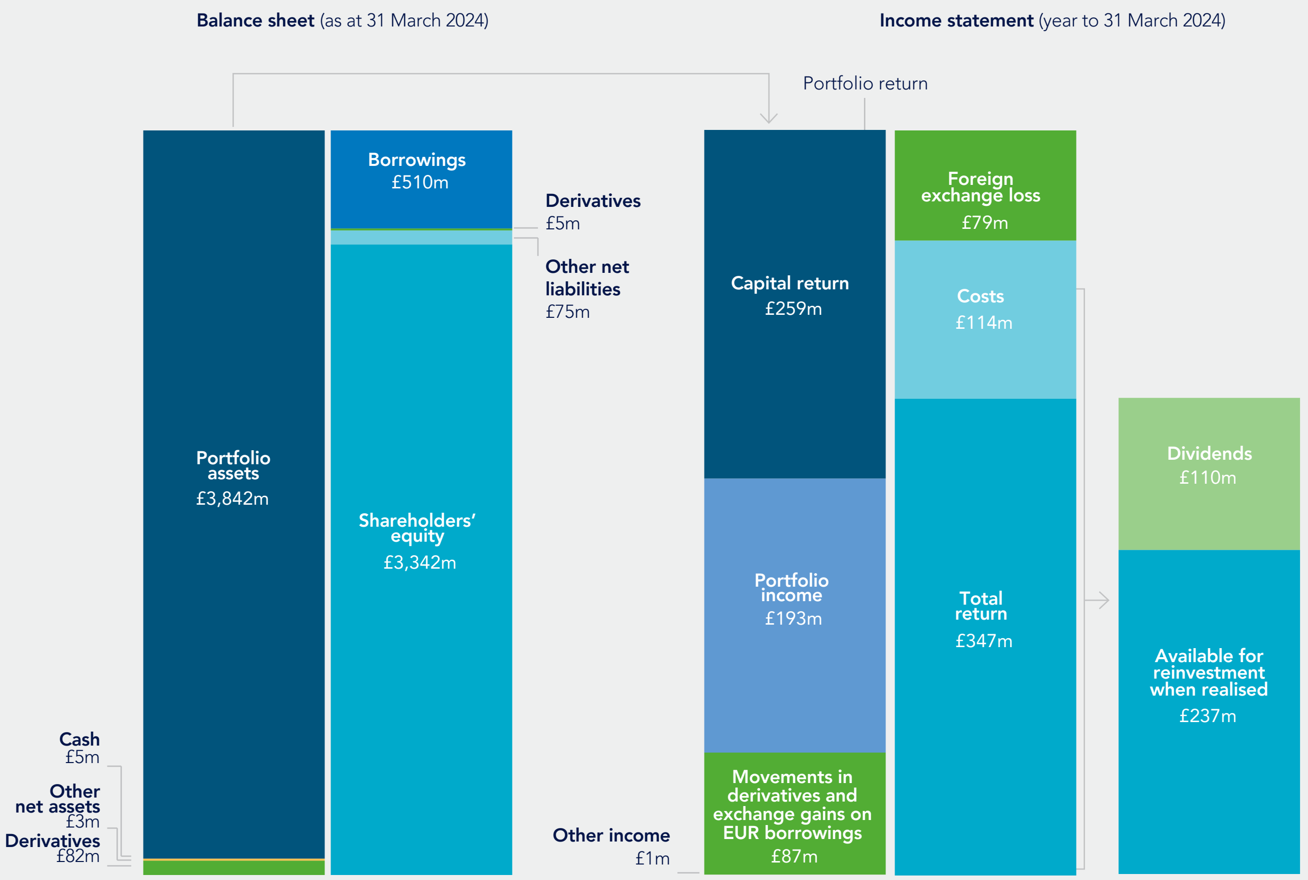
Total net investment in the year was £104 million, comprising two further investments in both DNS:NET and Future Biogas and one further investment in Ionisos; these are described on page 8. The Company maintained low levels of uninvested cash throughout the year and actively managed its liquidity position through drawing on its £900 million RCF. Amounts drawn under the RCF at 31 March 2024 were £510 million (2023: £501 million).

Returns

Total return

The Company generated a total return for the year of £347 million, representing an 11.4% return on opening NAV net of the prior year final dividend (2023: £394 million, 14.7%, time-weighted for equity issued in the year). This performance is again ahead of the target return of 8% to 10% per annum, to be achieved over the medium term.

Composition of balance sheet and income statement (year to 31 March 2024)



Financial review continued

This outperformance was driven by strong performance across the portfolio, particularly from TCR, Tampnet and Valorem, and the strong return generated from the sale of Attero, partially offset by underperformance from DNS:NET. Changes in the valuation of the Company's portfolio assets are described in the Movements in portfolio value section of the Portfolio review. Our portfolio companies continue to generate discretionary growth opportunities that are accretive to our investment cases.

Total income and non-income cash of £208 million in the year was higher than last year, due to a full year of income from new investments made last year in GCX, TCR and Future Biogas, and strong income levels from Tampnet (2023: £202 million).

Non-income cash receipts reflect distributions from underlying portfolio companies, which would usually be income to the Company, but which are distributed as a repayment of investment for a variety of reasons. Whilst non-income cash does not form part of the total return shown in Table 3, it is included when considering dividend coverage.

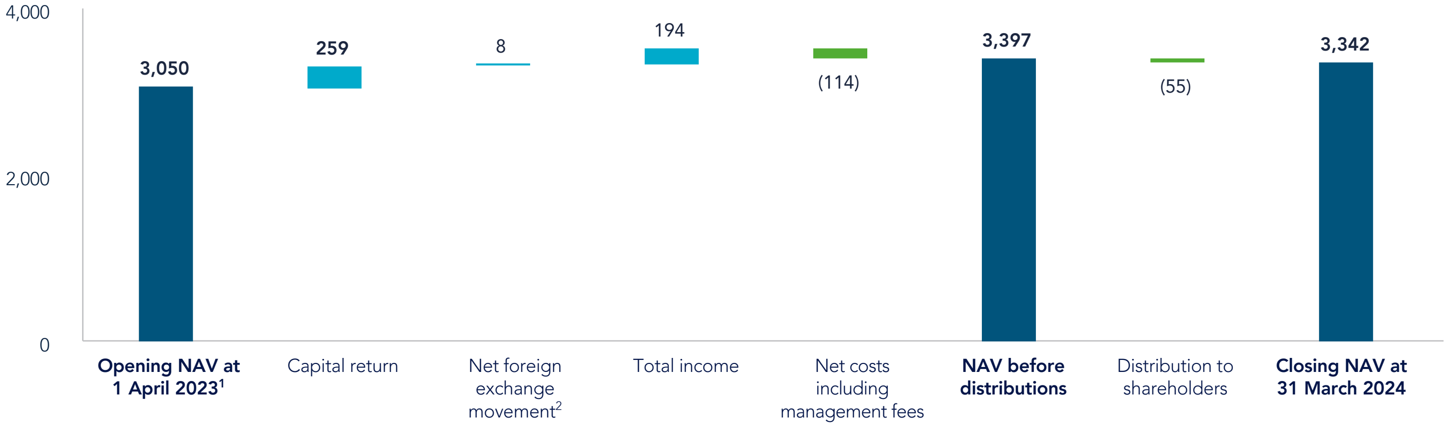
An analysis of the elements of the total return for the year is shown in Table 3.

Table 3: Summary total return (year to 31 March, £m)

	2024	2023
Capital return (excluding exchange)	259	320
Foreign exchange movement in portfolio	(79)	19
Capital return (including exchange)	**180**	339
Movement in fair value of derivatives and exchange on EUR borrowings	87	6
Net capital return	**267**	345
Total income	194	158
Costs[1]	(114)	(109)
Total return	**347**	394

1 Includes non-portfolio related exchange movement of nil (2023: gain of £2 million).

Chart 6: Reconciliation of the movement in NAV (year to 31 March 2024, £m)



1 Opening NAV of £3,101 million net of final dividend of £51 million for the prior year.
2 Foreign exchange movements are described in Chart 8.

Financial review continued

Capital return

The capital return is the largest element of the total return. The portfolio generated a value gain of £259 million in the year to 31 March 2024 (2023: £320 million), as shown in Chart 6. There was a positive contribution across the majority of the portfolio and the largest contributors were TCR (£92 million), Tampnet (£54 million) and Valorem (£47 million). The only negative contribution was from DNS:NET (£55 million). These value movements are described in the Portfolio review section.

Income

The portfolio generated income of £193 million in the year (2023: £156 million). Of this amount, £9 million was through dividends (2023: £1 million) and £184 million through interest on shareholder loans (2023: £155 million). In addition, the Company earned £0.5 million of interest receivable on deposits (2023: £0.1 million).

Total income and non-income cash is shown in Table 4.

Table 4: Total income and non-income cash (year to 31 March, £m)

	2024	2023
Total income	**194**	158
Non-income	**14**	44
Total	**208**	202

A strong income contribution from Tampnet and a full year of income from the new investment made in GCX in FY23 offset the reduction in income from the sale of Attero. A breakdown of portfolio income is provided in Chart 9 on page 57, together with an explanation of the change from prior year.

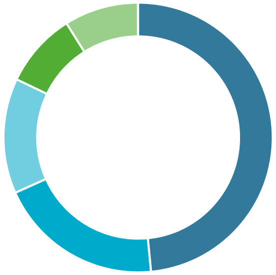
Interest income from the portfolio was higher than prior year due to a full year of income from the new investments made in FY23 in GCX, TCR and Future Biogas. Dividend income was higher than prior year due to dividend income from Tampnet.

Foreign exchange impact

The portfolio is diversified by currency as shown in Chart 7. We aim to deliver steady NAV growth for shareholders, and the foreign exchange hedging programme helps us to do this by reducing our exposure to fluctuations in the foreign exchange markets.

Portfolio foreign exchange movements, after accounting for the hedging programme, increased the net capital return by £8 million (2023: £25 million).

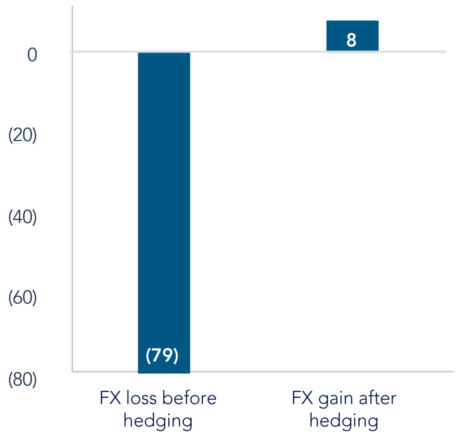
Chart 7: Portfolio value by currency (as at 31 March 2024)



EUR	48%
GBP	20%
DKK	14%
USD	9%
NOK	9%

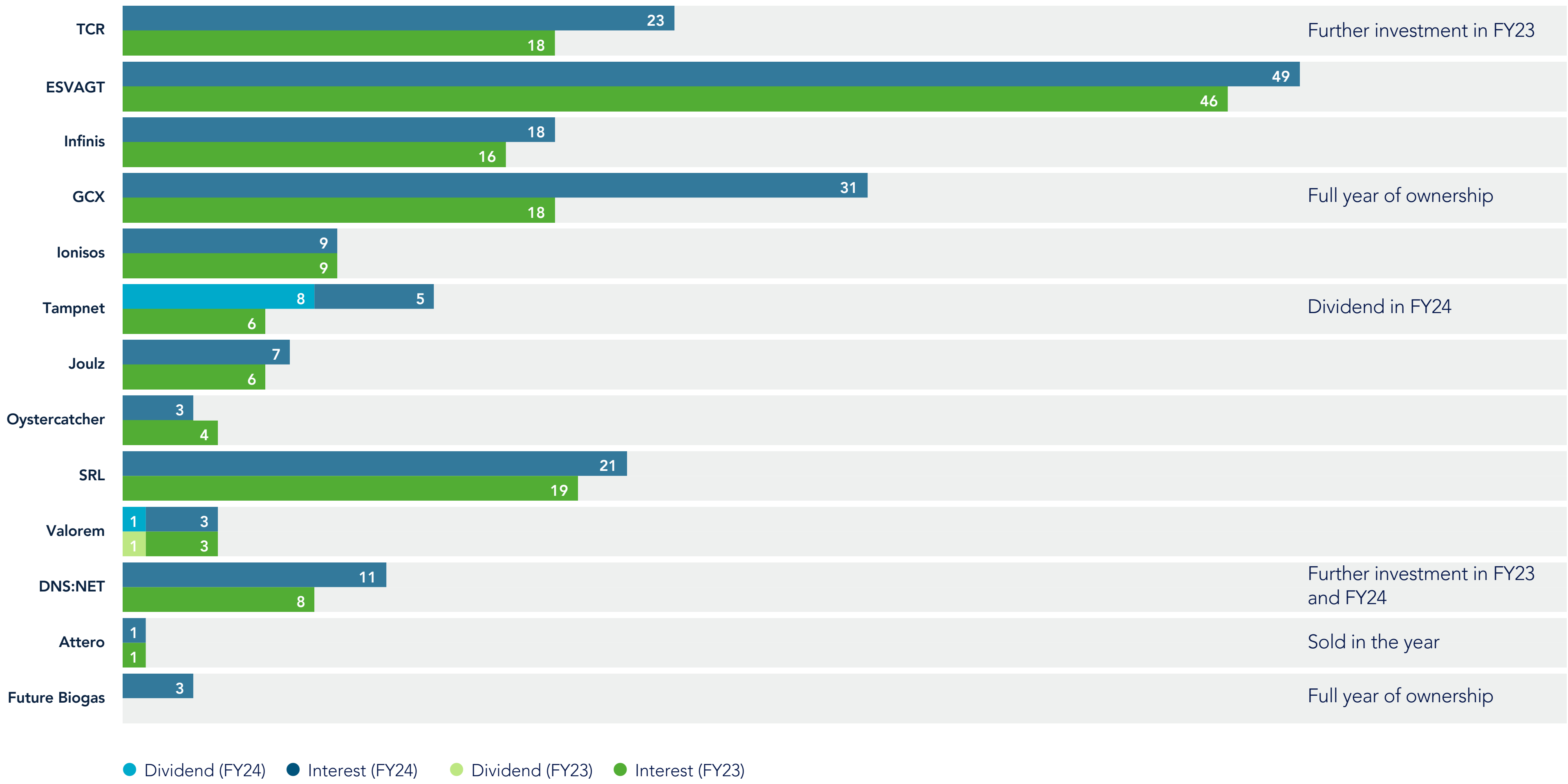
As shown in Chart 8, the reported foreign exchange loss on investments was £(79) million (2023: gain of £19 million). This was fully offset by an £87 million gain on the hedging programme (2023: £6 million). The positive hedge benefit resulted from favourable interest rate differentials on the hedging programme.

Chart 8: Impact of foreign exchange ('FX') movements on portfolio value (year to 31 March 2024, £m)



Financial review continued

Chart 9: Breakdown of portfolio income (year to 31 March, £m)



Financial review continued

Costs

Management and performance fees

During the year to 31 March 2024, the Company incurred management fees of £49 million (2023: £47 million), including transaction fees of £1 million (2023: £3 million). The fees, payable to 3i plc, consist of a tiered management fee, and a one-off transaction fee of 1.2% payable in respect of new investments. The management fee tiers range from 1.4%, reducing to 1.2% for any proportion of gross investment value above £2.25 billion.

An annual performance fee is also payable by the Company, amounting to 20% of returns above a hurdle of 8% of the total return. This performance fee is payable in three equal annual instalments, with the second and third instalments only payable if certain future performance conditions are met. This hurdle was exceeded for the year ended 31 March 2024, resulting in a performance fee payable to 3i plc in respect of the year ended 31 March 2024 of £26 million (2023: £45 million).

The first instalment of £9 million will be paid in May 2024, along with the second instalment of £15 million relating to the previous year's performance fee, and the third instalment of £18 million relating to the FY22 performance fee.

For a more detailed explanation of how management and performance fees are calculated, please refer to Note 18 of the accounts.

Other operating and finance costs

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £4 million in the year (2023: £3 million).

Finance costs of £35 million (2023: £16 million) in the year comprised arrangement and commitment fees for the Company's £900 million RCF and interest on drawings. Finance costs were higher than in FY23 due to an increase in interest rates and a greater average drawn balance.

Ongoing charges ratio

The ongoing charges ratio measures annual operating costs, as disclosed in Table 5 below, against the average NAV over the reporting period.

The Company's ongoing charges ratio is calculated in accordance with the Association of Investment Companies ('AIC') recommended methodology and was 1.65% for the year to 31 March 2024 (2023: 1.64%). The ongoing charges ratio is higher in periods where new investment levels are high, the Company is drawn into its RCF and new equity is raised or capital is returned to shareholders. Realisation of assets reduces the ongoing charges ratio. The cost items that contributed to the ongoing charges ratio are shown below.

The AIC methodology does not include transaction fees, performance fees or finance costs. However, the AIC recommends that the impact of performance fees on the ongoing charges ratio is noted, where performance fees are payable. The ratio including the performance fee was 2.44% (2023: 3.19%). The total return of 11.4% for the year is after deducting this performance fee and ongoing charges.

Table 5: Ongoing charges (year to 31 March, £m)

	2024	2023
Investment Manager's fee	49.3	44.6
Auditor's fee	0.8	0.8
Directors' fees and expenses	0.6	0.5
Other ongoing costs	2.3	1.9
Total ongoing charges	**53.0**	47.7
Ongoing charges ratio	**1.65%**	1.64%

Financial review continued

Balance sheet

The NAV at 31 March 2024 was £3,342 million (2023: £3,101 million). The principal components of the NAV are the portfolio assets, cash holdings, the fair value of derivative financial instruments, borrowings under the RCF and other net assets and liabilities. A summary balance sheet is shown in Table 6.

At 31 March 2024, the Company's net assets after the deduction of the proposed final dividend were £3,287 million (2023: £3,050 million).

Cash and other assets

Cash balances at 31 March 2024 totalled £5 million (2023: £5 million).

Cash on deposit was managed actively by the Investment Manager and there are regular reviews of counterparties and their limits. Cash is principally held in AAA-rated money market funds.

Other net assets and liabilities predominantly comprise a performance fee accrual of £74 million (2023: £83 million), including amounts relating to prior year fees.

The movement from March 2023 is due to a decrease in the performance fee payable of £26 million. £35 million of prior year performance fees were paid during the year.

Borrowings

The Company has a £900 million RCF in order to maintain a good level and maturity of liquidity for further investment whilst minimising returns dilution from holding excessive cash balances. This is a three-year facility, with a maturity date of November 2026. At 31 March 2024, the total amount drawn was £510 million (2023: £501 million).

During the year, the Company predominantly drew on the RCF in euros, which reduced the cost of finance compared to borrowing in sterling and acted as a natural currency hedge against our euro investments, reducing the size of the FX hedging programme. Over the year, the average cost of RCF debt drawn was 6.1% (2023: 3.9%), considerably below the expected return from the portfolio indicated by the weighted average discount rate of 11.3% at 31 March 2024 (2023: 11.3%).

NAV per share

The total NAV per share at 31 March 2024 was 362.3 pence (2023: 336.2 pence). This reduces to 356.4 pence (2023: 330.6 pence) after the payment of the final dividend of 5.95 pence (2023: 5.575 pence). There are no dilutive securities in issue.

Dividend and dividend cover

The Board has proposed a dividend for the year of 11.90 pence per share, or £110 million in aggregate (2023: 11.15 pence; £101 million). This is in line with the Company's target announced in May last year.

Table 6: Summary balance sheet (as at 31 March, £m)

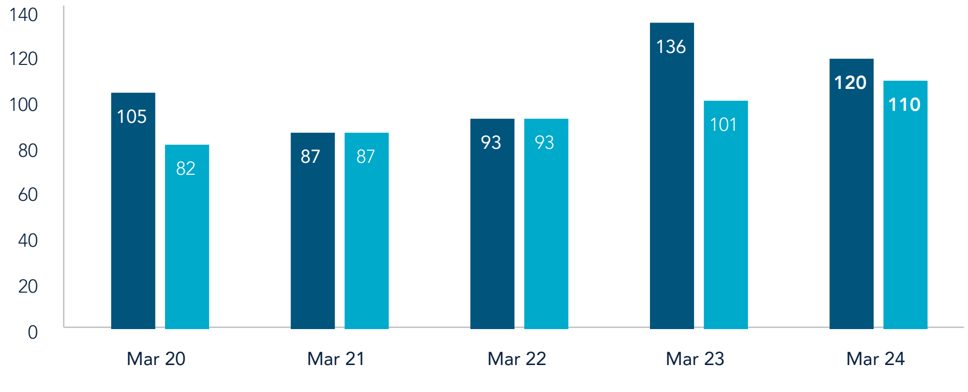
	2024	2023
Portfolio assets	**3,842**	3,641
Cash balances	**5**	5
Derivative financial instruments	**77**	39
Borrowings	**(510)**	(501)
Other net liabilities	**(72)**	(83)
NAV	**3,342**	3,101

Financial review continued

Table 7: Dividend cover (year to 31 March, £m)

	2024	2023
Total income, other income and non-income cash	**208**	202
Operating costs, including management fees	**(88)**	(66)
Dividends paid and proposed	**(110)**	(101)
Dividend surplus for the year	**10**	35
Dividend reserves brought forward from prior year	**814**	794
Realised gain over cost on disposed assets	**82**	30
Performance fees	**(26)**	(45)
Dividend reserves carried forward	**880**	814

Chart 10: Dividend cover (five years to 31 March 2024, £m)



1 Net income is Total income, other income and non-income cash less operating costs.

When considering the coverage of the proposed dividend, the Board assesses the income earned from the portfolio, interest received on cash balances and any additional non-income cash distributions from portfolio assets which do not follow from a disposal of the underlying assets, as well as the level of ongoing operational costs incurred in the year. The Board also takes into account any surpluses retained from previous years, and net capital profits generated through asset realisations, which it considers available as dividend reserves for distribution.

Table 7 shows the calculation of dividend coverage and dividend reserves. The dividend was fully covered for the year with a surplus of £10 million (2023: £35 million).

The retained amount available for distribution, following the payment of the final dividend, the realised gain over cost relating to the sale of Attero, the realised loss from the sale of the final investments in the India Fund and the performance fee will be £880 million (2023: £814 million). This is a substantial surplus, which is available to support the Company's progressive dividend policy, particularly should dividends not be fully covered by income in a future year.

A shortfall could arise, for example, due to holding substantial uninvested cash or through lower distributions being received from portfolio companies in order to invest in accretive growth opportunities or to preserve liquidity.

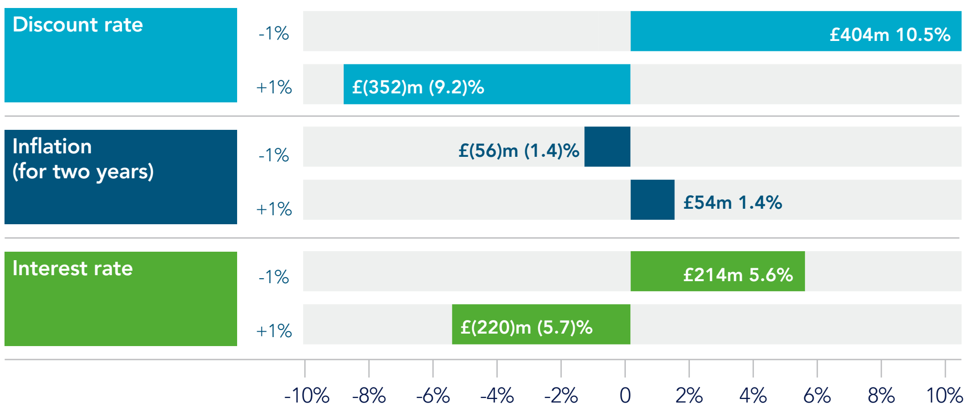
Chart 10 shows that the Company has consistently covered the dividend over the last five years.

Sensitivities

The sensitivity of the portfolio to key inputs to our valuations is shown in Chart 11 and described in more detail in Note 7 to the accounts. The portfolio valuations are positively correlated to inflation. The longer-term inflation assumptions beyond two years remain consistent with central bank targets, eg. UK CPI at 2%.

The sensitivities shown in Chart 11 are indicative and are considered in isolation, holding all other assumptions constant. Timing and quantum of price increases will vary across the portfolio and the sensitivity may differ from that modelled. Changing the inflation rate assumption may necessitate consequential changes to other assumptions used in the valuation of each asset.

Chart 11: Portfolio sensitivities (year to 31 March 2024)



Alternative Performance Measures ('APMs')

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. These APMs provide additional information on how the Company has performed over the year, and are all financial measures of historical performance.

The APMs are consistent with those disclosed in prior years.

- Total return on opening NAV reflects the performance of the capital deployed by the Company during the year. This measure is not influenced by movements in share price or ordinary dividends to shareholders. This is a common APM used by investment companies
- The NAV per share is a measure of the underlying asset base attributable to each ordinary share of the Company and is a useful comparator to the share price. This is a common APM used by investment companies
- Total income and non-income cash is used to assess dividend coverage based on distributions received and accrued from the investment portfolio
- Investment value including commitments measures the total value of shareholders' capital deployed by the Company
- Total portfolio return percentage reflects the performance of the portfolio assets during the year
- Total liquidity is a measure of the Company's ability to make further investments and meet its short-term obligations
- Portfolio debt to enterprise value is a measure of underlying indebtedness of the portfolio companies

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

Financial review continued

The definition and reconciliation to IFRS of the APMs is shown below.

APM	Purpose	Calculation	Reconciliation to IFRS
Total return on opening NAV	A measure of the overall financial performance of the Company. For further information see the KPI section.	It is calculated as the total return of £347 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £3,101 million net of the final dividend for the previous year of £51 million.	The calculation uses IFRS measures.
NAV per share	A measure of the NAV per share in the Company.	It is calculated as the NAV divided by the total number of shares in issue at the balance sheet date.	The calculation uses IFRS measures and is set out in Note 14 to the accounts.
Total income and non-income cash	A measure of the income and other cash receipts by the Company which support the payment of expenses and dividends.	It is calculated as the total income from the underlying portfolio and other assets plus non-income cash, being the repayment of shareholder loans not resulting from the disposal of an underlying portfolio asset.	Total income uses the IFRS measures; Investment income and Interest receivable. The non-income cash, being the proceeds from partial realisations of investments, is shown in the Cash flow statement. The realisation proceeds which result from a partial sale of an underlying portfolio asset are not included within non-income cash.
Investment value including commitments	A measure of the size of the investment portfolio including the value of further contracted future investments committed by the Company.	It is calculated as the portfolio asset value plus the amount of the contracted commitment. At 31 March 2024, the Company had no investment commitments.	The portfolio asset value is the Investments at fair value through profit or loss reported under IFRS. The value of future commitments is set out in Note 16 to the accounts.
Total portfolio return percentage	A measure of the financial performance of the portfolio.	It is calculated as the total portfolio return in the year of £460 million, as shown in Table 1, as a percentage of the sum of the opening value of the portfolio and investments (excluding capitalised interest) of £3,745 million.	The calculation uses capital return (including exchange), movement in fair value of derivatives, underlying portfolio income, opening portfolio value and investment in the year. The reconciliation of all these items to IFRS is shown in Table 1, including in the footnotes.
Total liquidity	A measure of the Company's ability to make further investments and meet its short-term obligations.	It is calculated as the cash balance of £5 million plus the undrawn balance available under the Company's RCF of £390 million.	The calculation uses the cash balance, which is an IFRS measure, and undrawn balances available under the Company's RCF as described in Note 11 to the accounts.
Portfolio debt to enterprise value	A measure of underlying indebtedness of the portfolio companies.	It is calculated as total debt, as a percentage of the enterprise value of the portfolio companies, and does not include indebtedness of the Company.	The calculation is a portfolio company measure and therefore cannot be reconciled to the Company's accounts under IFRS.

Risk report

"

Our consistent risk governance framework supports decision making during periods of economic uncertainty.

Wendy Dorman
Chair, Audit and Risk Committee

We saw continued economic uncertainty during the year, with rising interest rates on the back of high levels of inflation adversely affecting share prices in the infrastructure investment trust market.

In this macroeconomic environment, effective risk management is essential for the sustainable, long-term execution of the Company's strategy. The Audit and Risk Committee (the 'Committee') operates a robust risk management framework, which systematically evaluates the principal, key and emerging risks facing the Company. This framework provides an objective context for Board decisions related to performance, liquidity, capital structure and the overall business model. Despite the challenges posed by the geopolitical and macroeconomic landscape, the Company has maintained strong performance, supported by dynamic and responsive decision-making facilitated by our risk management process. We believe that the consistent application of this robust framework is an important element in the continued superior performance of the Company.

Our risk review process follows a three-year cycle. Initially, each Director independently assesses the risks facing the Company, a process we refer to as the 'blank sheet of paper exercise'. Subsequently, we conduct two annual updates.

In the current year, we completed the final stage of that three-year cycle of risk reviews. The Committee, alongside the Investment Manager, conducted a comprehensive assessment to identify and evaluate the impact and likelihood of the key, principal and emerging risks facing the Company.

The following sections explain how we identify and address risks to the Company. We outline the key risks, assess their potential impact on both the Company and our portfolio, and discuss our mitigation strategies.

Risk report continued

Risk framework

Risk-related reporting

Internal

- Monthly management accounts
- Internal and external audit reports
- Service provider control reports
- Risk logs
- Compliance reports
- Risk-related reporting

External

- Risk appetite
- Viability statement
- Resilience statement
- Internal controls
- Going concern
- Statutory/accounting disclosures

As we conclude this three-year cycle, we have re-evaluated several risks to account for developments in the year. Additionally, we refreshed the list of emerging risks. The Committee updated the risk register and risk matrix based on the analysis conducted, ensuring alignment with the Company's strategic objectives.

Risk governance approach

The Board is ultimately responsible for the Company's risk management. It aims to strike a suitable balance between risk mitigation and generating long-term risk-adjusted returns for shareholders. Our approach to risk management is underpinned by our Board values of integrity, objectivity, accountability and legacy.

The Committee oversees the risk framework, methodology and process. This risk framework ensures a structured and consistent approach to identifying, assessing, and addressing risks. Consistency in risk management across the Company's strategy, business objectives, policies and procedures is a key objective of the Committee.

The Company is also reliant on the risk management frameworks of the Investment Manager and other key service providers, as well as on the risk management practices of each portfolio company.

Risk management reports are received from the Investment Manager and other service providers. The Investment Manager's team members represent the Company on all portfolio companies' boards which informs the risk-related reporting.

Risk appetite

The Committee reviews the Company's risk appetite annually, and this year confirmed that it remained broadly stable. As an investment company, the Company seeks to take investment risk. Our appetite for investment risk is detailed in the Our business model section and the Investment policy later in this document. All investments adhere to the Investment Manager's Responsible Investment policy, a critical component of our risk approach. In a competitive market for new investments, maintaining investment discipline remains paramount. That investment discipline is equally important when considering realisations, such as that of Attero during the year. Our investment procedures are rigorous and comprehensive.

The target risk-adjusted objective of delivering 8% to 10% return per annum over the medium term remains consistent with our current portfolio investment cases.

Should our portfolio expand, the range of expected returns in individual investment cases may widen.

This expansion could include both higher risk/return 'value add' cases and lower risk/return 'core' investments. We acknowledge that this may introduce greater volatility in returns on an individual asset basis. However, diversification across sectors, countries and underlying economic risks mitigates this volatility. Reflecting the Company's current liquidity position, the current focus is on investing through the existing portfolio, which we believe should generate better risk-adjusted returns than adding new platform investments, and on repayment of drawings on the Company's RCF.

We have intentionally built a diverse portfolio while carefully assessing the risks faced by our portfolio companies. The Committee reaffirmed that the Company's risk appetite for core-plus infrastructure investments remains unchanged and aligns with our investment mandate and target returns. The recent macroeconomic uncertainty has tested the appropriateness of our business model and risk appetite, and overall, our portfolio has demonstrated resilience, benefitting from diversification across infrastructure subsectors and underlying risk types.

The Company operates a flexible funding model and has been a relatively infrequent issuer of new shares in the infrastructure investment trust market.

Risk report continued

The Company's shares have traded at a discount to published net asset value throughout the year. This restricted access to new equity issuance and increased the importance of the RCF to bridge the cycle between investment and realisation, as well as cash generation by underlying portfolio companies.

Risk review process

The key tools used by the Committee to assess the appetite for key risks are the risk register and the risk matrix.

The process of creating and reviewing the risk register and risk matrix is described below, together with a discussion of the Company's appetite for each of the key risks.

In addition to investment risk, which is discussed above, the Company actively manages and limits exposure to other risks to maintain acceptable levels.

The Company's risk review process includes the monitoring of key strategic and financial metrics considered to be indicators of potential changes in its risk profile.

The review takes place three times a year, with the last review in April 2024, and includes, but is not limited to, the following:

- infrastructure and broader market overviews;
- key macroeconomic indicators and their impact on the performance and valuation of portfolio companies;
- regular updates on the operational and financial performance of portfolio companies;
- experience of investment and divestment processes;
- compliance with regulatory obligations, including climate-related regulations;
- analysis of new and emerging regulatory initiatives;
- liquidity management;
- assessment of climate risks to the portfolio, including physical, transition and litigation risks;
- consideration of scenarios that may impact the viability of the Company;
- assessment of emerging risks; and
- review of the Company's risk log.

The Committee uses the risk framework to identify both emerging and key risks, assessing changes in risks over time. This framework is designed to manage, rather than eliminate, the risk of failing to achieve objectives or breaching our risk appetite. Throughout the year, we closely monitor significant key risks or 'principal risks', which have the potential to materially impact the achievement of our strategic objectives.

The Committee evaluates the likelihood of each identified risk materialising and the potential impact it may have, with reference to the Company's strategy and business model. We assess risks over two timeframes: within three years; and beyond three years. The results are presented on a risk matrix.

For each risk, we develop mitigating controls and assess their adequacy. If necessary, additional controls are implemented and reviewed during subsequent Committee meetings.

Risk categorisation

The Committee uses the following categorisation to describe risks that are identified during the risk review process.

Emerging risks → **Key risks** → **Principal risks**

Emerging risks

An emerging risk is one that may in future be likely to have a material impact on the performance of the Company and the achievement of our long-term objectives, but that is not yet considered to be a key risk and is subject to uncertainty as to nature, impact and timing.

Key risks

A key risk is considered currently to pose the risk of a material impact on the Company. Risks may be identified as emerging risks and subsequently become key risks. Identified key risks may cease to be considered key risks over time.

Principal risks

The Committee maintains a risk matrix, onto which the key risks are mapped by impact and likelihood. The principal risks are identified on the risk matrix as those with the highest combination of impact and likelihood scores.

Risk report continued

The Committee considers the identified principal risks in greater detail in the assessment of the Company's viability. This assessment considers a number of plausible scenarios that could arise if these risks materialise, including stressed scenarios that might jeopardise the Company's viability. As the Company is an investment company, the stressed scenarios primarily focus on reduced cash flows from our investment portfolio. These scenarios could lead to debt covenant breaches and liabilities not met.

The Investment Manager models the impact of these scenarios on the Company and reports the results to the Committee. The resulting viability assessment is included in this Risk report.

Review during the year

In October 2023, the Committee conducted a comprehensive reassessment of the identified key risks and considered any updates to the list of emerging risks facing the Company. The Directors and several members of the Investment Manager's team identified the top emerging risks, considered whether there were any new key risks, and discussed changes to the impact and likelihood of the principal risks.

In December 2023, the Investment Manager analysed the collected data and identified both emerging and principal risks. The principal risks were scored for impact and likelihood over both a three-year and beyond three-year period, building upon the scoring of those risks in the prior year's assessment.

Risk register review process

October 2023
Directors identify potential emerging or new key risks facing the Company

December 2023
Analysis and interpretation of responses

April 2024
Risk register and risk matrix updated

January 2024
Impact and likelihood of the identified risks considered

In January 2024, the Committee assessed the results of the principal risk scoring and made additional adjustments.

In April 2024, the Committee reviewed the updated risk register and risk matrix, along with the Company's appetite for each key risk.

We have a relatively diverse spread of assets in the portfolio and it is important that risk diversity is maintained as we evolve the portfolio through new investments, realisations and syndications.

Future realisations and syndications will continue to shape the portfolio's risk profile in line with our strategy. This flexibility allows us to manage exposure to more sensitive assets and adapt to changes in risk profiles over time.

We remain confident that the portfolio remains defensive and resilient, and it is well-positioned to benefit from accretive but discretionary growth opportunities, as highlighted in the Review from the Managing Partners. Our assessment indicates that the current risk appetite is appropriate.

Emerging risks

As a long-term investor, the Company must carefully assess both identified key risks, as detailed below, and emerging or longer-term risks. Risk categorisation, including the definition of emerging risks, is outlined on page 65.

The Board and the Investment Manager take these factors into account when evaluating portfolio performance and assessing new investments. Their goal is to identify potential risks that can either be mitigated or transformed into opportunities.

As part of our ongoing risk management, the Committee evaluates whether emerging risks should be added to the Company's risk register. This register is a 'live' document, regularly reviewed and updated by the Committee as new risks emerge and existing risks evolve. Examples of emerging risks considered during the year include opportunities and challenges related to AI tools, potential tax changes resulting from UK political changes, geopolitical tensions (such as conflicts in the Middle East and Ukraine), emerging energy technologies, including nuclear fusion, and heightened regulatory reporting requirements (including climate-related disclosures). In some instances, emerging risks may already be encompassed within broader identified key risks, such as market and economic risk.

Key risks

The Committee assesses key risks by evaluating their impact and likelihood on a risk matrix. Throughout the year, the Committee examined all the key risks in detail. Within the category of key risks, the principal risks identified by the Committee are outlined in the Principal risks and mitigation table (pages 68 to 71). The disclosures in the Risk report do not encompass an exhaustive list of risks and uncertainties faced by the Company. Instead, they serve as a concise summary of significant key risks actively reviewed by the Board, their mitigating controls and developments in the year.

Our risk review demonstrated a high degree of consistency compared to the previous year, with minimal changes in the identified key risks. The assessment of likelihood and impact led to minor adjustments in the principal risks facing the Company, as compared to the prior financial year.

Market and economic risk was considered the top risk facing the Company and was considered to have increased during the year. This risk encompasses consequences such as high inflation and interest rates, elevated or volatile commodity and energy prices, supply chain constraints, and volatile capital markets affecting pricing, valuations and portfolio performance.

The portfolio is not currently materially impacted by the instability in the Middle East and Ukraine, but this was considered to have increased the overall level of market and economic risk, and security of assets risk.

It was noted that the greatest impact on the Company was the decline in the public valuation of listed companies in the infrastructure sector, which has limited access to the equity capital market. The management of liquidity risk is considered to have increased as a consequence.

While there were no significant changes in the remaining principal risks, adjustments are reflected in the Principal risks and mitigations table.

Fraud and cyber risk

We remain vigilant to cyber- and other IT-related threats that could disrupt the Company, compromise data, or harm our reputation. The Investment Manager has a robust fraud risk assessment and anti-fraud programme in place. This programme includes proactive fraud prevention work by their Internal Audit team, mandatory training to enhance vigilance and awareness, and an independent reporting service (accessible to all staff) known as the 'hotline'.

Additionally, the Investment Manager's cyber security programme focuses on identifying and mitigating risks related to third-party frauds, such as ransomware and phishing attacks. Regular staff training and the use of IT security tools contribute to this effort.

Furthermore, we have a detailed business continuity and disaster recovery plan in place to address significant events.

We also actively request our service providers to inform us promptly of any significant cyber events that they experience.

Climate risk

Climate risk includes the short- to medium-term impacts, including transitional changes (for example, regulation and financial) as well as the long-term emerging risk of climate change (for example, flooding events). Failing to identify and mitigate these risks could lead to reduced asset attractiveness, reputational harm, and a decline in portfolio value over time.

While uncertainties persist regarding the precise impact and timing of climate change, government actions, and future regulations, we recognise that climate-related risk is not only a key risk but also an essential investment theme for the Company. We categorise climate-related risk into two distinct but related risks.

Climate regulation risk addresses the regulatory risk linked to the transition toward a low-carbon economy. It encompasses the impact of evolving regulations on the Company and the portfolio. Climate risk considers both physical risks (direct impacts of climate change) and transition risks (changes arising from the transition to a low-carbon economy).

As highlighted in the Sustainability section, the climate-related risks – both physical and transition – are also viewed as opportunities across our portfolio.

There are no immediate acute physical or transition risks identified in the portfolio that would categorise climate risk as a principal risk. An example of transition risk is the risk of early decommissioning of oil and gas assets, which impacts certain customers of Tampnet and ESVAGT. A related transition opportunity is the potential for prolonged life of offshore platforms to facilitate sequestration of carbon dioxide in old oil or gas fields, which could benefit Tampnet and ESVAGT.

We believe that the mitigating controls implemented by both the Company and the Investment Manager effectively address climate regulation risk, preventing it from being a principal risk at this time.

Risk report continued
Principal risks and mitigations

Our strategic priorities

Maintain balanced portfolio | Disciplined approach | Manage portfolio intensively | Efficient balance sheet | Sustainability key driver

External

Principal risk	Risk description	Risk mitigation	Developments in the year
Market/economic **Risk exposure movement in the year** Increased **Link to Strategic priorities** Manage portfolio intensively	• Macroeconomic or market volatility impacts general market confidence and risk appetite which flows through to pricing, valuations and portfolio performance • Fiscal tightening impacts market environment • Risk of sovereign default lowers market sentiment and increases volatility • Misjudgement of inflation and/or interest rate outlook	• Resources and experience of the Investment Manager on deal-making, asset management and hedging solutions to market volatility • Periodic legal and regulatory updates on the Company's markets and in-depth market and sector research from the Investment Manager and other advisers • Portfolio diversification to mitigate the impact of a downturn in any geography or sector or portfolio company-specific effects • The permanent capital nature of an investment trust allows us to look through market volatility and the economic cycle	• Strong portfolio performance, demonstrating resilience, leading to an increase in portfolio value in the year • Foreign exchange exposures at the portfolio company level monitored and hedged where appropriate • The Company's share price traded below NAV during the year and this restricted the Company's ability to raise new capital • Private equity market valuations typically less affected than public equity market valuations during periods of significant public market volatility • Conflict in the Middle East has increased the risk exposure in the year
Competition **Risk exposure movement in the year** Decreased **Link to Strategic priorities** Disciplined approach	• Increased competition for the acquisition of assets in the Company's strategic focus areas • Deal processes become more competitive and prices increase • New entrants compete with a lower cost of capital	• Continual review of market data and review of Company return target compared to market returns • Ongoing analysis of the competitor landscape • Origination experience and disciplined approach of Investment Manager • Strong track record and strength of the 3i Infrastructure brand	• Realisation of Attero at a c.31% premium to the March 2023 valuation • No new platform investments added to the portfolio during the year, with investment of £104 million in the existing portfolio • Reduction in the number of private infrastructure market transactions compared to prior year

Risk report continued
Principal risks and mitigations continued

Our strategic priorities

Maintain balanced portfolio | Disciplined approach | Manage portfolio intensively | Efficient balance sheet | Sustainability key driver

External continued

Principal risk	Risk description	Risk mitigation	Developments in the year
Debt markets deteriorate **Risk exposure movement in the year** No significant change **Link to Strategic priorities** Manage portfolio intensively	• Debt becomes increasingly expensive, eroding returns • Debt availability is restricted • The Company's RCF or portfolio company debt cannot be refinanced due to lack of appetite from banks	• The Investment Manager maintains close relationships with a number of banks and monitors the market through transactions and advice • Regular reporting of Company liquidity and portfolio company refinancing requirements • Investment Manager has extensive experience in raising debt finance for portfolio companies, alongside an in-house treasury team to provide advice on treasury issues • Active management of portfolio company debt facilities, with fixed rates and long duration of debt	• The maturity of the Company's RCF was extended by a further year to November 2026 with the agreement of all lenders and no change in terms • There are no material refinancing requirements in the portfolio until 2027 and over 91% of long-term debt facilities are either hedged or fixed rate at 31 March 2024 • TCR, GCX, Ionisos, Valorem and Future Biogas all completed successful refinancings or new debt raises during the financial year

Operational

Principal risk	Risk description	Risk mitigation	Developments in the year
Loss of senior Investment Manager staff **Risk exposure movement in the year** No significant change **Link to Strategic priorities** Maintain balanced portfolio Sustainability key driver	• Members of the deal team at the Investment Manager leave, and 'deal-doing' and portfolio management capability in the short to medium term is restricted	• Performance-linked compensation packages, including an element of deferred remuneration • Notice periods within employment contracts • Strength and depth of the senior team and strength of the 3i Group brand • Careful management and robust planning of senior management transition	• The Investment Manager team has strength and depth, and the transition in senior management that took place in the prior financial year continues to be effective

Risk report continued
Principal risks and mitigations continued

Our strategic priorities

Maintain balanced portfolio | Disciplined approach | Manage portfolio intensively | Efficient balance sheet | Sustainability key driver

Operational continued

Principal risk	Risk description	Risk mitigation	Developments in the year
Management of liquidity **Risk exposure movement in the year** Increased **Link to Strategic priorities** Disciplined approach Efficient balance sheet	• Failure to manage the Company's liquidity, including cash and available credit facilities • Insufficient liquidity to pay dividends and operating expenses or to make new investments • Hold excessive cash balances, introducing cash drag on the Company's returns	• Regular reporting of current and projected liquidity • Investment and planning processes consider sources of liquidity • Flexible funding model, where liquidity can be sought from available cash balances including reinvestment of proceeds from realisations, committed credit facilities which can be increased with approval from our lenders, and the issue of new share capital • Growth opportunities can be part or fully funded by portfolio company cash balances and/or available debt facilities	• The Company has access to a £900 million RCF that expires in November 2026. Total liquidity comprised cash and deposits of £5 million and undrawn facilities of £390 million at 31 March 2024, a decrease of £9 million during the financial year • No outstanding commitments at 31 March 2024 • Access to the equity capital markets was limited as a result of share price declines in the listed infrastructure investment trust sector and this restricted the Company's ability to raise new capital
Deliverability of return target **Risk exposure movement in the year** No significant change **Link to Strategic priorities** Maintain balanced portfolio Sustainability key driver	• Failure to ensure the investment strategy can deliver the return target and dividend policy of the Company • Failure to adapt the strategy of the Company to changing market conditions	• Market returns are reviewed regularly • The Investment Manager and other advisers to the Company report on market positioning • Investment process addresses expected return on new investments and the impact on the portfolio • Consideration of megatrends in the investment process • Consideration of risks, including ESG and climate risks, in the investment process	• Total return for the year of 11.4% outperforming target return of 8-10% per annum • FY24 dividend of 11.90 pence per share, 6.7% higher than the previous year

Risk report continued
Principal risks and mitigations continued

Our strategic priorities

- Maintain balanced portfolio
- Disciplined approach
- Manage portfolio intensively
- Efficient balance sheet
- Sustainability key driver

Investment

Principal risk	Risk description	Risk mitigation	Developments in the year
Security of assets **Risk exposure movement in the year** Increased **Link to Strategic priorities** Maintain balanced portfolio Sustainability key driver	• An incident, such as a cyber or terrorist attack • Unauthorised access to information and operating systems • Regulatory and legal risks from failure to comply with cyber-related laws and regulations, including data protection	• Regular review of the Company and key service providers • Regular review and update of cyber due diligence for potential investments • Review of portfolio companies for cyber risk management and incident readiness	• Ongoing focus on IT security and staff training including utilisation of specialist advisers by the key service providers • Continued programme of phishing and penetration testing and reviewed disaster recovery plans in the year • Portfolio company boards continued to focus on cyber risk management. While some portfolio companies encounter fraud attempts (with occasional success), none have materially impacted our companies • Conflict in the Middle East has increased the risk exposure in the year
Poor investment performance **Risk exposure movement in the year** No significant change **Link to Strategic priorities** Maintain balanced portfolio Sustainability key driver	• Misjudgement of the risk and return attributes of a new investment • Material issues at a portfolio company • Poor judgement in the realisation of an asset	• Robust investment process with thorough challenge of the investment case supported by detailed due diligence • Investment Manager's active asset management approach, including proactive management of issues arising at portfolio company level • Monthly portfolio monitoring to identify and address portfolio issues promptly • Experience of the Investment Manager's team in preparing for and executing realisations of investments	• Resilient performance from the portfolio overall • Increase in portfolio valuation, and a realisation at a premium to last valuation • Active asset management including implementing changes in the leadership team and the reassessment of strategy at portfolio companies as and when appropriate • Progress by portfolio companies along their sustainability pathways

Risk report continued

Resilience

Our resilience comes from the effective implementation of our business model, described on pages 10 to 15. Key elements of our business model relating to resilience include the Investment Manager's disciplined approach to new investment and engaged asset management, the defensive characteristics of our portfolio of investments, high ESG standards, our flexible funding model and efficient balance sheet, and the capability of the Investment Manager's team.

This is underpinned by the strong institutional culture and values of our Investment Manager, high standards of corporate governance, and effective risk management.

Over the life of the Company, the Investment Manager has built a resilient and diversified portfolio with good growth potential and downside protection that delivers an attractive mix of income yield and capital appreciation for shareholders. This has been achieved through consistent delivery of our strategic priorities, described on page 18.

Short-term resilience

The Directors assess the Company's short-term resilience through monitoring portfolio, pipeline and finance reports. These are prepared monthly, and discussed at quarterly scheduled board meetings and board update calls held between scheduled meetings. Six-monthly detailed investment reviews are prepared by the Investment Manager and discussed with the Board, as part of the half-yearly and annual valuation and reporting processes. These reviews describe sources of risk at portfolio company level, and mitigating actions being taken or considered.

The resilience of key suppliers, including the Investment Manager, is considered annually, or more frequently if appropriate. The Audit and Risk Committee is provided with relevant extracts of reports from the Investment Manager's internal audit team, which includes an annual report on the Investment Manager's European infrastructure investment team. Further detail is included in the Governance section on page 102.

The Directors manage the Company's liquidity actively, reviewing reports on current and forecast liquidity from the Investment Manager, alongside recommendations for seeking additional liquidity when appropriate. During the year, the RCF was extended by one year to November 2026. Further discussion on the RCF can be found in the Financial review on page 59.

The identification of material uncertainties that could cast significant doubt over the ability of the Company to continue as a going concern forms the basis of the Going concern statement below.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and in the Financial statements and related Notes to our Annual report and accounts to 31 March 2024. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are also described in the Financial statements and related Notes to the accounts.

In addition, Note 9 to the accounts includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Directors have made an assessment of going concern, taking into account the Company's cash and liquidity position, current performance and outlook, which considered the impact of the higher inflationary and interest rate environment, using the information available up to the date of issue of these Financial statements.

The Company has liquid financial resources and a strong investment portfolio, providing a predictable income yield and an expectation of medium-term capital growth.

Risk report continued

The Company manages and monitors liquidity regularly, ensuring that it is sufficient.

At 31 March 2024, liquidity remained strong at £395 million (2023: £404 million). Liquidity comprised cash and deposits of £5 million (2023: £5 million) and undrawn facilities of £390 million (2023: £399 million). The £900 million RCF matures beyond 12 months of the date of this report.

The Company had no contracted investment commitment at 31 March 2024. However, the Company expects to make follow-on investments in portfolio companies to fund growth opportunities.

The Company had ongoing charges of £53 million in the year to 31 March 2024, detailed in Table 5 in the Financial review, which are indicative of the ongoing run rate in the short term. In addition, the FY24 performance fee of £26 million (2023: £45 million) is due in three equal instalments, with the first instalment payable in the next 12 months along with the second instalment of FY23's performance fee and the third instalment of FY22's performance fee, and a proposed final dividend for FY24 of £55 million which is expected to be paid in July 2024.

Although not a commitment, the Company has announced a dividend target for FY25 of 12.65 pence per share. Income and non-income cash is expected to be received from the portfolio investments during the coming year, some of which will be required to support the payment of this dividend target and the Company's other financial commitments.

The Directors have acknowledged their responsibilities in relation to the Financial statements for the year to 31 March 2024. After making the assessment on going concern, the Directors considered it appropriate to prepare the Financial statements of the Company on a going concern basis.

The Company has sufficient financial resources and liquidity and is well-positioned to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of this report. This is supported by the scenario analysis and stress testing described in the medium-term resilience section and the Viability statement. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual report and accounts.

Medium-term resilience

The assessment of medium-term resilience, which includes modelling of stressed scenarios and reverse stress tests, considers the viability and performance of the Company in the event of specific stressed scenarios, which are assumed to occur over a three-year horizon. This stress testing forms the basis of the Viability statement.

The Directors consider that a three-year period to March 2027 is an appropriate period to review for assessing the Company's viability. This reflects greater predictability of the Company's cash flows over that time period and increased uncertainty surrounding economic, political and regulatory changes over the longer term.

The stress testing focuses on the principal risks, but also reflects those new and emerging risks that are considered to be of sufficient importance to require active monitoring by the Audit and Risk Committee. The scenarios used are described in the Viability statement. The medium-term resilience of the Company is assessed through analysing the impact of these scenarios on key metrics such as total return, income yield, net asset value, covenants on the RCF and available liquidity.

Viability statement

The Directors consider the medium-term prospects of the Company to be favourable. The Company has a diverse portfolio of infrastructure investments, producing good and reasonably predictable levels of income which cover the dividend and costs. The defensive nature of the portfolio and of the essential services that the businesses in which we invest provide to their customers are being demonstrated in the current climate. The Investment Manager has a strong track record of investing in carefully selected businesses and projects and of driving value through an engaged asset management approach. The Directors consider that this portfolio can continue to meet the Company's objectives.

The Directors have assessed the viability of the Company over a three-year period to March 2027. The Directors have taken account of the current position of the Company, including its liquidity position, with £5 million of cash and £390 million of undrawn credit facilities, and the principal risks it faces, which are documented in this Risk report on pages 68 to 71.

The Directors have considered the potential impact on the Company of a number of scenarios in addition to the Company's business plan and recent forecasts, which quantify the financial impact of the principal risks occurring. These scenarios represent severe yet plausible circumstances that the Company could experience, including a significant impairment in the value of the portfolio and a reduction in the cash flows available from portfolio companies from a variety of causes.

The assessment was conducted over several months, during which the proposed scenarios were evaluated by the Board, the assumptions set, and the analysis produced and reviewed. Analysis included the impact of an escalation of the conflict in Ukraine or in the Middle East on our portfolio companies, and the impact of a resulting economic downturn. Other considerations included the possible impact of climate-related events and transition risks, widespread economic turmoil, a reduction in cash distributions from portfolio companies to the Company, a tightening of debt markets and the failure of a large investment.

The assumptions used to model these scenarios included: a fall in value of some or all of the portfolio companies; a reduction in cash flows from portfolio companies; a reduction in the level of new investment and/or realisations; the imposition of additional taxes on distributions from or transactions in the portfolio companies; an increase in the cost of debt and restriction in debt availability; and an inability for the Company to raise equity. The implications of changes in the inflation, interest rate and foreign exchange environment were also considered, separately and in combination.

The results of this assessment showed that the Company would be able to withstand the impact of these scenarios occurring over the three-year period. The Directors also considered scenarios that would represent a serious threat to its liquidity and viability in that time period. These scenarios were considered to be remote, such as a fall in equity value of the portfolio of materially more than 50% whilst being fully drawn on the RCF, or an equivalent fall in income.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to March 2027.

Long-term resilience

As described above, the long-term resilience of the Company, beyond the Viability statement period, comes from the effective implementation of our business model and consistent delivery of our strategic objectives.

Our approach to origination and portfolio construction, focus on price discipline, and engaged asset management approach enable us to adapt in response to new and emerging risks and challenges, including climate change and developments in megatrends.

The characteristics that are commonly found across our portfolio, described on page 11, support the long-term resilience of the Company.

The underlying megatrends supporting the longer-term resilience of each portfolio company are identified in the Megatrends section on page 16.

We have a long-term investment time horizon made possible by our permanent capital base that is unconstrained by the fixed investment period and fundraising cycle seen in private limited partnership funds.

Although the scenarios and stress testing to support the Viability statement are modelled over a three-year time horizon, the resilience shown by the Company, and its ability to recover from these stressed situations, supports the assessment of our resilience over a longer term than three years.

Directors' duties
Section 172 statement

The Company adheres to the AIC Code of Corporate Governance (the 'AIC Code'), and it is the intention of the AIC Code that the matters set out in section 172 of the Companies Act 2006 ('s172') are reported to the extent they do not conflict with Jersey law.

We recognise that our business can only grow and prosper by acting in the long-term interests of our key stakeholders, and that a good understanding of the issues affecting stakeholders should be an integral part of the Board's decision-making process. The insights that the Board gains through the stakeholder engagement mechanisms it has in place form an important part of the overall context for all the Board's discussions and decision-making processes.

As an externally managed investment trust, the Company has no employees or customers and its key stakeholders are its shareholders, third-party professional advisers and service providers (most notably the Investment Manager), portfolio companies, lenders, and government and regulatory bodies.

Day-to-day engagement with our stakeholders is principally managed by the Investment Manager, although, where appropriate, the Directors have direct touchpoints with stakeholders during the year.

Pursuant to s172 a director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the following factors:

The likely consequences of any decision in the long term	Our purpose and strategy, combined with the responsible investment approach of the Investment Manager focus on achieving long-term success.	**Read more** Pages 4, 18 and 44
The interests of the company's employees	Whilst we do not have any employees, our purpose includes the intention to have a positive influence on our portfolio companies and their stakeholders, which includes the employees of those portfolio companies.	**Read more** Page 46
The need to foster the company's business relationships with suppliers, customers and others	We engage with all our stakeholders, whether directly or through the Investment Manager, in an open and transparent way to foster strong business relationships.	**Read more** Pages 89 to 92
The impact of the company's operations on the community and the environment	As owners of infrastructure businesses with majority or significant minority holdings and representation on their boards, we recognise our ability to influence our portfolio companies to ensure they act responsibly.	**Read more** Pages 44 to 51
The desirability of maintaining a reputation for high standards of business conduct	Our success relies on maintaining a positive reputation, and our values and ethics are aligned to our purpose, our strategy and our ways of working.	**Read more** Page 14
The need to act fairly towards members of the company	The Board actively engages with its shareholders and considers their interests when implementing our strategy.	**Read more** Pages 89 to 92

Pages 89 to 92 set out how stakeholder interests have influenced decision making.

This Strategic report, on pages 1 to 75, is approved by order of the Board.

Authorised signatory 3i plc
Company Secretary
7 May 2024

Governance

GCX
Page 26

Introduction to Governance

On behalf of the Board, I am pleased to present the Company's Governance report for the financial year ended 31 March 2024.

The following pages of this report provide an insight into the activities of the Board and its Committees over the year, and how corporate governance underpins and supports our business and the decisions we make. Over the years, the Company has built a strong and robust governance structure which has proven to be invaluable during times of economic and political uncertainty.

The Board's focus throughout the year has been the continued pursuance and delivery of the Company's strategic objectives, whilst remaining responsive to macroeconomic headwinds.

I would like to thank my fellow Board members for their continued support, contribution and commitment.

Richard Laing
Chair, 3i Infrastructure plc
7 May 2024

"

Strong governance is essential for the continued creation of value for our shareholders.

Richard Laing
Chair, 3i Infrastructure plc

Introduction to Governance continued

Compliance with the AIC Code

The Board has considered the principles and provisions of the AIC Code, which follows the principles and provisions set out in the UK Corporate Governance Code 2018 (the 'UK Code'), as they apply to investment trust companies. It considers that reporting against the AIC Code provides more appropriate information for the Company's shareholders.

The Board confirms that the Company has complied with the principles and provisions of the AIC Code (and the associated disclosures under the applicable provisions of paragraph 9.8.6 of the Listing Rules), insofar as they apply to the Company's business, throughout the year under review. Details of how the Company has complied with the relevant principles and provisions of the AIC Code are set out below.

Board leadership and purpose

The Board is responsible for leading the business in a way which supports its purpose.

Read more
Pages 79 to 92

Division of responsibilities

We ensure that responsibilities of the Chair and non-executive Directors are clear and transparent in order to lead the Company effectively.

Read more
Page 88

Composition, succession and evaluation

We aim to have a balanced Board with the appropriate skills and experience to govern the business. We have an effective Board evaluation process and a succession plan monitored by the Nomination Committee.

Read more
Pages 93 to 97

Audit, Risk and Internal Control

The Audit and Risk Committee, supported by the Investment Manager and other advisers and service providers, identifies potential risks and how best to mitigate them.

Read more
Pages 98 to 103

Remuneration

The Remuneration Committee ensures a fair reward structure for the non-executive Directors.

Read more
Page 106

Board leadership and purpose
Board of Directors

Richard Laing

Stephanie Hazell

Wendy Dorman

Doug Bannister

Samantha Hoe-Richardson

Martin Magee

Jennifer Dunstan

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

Board leadership and purpose continued
Board of Directors continued

Chair

Richard Laing

Appointed January 2016. Chair of the Nomination, Disclosure, and Management Engagement Committees, and member of the Remuneration Committee. UK resident.

Skills and experience contributing to the Board
- As an experienced non-executive Director and senior executive, has broad strategic insights
- Long-standing experience of investing in international infrastructure
- Deep knowledge of investment companies
- As a previous CFO, understands complex financial and funding matters
- Fellow of the Institute of Chartered Accountants in England and Wales

Current roles
- Non-executive Director of Tritax Big Box REIT plc
- Trustee of Leeds Castle Retirement Benefit Scheme

Past roles
- Non-executive Director of JP Morgan Emerging Markets Investment Trust plc
- Trustee and Deputy Chair of Leeds Castle Foundation
- Non-executive Director and Chair of Perpetual Income and Growth Investment Trust plc
- Non-executive Director of Murray Income Trust plc
- Non-executive Director and Chair of Miro Forestry Company Limited
- Non-executive Director of London Metal Exchange
- 11 years at CDC Group plc with the last seven years as Chief Executive
- 15 years at De La Rue latterly as Group Finance Director
- Commercial roles in agribusiness and Marks & Spencer
- Chartered accountant at PricewaterhouseCoopers

Senior Independent Director

Stephanie Hazell

Appointed September 2022. Chair of the Remuneration Committee, member of the Audit and Risk, Management Engagement, and Disclosure Committees. UK resident.

Skills and experience contributing to the Board
- Over 25 years of experience across energy, infrastructure and telecoms sectors
- Broad non-executive Director experience

Current roles
- Non-executive Director of Open Utility Limited (Piclo)
- Non-executive Director and Chair of Remuneration Committee of Renew Holdings plc
- Advisory Board Member for Shell New Energy

Past roles
- Non-executive Director of Neos Networks Limited
- Non-executive Director of North Sea Midstream Partners Limited (Jersey)
- Director, Strategy and Corporate Development, ExCo Member of National Grid
- Various senior positions at Virgin Management
- Various senior positions at Orange Group
- Principal Consultant, Telecoms and Media at PwC

Independent non-executive Directors

Wendy Dorman

Appointed March 2015. Chair of the Audit and Risk Committee and member of the Management Engagement, Nomination, Remuneration, and Disclosure Committees. Jersey resident.

Skills and experience contributing to the Board
- Over 28 years of experience as a chartered accountant and tax adviser
- Particular expertise in the taxation of UK and offshore investment funds, including the tax aspects of fund structuring
- Extensive knowledge of risk mitigation, compliance and corporate governance

Current roles
- Non-executive Director and Chair of Audit & Risk Committee of Jersey Electricity plc
- Non-executive Director and Chair of Audit & Risk Committee of CQS New City High Yield Fund Limited

Past roles
- Head of PwC Channel Islands tax practice for seven years
- Non-executive Director of Jersey Finance Limited
- President of Jersey Society of Chartered and Certified Accountants
- Chair of Jersey Institute of Directors

Doug Bannister

Appointed January 2015. Member of the Audit and Risk, Management Engagement, Remuneration, and Disclosure Committees. UK resident.

Skills and experience contributing to the Board
- Over 30 years of experience in the international transportation and distribution sectors
- In-depth knowledge of leading asset-intense operational businesses
- Experienced senior executive with broad international experience
- Knowledge in turnaround, mergers and acquisition integration, restructuring and transformation of capital-intensive businesses

Current roles
- Chief Executive of Dover Harbour Board
- Deputy Chair of British Ports Association
- Chair of Visit Kent

Past roles
- Group CEO of Ports of Jersey (Airports & Harbours)
- Commercial roles at P&O Nedlloyd and Maersk Line

Board leadership and purpose continued
Board of Directors continued

Independent non-executive Directors

Samantha Hoe-Richardson

Appointed February 2020. Member of the Audit and Risk, Management Engagement, Remuneration, and Disclosure Committees. UK resident.

Skills and experience contributing to the Board
- Senior executive with 18 years of experience in global mining and infrastructure
- In-depth understanding of environmental and sustainability issues
- Broad based non-executive Director experience
- Chartered accountant

Current roles
- Non-executive Director of Assured Guaranty UK Ltd
- Independent Group Adviser on Climate Change & Sustainability to Laing O'Rourke
- Non-executive Director of WE Soda Ltd
- Non-executive Director of Cornish Metals Inc

Past roles
- Non-executive Director and Chair of the Audit Committees at Lancashire Holdings Limited and Lancashire Insurance UK Limited
- Non-executive Director and Chair of Audit Committee of Unum Limited
- Head of Environment and Sustainable Development of Network Rail
- Head of Environment at Anglo American plc
- Trustee of the Royal School of Needlework
- Non-executive Director of Kew Soda Ltd

Martin Magee

Appointed July 2023. Member of the Audit and Risk, Management Engagement, Remuneration and Disclosure Committees. Jersey resident.

Skills and experience contributing to the Board
- As a previous Finance Director, understands complex financial and funding matters
- Extensive executive experience across various sectors
- Broad non-executive Director experience
- Chartered accountant

Current roles
- Non-executive Director and Audit Chair of Jersey Post International Ltd

Past roles
- Finance Director and Executive Director of Jersey Electricity plc
- Director of Channel Islands Electricity Grid Limited
- Non-executive Chair of Aberdeen Standard Capital Wealth Offshore Strategy Fund Limited
- Various senior executive positions at Scottish Power and Stakis plc (now part of the Hilton Group)

Non-executive Director

Jennifer Dunstan

Appointed July 2023 as the 3i Group nominated Director. UK resident.

Skills and experience contributing to the Board
- Valuable experience and insight into the assessment of new investments and management of portfolio companies, as well as fundraising.
- Experienced non-executive Director across sectors, continents and ownership models
- Significant experience as an investor leading major deals

Current roles
- 3i Group Partner - Head of Fund Investor Relations
- Co-founder, non-executive Director and past Chair of WPEI Limited (Level 20)
- Trustee of The Fred Hollows Foundation (UK)
- Non-executive Director of AUFI Limited

Past roles
- Partner in 3i's Private Equity business, active investor and experienced board member of a variety of companies
- Nine years at Terra Firma Capital Partners as an investor and board member of a number of companies
- Managing Director of Nomura's Principal Finance Group (PFG)
- Solicitor Allen Allen & Hemsley in Sydney and London

Board leadership and purpose continued
Investment Management team

Scott Moseley

Bernardo Sottomayor

James Dawes

Aaron Church

Anna Dellis

Thomas Fodor

Tim Short

Oscar Tylegard

Board leadership and purpose continued
Investment Management team continued

Managing Partners

Scott Moseley

Joined 3i Group in 2007. Managing Partner and Co-Head of European Infrastructure since July 2022.

Current roles
- Member of 3i Group's Executive Committee, Investment Committee and Group Risk Committee
- Extensive investment experience in European infrastructure, spanning utilities, transportation and social infrastructure
- Investments include GCX, Tampnet, ESVAGT, Elenia, Cross London Trains ('XLT') and Eversholt Rail Group
- Led the successful divestments of Elenia and XLT as well as previously being responsible for junior debt investments in Arqiva, Associated British Ports, Télédiffusion de France, Thames Water and Viridian
- Non-executive Director of Tampnet, ESVAGT and GCX

Past roles
- Prior to 2007, Scott was a member of the capital markets teams at WestLB and Crédit Agricole

Bernardo Sottomayor

Joined 3i Group in 2015. Managing Partner and Co-Head of European Infrastructure since July 2022.

Current roles
- Member of 3i Group's Executive Committee, Investment Committee and Group Risk Committee
- Led or co-led investments by the Company in Joulz, TCR, Infinis, Attero, Alkane Energy, Ionisos and SRL Traffic Systems
- Non-executive Director of TCR

Past roles
- Over 25 years' experience of investing and advising in infrastructure
- Partner at Antin Infrastructure, which managed funds investing in infrastructure opportunities across Europe
- Managing Director, Head of Acquisitions for Deutsche Bank's European infrastructure fund
- Head of M&A at Energias de Portugal public utilities company
- M&A advisory with UBS and Citigroup

CFO

James Dawes

Joined 3i Group in 2016. CFO of 3i's Infrastructure business.

Current roles
- Performs CFO duties for 3i Infrastructure
- Manages the operational, financial and reporting requirements for 3i Group's infrastructure business
- Non-executive Director of SRL Traffic Systems

Past roles
- Finance Director of LGV Capital from 2007 to 2015
- Senior finance roles with Legal & General Investment Management

Partners

Aaron Church

Joined 3i Group in 2013 and is a partner in the London infrastructure business.

Current roles
- Focuses on origination, execution and asset management of economic infrastructure investments
- Extensive infrastructure investing experience across the transport, utilities, energy and waste sectors
- Senior deal team member on the acquisitions of Joulz, Attero, Tampnet, Infinis and ESVAGT, and the sale of Attero and the Oystercatcher European terminals
- Non-executive Director of Joulz, Ionisos and Advario Singapore

Past roles
- Infrastructure investor at HRL Morrison & Co in Europe and Australasia
- Started career at Boston Consulting Group

Board leadership and purpose continued
Investment Management team continued

Partners

Anna Dellis

Joined 3i Group in 2006 and is a partner in the London infrastructure business.

Current roles
- Leads asset management for the infrastructure portfolio
- Led the successful exit of Oystercatcher's investments in Advario terminals in Amsterdam, Terneuzen, Ghent and Malta
- Non-executive Director of Advario Singapore
- Advisory Board member at DNS:NET since 2023

Past roles
- Advised on infrastructure transactions and financing at PwC in London
- Fellow of the Institute of Chartered Accountants of England and Wales

Thomas Fodor

Joined 3i Group in 2016 and is a partner in the London infrastructure business.

Current roles
- Leads investor relations and fundraising across the 3i European infrastructure business
- First point of contact for shareholders in 3i Infrastructure plc
- Oversees co-investment activities in the 3i Infrastructure portfolio

Past roles
- Private Capital Advisory at HSBC
- Started career at Lehman Brothers

Tim Short

Joined 3i Group in 2007 and is a partner in the London infrastructure business.

Current roles
- Focuses on the origination, execution and debt financing of infrastructure investments
- Transaction experience includes the acquisitions and financing of Attero, Elenia, ESVAGT, GCX, Infinis, Ionisos, Joulz, Oystercatcher, Tampnet, TCR, Wireless Infrastructure Group ('WIG') and Future Biogas
- Non-executive Director of Infinis, GCX and Future Biogas

Past roles
- Financial restructuring at Houlihan Lokey

Oscar Tylegard

Joined 3i Group in 2013 and is a partner in the London infrastructure business.

Current roles
- Focuses on origination, execution and asset management across the 3i European infrastructure business
- Senior deal team member on ESVAGT, Tampnet, Elenia, GCX, Infinis and Alkane Energy
- Non-executive Director of Tampnet and ESVAGT

Past roles
- Non-executive Director of Infinis
- Started career at Macquarie Capital

Board leadership and purpose continued

Company purpose, values and culture

We invest responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive influence on our portfolio companies and their stakeholders. Our purpose is central to Board discussions when we review our business model, financial performance and performance against strategic objectives.

The Board recognises that tone and culture are set from the top and individually we always strive to do the right thing in all stakeholder interactions. The Board individually and collectively acts in accordance with the Board values of Integrity, Objectivity, Accountability and Legacy and expects the same from the professional advisers and service providers it engages. The Chair encourages Directors to express differences of perspective and to challenge views and opinions but always in a respectful, open, supportive and collaborative fashion. Board behaviours are also evaluated as part of the annual Board evaluation. The Board's culture and values are complemented by the strong institutional culture and values of our Investment Manager.

Integrity

The Board acts with honesty, dedication and consistency, with the courage to do the right thing in every situation. The Board manages its relationships based on trust and respect.

Objectivity

The Board applies a fair, transparent and balanced approach to decision making. The Board values diversity of opinion and encourages different perspectives to bring constructive challenge as it discharges its responsibilities.

Accountability

The Board acts in the interest of all stakeholders of the Company, ensuring that obligations to shareholders and other stakeholders are understood and met.

Legacy

The Board seeks to develop a company and portfolio that delivers long-term, sustainable value for our shareholders and society.

Role of the Board

The Board's role is to lead the Company in achieving its purpose. The governance framework of the Company reflects the fact that, as an investment company it outsources portfolio management services to an Investment Manager. The Board, therefore, is also responsible for constructively challenging and scrutinising the performance of all outsourced activities, including of the Investment Manager. See pages 89 to 92 for further information on the Board's key decisions and areas of focus affecting stakeholders.

The Board is ultimately accountable to our shareholders, and the Directors ensure that both their decisions and the actions of the Investment Manager are aligned with the Company's, and wider stakeholders', interests. It determines the Investment policy, the appointment of the Investment Manager, financial strategy and planning, approval of the results and dividends, and oversees the maintenance of internal controls and the risk management framework, membership of the Board, Director remuneration and adherence to the corporate governance framework.

Board leadership and purpose continued

The Company has no employees and its investment and portfolio monitoring activities have been delegated by the Board to 3i Investments plc in its role as Investment Manager. The Board ensures that the Investment Manager has the resources and capabilities to support the delivery of the Company's purpose and strategy. Under the Investment Management Agreement ('IMA') the Investment Manager has sole discretion to make decisions on investments and divestments, other than those decisions which relate to transactions which reach certain financial thresholds, in particular in relation to investments or divestments which represent 15% or more of the gross assets of the Company, which require Board approval. The Board also maintains a Schedule of Matters Reserved to the Board, which are considered significant to the Company due to their strategic, financial or reputational implications and consequences.

The Investment Manager prepares reports and papers that are circulated to the Directors electronically in advance of Board and Board Committee meetings. These papers are supplemented by information specifically requested by the Directors, and additional papers and presentations from the Investment Manager, Company Secretary and other professional advisers and service providers.

The Chair is responsible for the leadership of the Board and ensuring its effectiveness. In addition to the Chair, there are currently five independent non-executive Directors and one 3i Group nominated Director, who is not considered independent. The Board's core values underpin its open and collaborative culture and are supplemented by the skills that each individual Director brings to the Company.

Board Committees

The Board is assisted in its activities by a number of standing Committees of the Board and, in discharging its duties, it delegates certain authorities and decisions to these Committees. The Board reviews the membership of these Committees on a regular basis. The Board Committee structure, together with a summary of the roles and composition of the Committees, is outlined in the table below.

All Committees have Terms of Reference, which are available on www.3i-infrastructure.com. The Board, on the advice of the Company Secretary, annually reviews the Committees' Terms of Reference and the Schedule of Matters Reserved to the Board to ensure they remain appropriate and compliant with the legal and regulatory environment.

3i Infrastructure plc

Board Committees

Audit and Risk Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee	Disclosure Committee
Financial reporting, risk and internal controls	Director remuneration	Board appointments and size and composition of the Board	Monitoring of the performance of the Investment Manager	Monitoring compliance with disclosure requirements
Wendy Dorman (Chair) Doug Bannister Stephanie Hazell Samantha Hoe-Richardson Martin Magee	**Stephanie Hazell (Chair)** Doug Bannister Wendy Dorman Samantha Hoe-Richardson Martin Magee Richard Laing	**Richard Laing (Chair)** Wendy Dorman Stephanie Hazell	**Richard Laing (Chair)** Doug Bannister Wendy Dorman Stephanie Hazell Samantha Hoe-Richardson Martin Magee	**Richard Laing (Chair)** Doug Bannister Wendy Dorman Stephanie Hazell Samantha Hoe-Richardson Martin Magee

Board leadership and purpose continued

Meetings

Directors are expected to attend all Board and Committee meetings, but in certain exceptional circumstances, such as pre-existing commitments or illness, it is recognised that Directors may be unable to attend. In these circumstances, the Directors receive relevant papers and, where possible, will communicate to the Chair or Company Secretary any comments and observations in advance of the meeting for raising as appropriate during the meeting. They are updated on any developments after the meeting by the Chair of the Board or Committee, as appropriate.

During the year, there were six scheduled meetings of the Board of Directors and two additional ad hoc Board meetings arranged at short notice to consider time-critical matters. The Board has regular update calls with the Investment Manager in order to stay informed of the activities of the Company and Investment Manager between Board meetings.

The Board also holds an annual Strategy Day to allow deeper discussion of strategic matters and which includes presentations from the Investment Manager on key areas of the business. Actions from the day are considered throughout the year.

Highlights of this year's Strategy Day included a presentation by the CEO of GCX and the opportunity for non-executive Directors to meet members of the wider Investment Manager's team during break-out sessions.

Meetings of the Board

The table below sets out the attendance of the Directors at the scheduled Board meetings (excluding ad hoc Board meetings) and the attendance of Committee members at the relevant Committee meetings held during the financial year.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Richard Laing	6 (6)	–[1]	1 (1)	2 (2)	2 (2)
Doug Bannister	6 (6)	3 (3)	1 (1)	–	2 (2)
Wendy Dorman	6 (6)	3 (3)	1 (1)	2 (2)	2 (2)
Stephanie Hazell	6 (6)	3 (3)	1 (1)	1 (1)	2 (2)
Samantha Hoe-Richardson	6 (6)	3 (3)	1 (1)	–	2 (2)
Jennifer Dunstan[2]	3 (3)	–	–	–	–
Martin Magee[2]	3 (3)	2 (2)	1 (1)	–	1 (1)
Ian Lobley[3]	3 (3)	–	–	–	–
Paul Masterton[3]	3 (3)	1 (1)	–	1 (1)	1 (1)

1 Richard Laing attends the Audit and Risk Committee meetings by invitation.
2 Jennifer Dunstan and Martin Magee were both appointed to the Board effective 20 July 2023.
3 Ian Lobley and Paul Masterton retired from the Board effective 20 July 2023.

The table above indicates the number of meetings attended and, in brackets, the number of meetings the Director was eligible to attend. Directors are invited to attend the meetings of Committees of which they are not members. No Disclosure Committee meetings were convened during the year. On occasion and where appropriate, the Board itself considered matters relating to the treatment of price-sensitive information, rather than convening a separate Disclosure Committee.

Division of responsibilities

In compliance with the AIC Code, the Board has established an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee in addition to a Management Engagement Committee and a Disclosure Committee. This structure allows the Board to focus on matters of strategic importance with authority for specific matters being delegated to Committees. Each Committee Chair provides regular reports to the Board on the matters covered at each Committee meeting.

To ensure that the Board performs effectively, there is a clear division of responsibilities between Board roles, set out in writing and agreed by the Board. Key roles have been defined in greater detail opposite:

Role	Responsibilities
Chair	As Chair, Richard Laing: • leads the Board in the determination and implementation of its purpose and strategy; • promotes a culture of responsibility, scrutiny, challenge and support in Board meetings, underpinned by the Board values of Integrity, Objectivity, Accountability and Legacy; • is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda; • facilitates the effective contribution of all Directors; • actively encourages constructive relations between the Company's advisers, the Investment Manager, and the Directors; • ensures that the views of all stakeholders are understood and considered appropriately in Board discussions and decision making; and • leads the Board and Committee evaluations.
Senior Independent Director	As Senior Independent Director, Stephanie Hazell: • acts as a sounding board for the Chair; • supports the Chair in the delivery of his responsibilities; • acts as an intermediary with the Chair for the other Directors and shareholders; • leads the appraisal of the Chair's performance with the non-executive Directors; and • is available to address shareholders' concerns that have not been resolved through the usual channels of communication.
Non-executive Directors	The remaining non-executive Directors: • provide constructive challenge during discussions and offer strategic guidance to the Board; • bring independent judgement to the consideration of issues of strategy, performance, investment appraisal, communication matters and standards of conduct; • ensure high standards of financial probity on the part of the Company; and • scrutinise the performance of the Company and progress against strategic objectives.
Company Secretary	3i plc serves as the Company Secretary under the terms of the IMA. 3i plc's Group Secretariat: • ensures compliance with Board procedures and corporate governance best practice; • provides corporate governance advice and guidance to the Board and keeps the Board updated on corporate governance developments; • assists the Chair with meeting preparation; and • ensures that the Board has access to timely, high-quality information in order to function effectively and efficiently.

Each of the Directors has an appointment letter, copies of which are available from the Company Secretary upon request. No Director has a contract of employment with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated, without compensation for loss of office, in accordance with the Company's Articles of Association (the 'Articles').

The Articles further specify that each of the Directors shall retire and may offer themselves for re-election at each AGM of the Company. Following the formal appraisal process of Directors, and in accordance with Provision 7.2, paragraph 23 of the AIC Code, the Board will propose the re-election of Richard Laing, Doug Bannister and Stephanie Hazell. Jennifer Dunstan and Martin Magee will stand for election for the first time, having been appointed to the Board in July 2023. Wendy Dorman and Samantha Hoe-Richardson will not be putting themselves forward for re-election. For further information on the Board's succession plans please see pages 95 and 96 of the Nomination Committee report.

Stakeholder interests and Board decision making

As an externally managed investment trust, the Company does not have employees or customers. Its main stakeholders therefore comprise its shareholders, third-party professional advisers and service providers (most notably the Investment Manager), portfolio companies, lenders, and government and regulatory bodies. A strong understanding of our stakeholders and their views is integral to the Company's strategic planning and achievement of its strategic objectives. The Board has limited direct engagement with stakeholders as most engagement takes place through the Investment Manager. The Investment Manager regularly reports to the Board on stakeholder views to ensure that Board decisions are well informed.

Stakeholders may contact the Chair or any other Board member via the Company Secretary or the Investment Manager. Set out below are examples of the Board's key decisions and areas of focus over the last year, and details of how the interests of stakeholders were taken into account. See page 75 for our s172 statement.

Stakeholder	Approach to engagement and consideration of stakeholder interests	Board actions impacting shareholders	Outcome
Shareholders	• Investor relations activities, including roadshows by the Investment Manager and the Company's brokers • Annual Capital Markets Day • Analysis of shareholder register presented and reviewed at each Board meeting • Updates at every Board meeting on investor engagement in the period • Regular presentations to the Board by the Company's brokers • Regular invitations to engage with the Chair or Chairs of Committees via the Company's brokers • Annual General Meeting where Directors are available to answer questions • The Company's website provides details of forthcoming events for shareholders and analysts, videos of results presentations, presentations from the Capital Markets Event, and portfolio activities	• The approval of the Half-yearly results and Annual report and accounts • The approval of the interim and final dividend and the target for the subsequent year's dividend • Consideration of strategy and business model in the context of the external economic and political environment • Regular reviews of balance sheet strategy and liquidity. See our Financial review on page 59 • Oversight of risk management, principal risks and mitigations and the effectiveness of the internal control framework to protect shareholder investment. See the Risk report on page 63 and the Audit and Risk Committee report on page 98 for further information on risk management and controls	The Board's intention is to foster an open, two-way communication with its shareholders. The Investment Manager's extensive Investor Relations programme enables investors to understand the Company's performance, assists them in making their investment decisions, and provides them with an opportunity to engage with senior members of the Investment Manager's team and Board members (should they request engagement). During the year, the Chair met with investors who had requested engagement meetings. All feedback from investors is discussed at Board meetings

Stakeholder interests and Board decision making continued

Stakeholder	Approach to engagement and consideration of stakeholder interests	Board actions impacting shareholders	Outcome
Investment Manager	• At each Board and Audit and Risk Committee meeting, representatives from the Investment Manager present verbal and written reports covering their activity, including portfolio and investment performance over the preceding period • The Board, and the Chair, have regular scheduled update calls and informal meetings with the Investment Manager between Board meetings • Monitoring the relationship with and performance of the Investment Manager by the Management Engagement Committee • The Investment Manager provides the Board with regular updates on its team composition and any changes. At the Board's annual Strategy Day this year, the Directors had the opportunity to meet members of the wider Investment Manager's team during break-out sessions	• Assessment of the performance of the Investment Manager • Approval of the continued appointment of the Investment Manager. For further details see the Management Engagement Committee report on page 104 • Review and approval of fees paid to the Investment Management under the IMA to ensure that they are fair and reasonable	The Company's principal service provider is the Investment Manager, who is responsible for managing the Company's assets in order to achieve its stated investment objective. The Directors believe that fostering constructive and collaborative relationships with the Investment Manager will assist in their promotion of the success of the Company for the benefit of all shareholders. This ensures that the Company and its portfolio assets are well managed, the Company adheres to its strategy, and the Board receives appropriate and timely management and support services from the Investment Manager
Other professional advisers and service providers	• Annual review and monitoring of both the arrangements that are in place with all key third-party service providers and their performance • Key service providers attend Board and Committee meetings as appropriate to advise the Board on specific matters • The Company's brokers present to the Board at least annually to advise on all aspects of their remit, particularly in relation to feedback from shareholders and potential investors. This year, the brokers have provided specific advice to the Board and the Investment Manager on the Company's access to liquidity • The Company's Jersey administrator attends each Audit and Risk Committee meeting and presents its compliance report at each such Committee meeting	• Annual review of the anti-money laundering procedures, sustainability procedures and business continuity arrangements for all service providers in order to assess their performance and consider the appropriateness of their continued appointment. See the Audit and Risk Committee report on page 98 for further discussion on the annual review of professional service providers	The Company contracts with professional advisers and third parties for services, including the external auditor, the brokers, the depositary, legal advisers, the financial adviser, the financial PR adviser, the Registrar, the Jersey administrator, and with 3i plc for company secretarial, treasury, accounting and internal audit services. Provision of these services is necessary to ensure the Company's compliance with its legal and regulatory obligations. The key third-party professional advisers and service providers work closely day-to-day with the Investment Manager

Stakeholder interests and Board decision making continued

Stakeholder	Approach to engagement and consideration of stakeholder interests	Board actions impacting shareholders	Outcome
Portfolio companies	• One or more of the Investment Manager's investment professionals sits on the board of each portfolio company (or acts as a board observer) and engagement with a portfolio company takes place both formally at board level and informally by the Investment Manager's team on an ongoing basis • At each scheduled Board meeting, the Board reviews portfolio company performance and discusses thematic issues that affect portfolio companies, such as the impact of macroeconomic risks. See the Risk report on page 63 for further details • From time to time portfolio company executives provide presentations to the Board. During the Board's annual Strategy Day the CEO of GCX briefed the Directors on aspects of the GCX business	• Review of portfolio company performance and prospects • Review of portfolio company valuations by the Audit and Risk Committee and approval of them by the Board • Regular Audit and Risk Committee discussions with the auditor without the Investment Manager present	The companies in which we invest are the source of returns to shareholders. The principal engagement with portfolio companies is through the Investment Manager's team which drives value though its engaged asset management approach as detailed in our Business model (see page 14)

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

Stakeholder interests and Board decision making continued

Stakeholder	Approach to engagement and consideration of stakeholder interests	Board actions impacting shareholders	Outcome
Government and regulatory bodies	• During the year, the Investment Manager and Company Secretary met with the Jersey Financial Services Commission ('JFSC') to discuss the Company's request for a variance to the Jersey law requirement of having two Jersey resident Directors on the Board. The Board was pleased with the positive outcome of this engagement which resulted in the Company now being required to have only one Jersey resident Director on the Board until further notice • At each meeting the Audit and Risk Committee receives updates from the Company's Jersey administrator on changes to Jersey law and regulation that affect the Company • The Company adheres to the AIC Code and engages regularly with the AIC on matters related to corporate governance that affect investment companies • The Board receives corporate governance updates from the Company Secretary along with an annual briefing from the Company's auditor • Through the Investment Manager, the Company responds to government consultations on issues relevant to its business	• The Company's Jersey resident Directors registered with the JFSC in compliance with updated Jersey anti-money laundering legislation • The Board reviewed and approved updated Business Conduct and Anti-Money Laundering manuals in compliance with Jersey legislation • The Audit and Risk Committee approved the Company's Business Risk Assessment • The Board undertakes an annual review of the Company's policies, the Board's Schedule of Matters Reserved to the Board and Committee Terms of Reference to ensure that they remain fit for purpose and adhere to best practice	Being a UK listed and Jersey registered Company, the Board views compliance with regulations as of the utmost importance. The Company continues to operate in compliance with relevant law and regulation and ensures the highest standards of corporate governance for the benefit of all stakeholders
Lenders and hedging counterparties	• The Investment Manager's treasury team manages the engagement with the lenders in the Company's RCF and the Company's hedge counterparties	• The Investment Manager presents an update on foreign exchange hedging at each Board meeting • The Investment Manager provides an annual comprehensive treasury update to the Board	The Company requires access to bank borrowing to maintain its financial structure and liquidity. Access to bank borrowing and hedging instruments provides important flexibility and resilience to the Company's financial structure and helps the Company to maintain an efficient balance sheet

Composition, succession and evaluation

Composition and succession

As at the date of this report, the Board consists of seven members, comprising the Chair, five independent non-executive Directors and one non-executive Director who is the 3i Group nominated Director and not considered to be independent. Biographies of the Directors are set out on pages 80 and 81. The Board considers that there is an appropriate balance of skills, experience and independence on the Board to enable it to discharge its duties. See page 95 for the Board's skills matrix.

The Board believes that shareholders' interests are best served by ensuring a smooth and orderly refreshing of the Board, and it has a long-term succession programme in place. The role of the Nomination Committee is critical in ensuring that the composition and balance of the Company's Board and Committees support both the Company's strategy and best practice in the area of corporate governance. During the year, the composition of the Board underwent changes as part of the Nomination Committee's succession planning activities. For further details, see the Nomination Committee report on pages 95 to 97.

Conflicts of interest and independence

The Board assesses and reviews the independence of each of the Directors at least annually and considers whether or not a Director has any interest, position, association or relationship which is likely to influence unduly or cause bias in decision-making in the best interests of the Company and its stakeholders. The Board considers all Directors, with the exception of Jennifer Dunstan, who is the 3i Group nominated Director, to be independent in character and judgement, and free from conflicting business or other interests that could interfere with the exercise of their independent judgement. The Chair was considered independent on appointment and has no relationships or circumstances which might create a conflict of interest between his interests and those of the shareholders. See page 95 of the Nomination Committee report for further information.

Jennifer Dunstan, the 3i Group nominated Director, has a pre-approved conflict in relation to the IMA. The Board ensures the independence of all Directors and it has at its disposal a range of conflict management tools to manage potential or actual conflicts. These include temporary separation or recusal from a relevant process or decision, restriction of access to certain information and sharing authority through collective decision making. In view of this practice, the 3i Group nominated Director recuses herself when matters in which 3i Group has an interest are discussed. Jennifer Dunstan is not a member of the Management Engagement Committee and did not participate in the Board's evaluation of the performance of the Investment Manager.

In accordance with the Articles and the Companies (Jersey) Law 1991, the Board can authorise any matter that would otherwise result in a Director breaching his or her duty to avoid a conflict of interest. The Company's Jersey administrator maintains a conflict register covering actual and potential conflicts and details of the Board authorisation of any conflict. When they are appointed, all Directors are required to disclose any other appointments or significant commitments. They must also notify the Chair and Company Secretary of any changes or new appointments in order for the Board to consider the time commitment required and any potential conflicts of interest prior to providing its approval for new appointments.

Board evaluation

The Board recognises that it needs to continually monitor and improve its performance and the annual performance evaluation provides the opportunity for the Board and its Committees to consider and reflect on the effectiveness of its activities, the quality of its decision making, and the collective contribution made by each Board member. This year, an internal review of the performance of the Board was led by the Chair with the support of the Company Secretary. Committee performance was also reviewed as part of the main Board evaluation. In accordance with the AIC code and best practice, the FY25 evaluation will be externally facilitated by an independent service provider.

All Directors and the Investment Manager completed a confidential questionnaire using an online tool. The questionnaire was similar to those used in the past to ensure a comprehensive review and provide assurance on progress against actions. The questionnaire is also tailored to suit the nature of the Company. Anonymised reports were subsequently prepared by the Company Secretary and presented to the Board for consideration.

Composition, succession and evaluation continued

The performance of the Chair was evaluated by the other Directors under the leadership of the Senior Independent Director. The conclusion of the evaluation was that the Chair remains effective in his role, and his leadership, experience and knowledge was valued by the other Directors.

The Board had an extensive discussion to identify progress made and further actions to be taken. Each of the Chair and Committee Chairs excused themselves from the meeting when their performance was discussed.

The conclusions of this year's evaluation have been positive and confirmed that the structure and operation of the Board remains effective. In particular, the following progress and actions were identified:

Progress since 2023 evaluation	• The Board was devoting appropriate time to strategic matters during meetings and prioritising strategic topics on meeting agendas • The collaborative and constructive relationship between the Investment Manager and the Board was highlighted following the succession of the Investment Manager's Managing Partners the previous year
Actions for the coming year	• Funding and liquidity planning would continue to be an area of focus • The Nomination Committee and the Board should maintain their focus on succession planning, especially in relation to diversity and tenure • Directors should continue to challenge themselves and each other to ensure effective decision making

Director induction, training and development

Upon joining the Board, all Directors receive a formal induction to the Company, which is designed to enable them to understand the Company's purpose, values and strategy, the industry in which it operates, and the portfolio companies, so that they can be effective Board members from the outset. The induction programme includes presentations on corporate governance, Director duties relevant to a Jersey-incorporated UK Listed Company, meetings with the wider Investment Management team, external advisers, briefings and reading materials on tax, ESG, portfolio financing, legal, finance matters, compliance and internal audit.

During the year, Directors receive a full programme of briefings across all areas of the Company's business, with the objective of ensuring that the Directors remain up to date on all issues affecting the Company. Briefings are led by the Investment Manager, Company Secretary or external service providers and cover a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the Company and the Directors. Sessions during the year included briefings on UK corporate governance developments, changes to laws and regulations in Jersey and the UK, the FCA Consumer Duty, tax matters, fundraising, ESG developments, and developments in the infrastructure market. Detailed briefing papers or presentations are provided at each scheduled Board meeting or at ad hoc meetings, and Directors have the opportunity for formal and informal meetings with the Investment Manager or the Company's other advisers.

As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit them in performing their duties to the Company. In accordance with Jersey regulations, the Directors are required to undertake sufficient, relevant and appropriate training and development each year. Directors have access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice.

Composition, succession and evaluation continued
Nomination Committee report

> The Committee's main focus is to ensure the Board has an appropriate balance of skills, knowledge, experience and diversity to operate effectively and deliver our strategy.
>
> **Richard Laing**
> Chair, Nomination Committee

Role of the Committee

The Committee's principal responsibility is to ensure that, collectively and at any given time, the members of the Board possess the necessary balance of knowledge, skills and experience to support and develop the strategy of the Company. In seeking to achieve this, it recommends new Board appointments as and when appropriate and ensures that effective succession planning processes are in place. In accordance with the Committee's Terms of Reference, it is the Board as a whole that is responsible for making new appointments upon recommendation by the Nomination Committee.

Members of the Committee do not vote in decisions affecting their own position. During the year, the Committee reviewed its compliance with the AIC Code and its Terms of Reference and confirmed that it remained compliant with all of its corporate governance responsibilities.

The Board's range of technical, sector-relevant experience, objectivity and independence together facilitate effective decision making. The range of skills and experience within the Board is shown in the skills matrix below and in the Director biographies on pages 80 and 81.

Directors' skills matrix (Number of Directors)

Infrastructure	5
Investment trust	4
Fund management	4
Asset management	4
Financial/audit (recent and relevant)	4
Valuations	6
Risk and compliance	7
ESG	4
Legal and regulatory	5
Remuneration	5
Megatrends	5
Technology/next generation/digital	5
M&A/capital markets	7
International	5
Consumer markets	4

Composition and succession planning

As part of its review of composition and succession planning, the Committee carefully considered which skills and experience it would require on the Board over the coming years based on the current and perceived future challenges facing the Company and the tenure of all Directors. In FY24, we saw a number of changes to the composition of the Board as a result of the Committee's work.

In July 2023, we welcomed Martin Magee to the Board as an independent non-executive Director following the culmination of an extensive search process using the services of Kendrick Rose, an independent recruitment consultant. As planned, Wendy Dorman will be retiring from the Board at the conclusion of the 2024 AGM and Martin Magee will succeed her as the Chair of the Audit and Risk Committee. As the former Finance Director of Jersey Electricity plc, Martin's appointment adds extensive knowledge of complex financial and regulatory matters to the skills of the Board. On behalf of the Board, I would like to thank Wendy for her years of commitment and valuable leadership in steering the Audit and Risk Committee.

Composition, succession and evaluation continued
Nomination Committee report continued

In accordance with the terms of the relationship agreement between 3i Group plc and the Company, 3i Group plc nominated Jennifer Dunstan to replace Ian Lobley as a member of the Board. She was appointed effective 20 July 2023. Jennifer brings a significant range of strategic investment knowledge across a range of sectors to the Board, which will be of great value to the Company.

At the same time as announcing the appointments of Jennifer and Martin, the Board bid farewell to Ian Lobley and Paul Masterton who both retired from the Board effective 20 July 2023. The Board is grateful for their years of commitment and contribution to the Company. Stephanie Hazell succeeded Paul Masterton as Senior Independent Director and Chair of the Remuneration Committee.

Samantha Hoe-Richardson has indicated her intention to stand down from the Board at the conclusion of the 2024 AGM. The Committee has engaged Russell Reynolds as independent recruitment consultant to support the search for an appropriate successor.

The Board has agreed a maximum term for any Director of nine years, subject to any circumstances that might make it appropriate to extend the tenure of a Director for a limited time. In order to facilitate succession planning, the Directors' appointment letters provide for a formal review on the third and sixth anniversaries of first appointment to discuss whether it is appropriate to serve for a further three-year term.

The Board considers that continuity and experience add significantly to the strength of the Board. The Board also takes the view that independence is not necessarily compromised by length of tenure on the Board, so long as it is carefully considered and renewed annually. With this in mind, the Board asked Doug Bannister, who has agreed, to extend his tenure by one year. This will ensure orderly succession planning and continuity on the Board whilst avoiding the departure of too many non-executive Directors occurring in short succession.

For FY25, the Committee's focus will be on succession planning for the Chair.

Diversity

The Board has adopted 3i Group's Equal Opportunities and Diversity policy insofar as it is relevant to the Company having only non-executive Directors and no employees. The policy can be found at www.3i.com. The Board, with the support of the Committee, is committed to promoting greater diversity on the Board to enhance the effectiveness of the Board.

As can be seen by the graphs on this page, this commitment has led to improved gender diversity on the Board, which has achieved the target set by the FTSE Women Leaders Review of having 40% of FTSE 350 board roles filled by women by 2025.

The Committee acknowledges that, as at the date of this report, ethnic diversity on the Board falls short of the Parker Review target of having at least one Director from an ethnic minority background by December 2024. The Committee has taken into consideration both the gender and ethnic balance of the Board as a key factor during its current recruitment process and currently expects that it will meet the Parker Review target in FY25.

The framework within which the Committee assesses the composition of the Board, its Committees and future Board appointments is based on the Company's strategic objectives, regulatory requirements, the Company's status as a UK listed, Jersey incorporated company, and the specific functions which non-executive Directors are required to fulfil on Committees.

Following extensive interaction with the JFSC regarding the Board's succession plans and the challenges it faces in satisfying the requirement for two Jersey resident directors, whilst also achieving the right balance of skills and diversity, the JFSC has now granted the Company a variance to this requirement.

Board members by gender

Non-executive Directors' tenure

Composition, succession and evaluation continued
Nomination Committee report continued

In future, the Company is required to have only one Jersey resident Director until further notice. This allows the Committee to search for new Directors in a geographically wider area, leading to a more diverse pool of candidates from which to select.

The Board has previously stated that it would consider redomiciling the Company to the UK under a proposed UK Corporate Redomiciliation regime, on which the UK government consulted during 2021. The Investment Manager has recently been contacted by the UK Department for Business & Trade to engage further on these proposals.

Despite the challenges already mentioned, diversity in all its forms remains a critical consideration in the Board's succession planning processes.

In accordance with LR 9.8.6(9) of the FCA's Listing Rules, the tables on this page set out details of the diversity of the individuals on the Board at the date of this report. The Listing Rules state that, for purposes of the required disclosure and assessment against targets, senior board positions consist of the chair, chief executive officer (CEO), senior independent director (SID) or chief financial officer (CFO) (LR 9.8.6R (9)(a)(ii)).

The Listing Rules make provision for closed-ended investment funds, such as the Company, which do not typically have a CEO or CFO, to not report against the target to have at least one of the senior board positions held by a woman if it is "inapplicable". The Board considers the role of the Chair of any of its permanent Committees to be senior positions on the Board.

Stephanie Hazell is the Chair of the Remuneration Committee and Senior Independent Director, whilst Wendy Dorman is the Chair of the Audit and Risk Committee. The Board therefore complies with the target of having at least one senior Board position held by a woman.

Appointment process

When considering candidates for appointment as Directors of the Company, a detailed job specification and candidate profile is prepared, and consideration is given to the existing experience, knowledge and background of Board members, as well as the strategic and business objectives of the Company. It is the Company's policy to use independent external search agencies for all Board recruitment.

Gender identity or sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	43%	1
Women	4	57%	2
Not specified/prefer not to say	–	–	–

Ethnic background*	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other white (including minority-white groups)	7	100%	3
Mixed/Multiple ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

* This information was collected through a self-identification exercise by all Directors and facilitated by the Company Secretary. Permission was sought from the Directors to use the information for this purpose.

Shortlisted candidates are invited to interview with members of the Committee and, if recommended by the Committee, would be invited to meet the entire Board before any decision is taken relating to the appointment. Senior members of the Investment Manager also meet potential candidates and provide their views to the Committee.

The Committee is also responsible for obtaining and verifying references prior to any formal decision on appointment.

Appointments are therefore made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst considering the balance of knowledge, experience and diversity.

Richard Laing
Chair, Nomination Committee
7 May 2024

Audit, Risk and Internal Control
Audit and Risk Committee report

"

The Committee plays a crucial role in supervising the integrity of the Company's financial reporting, audit process, and risk management and internal controls.

Wendy Dorman
Chair, Audit and Risk Committee

Membership and meetings

The Audit and Risk Committee comprises five independent non-executive Directors, collectively possessing the requisite financial, risk management, internal control, and commercial experience necessary to fulfil the Committee's mandate. Wendy Dorman, the Chair of the Audit and Risk Committee, is a Chartered Accountant, and the Board is satisfied that she has recent and relevant financial experience. While the Chair of the Board is not a Committee member, he attends meetings upon invitation.

Throughout the year, the Committee holds three scheduled meetings, aligning with the Company's reporting cycle. These meetings adhere to n annual workplan derived from the Committee's Terms of Reference and supplemented by specific business requirements.

Regular attendees include the Board Chair, Jennifer Dunstan, members of the Investment Manager's team, external auditor Deloitte LLP ('Deloitte'), and the Company's Jersey administrator, Aztec Financial Services (Jersey) Limited ('Aztec').

In addition to the scheduled Committee meetings, the Committee Chair engages in regular discussions and meetings with the Investment Manager, Deloitte and Aztec. The Committee Chair provides comprehensive updates on the Committee's activities during scheduled Board meetings. As part of the overall evaluation of the Board and its Committees, the Committee's performance, along with that of its Chair, is assessed annually, as further disclosed on page 93. The Committee has consistently performed well and effectively discharged its responsibilities.

Role of the Committee

The role of the Audit and Risk Committee is to assist the Board by establishing, reviewing and monitoring policies and procedures to ensure the integrity of financial and narrative reporting, the independence and effectiveness of the external auditor, and the effectiveness of the system of internal controls and of the risk management framework. In addition, the Committee manages the relationship with the external auditor, reviews the scope and terms of its engagement, and monitors its performance through regular effectiveness reviews.

In accordance with the Committee's role in scrutinising investment valuations, the Committee reviews and challenges the Investment Manager's semi-annual valuation assumptions, judgements and resulting valuations of the Company's underlying portfolio of infrastructure assets. More details on the Committee's role in scrutinising investment valuations can be found on page 99.

Internal audit

Although not required under the AIC Code, the Committee annually assesses the need for an internal audit function. After careful consideration, it has determined that both the Company's and the Investment Manager's existing systems, processes, and procedures, including regular reporting by the Investment Manager's internal audit function, provide sufficient assurance regarding risk management and internal control. Consequently, the Committee has concluded that an internal audit function specific to the Company is not necessary, and this decision was subsequently approved by the Board.

Audit, Risk and Internal Control continued
Audit and Risk Committee report continued

Financial and narrative reporting

The Company, through the Investment Manager, has established internal control and risk management arrangements to support the financial and narrative reporting process. These arrangements ensure that the Company's Half-yearly report and Annual report and accounts adhere to applicable standards. The Committee reviewed significant accounting matters and the accounting disclosures within the Half-yearly report and Annual report and accounts of the Company, providing recommendations to the Board.

In accordance with its Terms of Reference, the Committee also reviewed the non-financial reporting elements of the Half-yearly report and Annual report and accounts, including matters relating to ESG, and provided recommendations to the Board as appropriate.

Fair, balanced and understandable ('FBU') reporting

The Committee considered the requirements outlined in the AIC Code. Specifically, they scrutinised this year's Annual report and accounts to determine whether the financial reporting met the criteria of being fair, balanced, understandable, comprehensive and consistent with the Board's assessment of the Company's performance during the financial year.

As part of this evaluation, the Committee ensured that the Annual report and accounts provided shareholders with the information required to assess the Company's position, performance, strategy and business model. Additionally, they reviewed the description of the Company's KPIs.

The Committee's FBU process consists of reviewing the Annual report and accounts at various stages of its production, reviewing confirmation of the factual verification process by the Investment Manager and Company Secretary, and reviewing the work of the external auditor.

Key accounting estimates and judgements

An important responsibility of the Committee is to review and agree the key estimates, judgements and assumptions which impact the Financial statements. The key areas of judgement are outlined on this page. After receiving reports regarding the significant estimates and matters of judgement from the Investment Manager, and following consideration of Deloitte's audit report, the Committee agreed that the judgements made were appropriate and accurately reflected in the Annual report and accounts. For more comprehensive information on the Company's accounting policies, please refer to pages 131 to 140.

Valuation of the investment portfolio	The Committee noted that this year there were no changes to the principles of valuation which have been consistently applied. All unquoted assets were valued using a discounted cash flow ('DCF') approach, except for the India Fund, where the valuation corresponds to the Company's share of the Fund's net assets of less than £1 million. All investments in the India Fund have been realised. The Weighted Average Discount Rate ('WADR') of the portfolio remained unchanged at 11.3% (11.3% at March 2023). The Committee considered the impact of a higher inflation and interest rate environment on cost and revenue assumptions. Factors considered included the impact on operating costs, the cost of debt and capital expenditure, the ability to pass cost inflation to customers, and company-specific factors. These factors were reflected in the cash flow projections of the portfolio companies. Additionally, the appropriateness of the discount rates in relation to these cash flow projections were evaluated. As the Company's Alternative Investment Fund Manager, the Investment Manager is responsible for providing a properly prepared and independently challenged valuation of the investment portfolio. The Committee noted that 3i Investments plc's Infrastructure Valuations Committee operates independently from the Investment Manager's fund management activities and had approved the investment portfolio valuation as at 31 March 2024. Detailed discussions with the Investment Manager and external auditor, including the external auditor's valuation expert, confirmed that the Investment Manager consistently applied the valuation principles to the investment portfolio, leading to the recommended valuations for Board approval.
Interest streaming	For an approved investment trust that has taxable profits arising from net interest income, the UK tax rules provide an option to treat a part of the dividends it pays as interest. The Committee decided to designate 5.65 pence of the 5.95 pence interim dividend payable and 3.20 pence of the 5.95 pence final dividend as an interest distribution.
Investment entity consideration	The Committee annually reviews the assessment that the Company continues to meet the criteria of an investment entity.
Calculation of the management and performance fees payable to the Investment Manager	The Committee undertook a detailed review of the management and performance fee calculation. The Committee also had access to a review of the calculation of the management and performance fee carried out by the internal audit function of the Investment Manager and engaged the external auditor to perform additional agreed-upon-procedures work in relation to the inputs to the management and performance fee calculation.
Valuation of derivative financial instruments and other receivables	The Committee considered and agreed with the Investment Manager's valuations in relation to derivative financial instruments and other receivables.

Audit, Risk and Internal Control continued
Audit and Risk Committee report continued

In addition to the above matters, the Committee reviewed the following areas:

- the use of Alternative Performance Measures ('APMs') and the balance of APMs and GAAP measures in the Annual report and accounts (see pages 61 and 62 for more information on our use of APMs);
- the appropriateness of the sensitivity rates applied in Note 9 of the Financial statements;
- post balance sheet events; and
- other changes in presentation within the report to improve clarity for users.

The Committee conveyed its findings to the Board and advised the Board that it considered that the Annual report and accounts were fair, balanced and understandable when considered as a whole. Additionally, the Committee confirmed that, so far as it was aware, there was no relevant audit information of which the external auditor was unaware; that the Committee had taken all reasonable steps to ascertain any relevant audit information and ensure that the external auditor was aware of such information; and the Annual report and accounts provided the information necessary for the shareholders to assess the Company's position, performance, business model and strategy.

External auditor

The Committee has primary responsibility for overseeing the relationship with Deloitte. This includes annual assessments of Deloitte's performance, effectiveness and independence. Shareholders approved Deloitte's re-appointment as the external auditor for the year ended 31 March 2024 at the Company's July 2023 AGM, following a competitive external auditor selection process in 2017. Stephen Craig has served as the audit partner for Deloitte since the conclusion of the 2022 audit. The Committee reviewed and monitored Deloitte's execution of the audit plan, reviewed its report on the half-yearly results, and considered its report on the FY24 audit. It discussed all significant matters identified in Deloitte's final report on the FY24 audit, including key accounting judgements made by the Investment Manager, and the Investment Manager's responses to audit findings.

External auditor effectiveness

The Audit and Risk Committee assessed the effectiveness of the external audit process for FY23. This evaluation considered performance, objectivity, independence and relevant experience, as demonstrated through reports and presentations from the external audit team. The Committee engaged in discussions with the Investment Manager to gain insights into the external auditor's performance.

Key factors monitored by the Committee included the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. Additionally, the quality of the audit process, and the use of Deloitte's valuation practice to support the audit of the portfolio valuations, were reviewed. The technical expertise of the Deloitte audit team and staff continuity were also taken into account.

The Committee reviewed a memorandum from the Investment Manager regarding the external auditor's effectiveness, independence and objectivity. Furthermore, it considered Financial Reporting Council ('FRC') 2016 guidance to Audit Committees when assessing the overall effectiveness of the audit process.

Specific observations related to the external auditor include:

1 **Assessment against the audit plan**

- no discrepancies existed between the Investment Manager's or Company's views and those of the external auditor regarding accounting treatment
- the audit partner maintained a high level of engagement throughout the audit process;
- the auditors adhered to the agreed audit plan, addressing identified risks and any subsequent risks identified;
- continuity within the audit team was maintained during the audit of the Company's subsidiaries; and
- the audit process aligned with the established audit plan.

Audit, Risk and Internal Control continued
Audit and Risk Committee report continued

2 Evaluation of audit quality

Following the FRC's Practice Aid for audit committees on audit quality (2019), the Committee considered four key elements supporting sound judgement by the auditor:

(i) Judgement

(ii) Mindset and Culture

(iii) Skills, Character and Knowledge

(iv) Quality Control.

In making its evaluation, the Committee noted the following in respect of the external auditor:

- the work undertaken by the external auditor to address the risks identified in their plan and any subsequent risks that had later been identified;
- the external auditor's focus on valuation assumptions, particularly inflation rates used in the individual asset models;
- the detailed audit work completed on the calculation of the management and performance fees;
- the review of disclosures required for the resilience statement and additional disclosure in the key estimation uncertainties (such as cash flow and terminal value assumptions);
- the use of data analytic tools to support the audit process;
- the level and quality of challenge received from the external auditor;
- a good knowledge of accounting standards, governance requirements and the infrastructure market;
- the robust and perceptive handling of the key accounting and audit judgements;
- the support received by the external auditor from the external auditor's technical team;
- the focus of the external auditor on compliance with the UK Investment Trust Regulations and AIC Statement of Recommended Practice; and
- the final report, informed by a solid understanding of the Company's business, provided detailed granularity regarding the valuation assumptions.

Non-audit services and external auditor independence

The Company's policy on non-audit services is reviewed annually to ensure that such services provided by the external auditor do not compromise their independence or objectivity. To safeguard these qualities, the Chair of the Audit and Risk Committee must pre-approve all non-audit work undertaken by the external auditor for the Company and its subsidiaries. As a general rule, the external auditor avoids engagement in investment-related work. However, exceptions may be allowed if the work serves an affiliate of the Company (indirectly benefitting the Company) or pertains to reporting accountant work, such as during a capital raise. Additionally, in accordance with Deloitte's internal controls, the audit partner must approve any non-audit services provided by Deloitte to their audit client.

Deloitte and its associates rendered non-audit services to the Company, totalling £103,902 for the year to 31 March 2024 (2023: £95,891). These services included agreed-upon procedures related to management and performance fees (£8,981), sustainability KPIs for the RCF reporting (£29,500) and a review of the interim financial statements (£65,421), which are audit-related in nature.

During this financial year, in line with the Company's policy, Deloitte provided non-audit services to certain unconsolidated investee companies. The fees for these services are ordinarily borne by the underlying investee companies or unconsolidated subsidiaries, and therefore are not included in the expenses of the Company.

When assessing the external auditor's independence, the Committee reviews the total amount of fees paid to the external auditor, regardless of whether they are borne by the Company or by the investee companies.

Conclusion

The Committee concluded that the external auditor remained independent, and the audit was effective, and that a resolution be proposed to shareholders recommending the re-appointment of Deloitte at the 2024 AGM.

Restoring trust in audit and corporate governance

During the year, the Committee received updates on the responses of the government and the FRC to the white paper 'Restoring trust in audit and corporate governance'.

Audit, Risk and Internal Control continued
Audit and Risk Committee report continued

The Committee noted the revised UK Corporate Governance Code, released by the FRC on 22 January 2024.

This updated code will take effect from 1 January 2025, except for the changes related to the provision on the monitoring and review of a company's risk management and internal control framework, which will be effective from 1 January 2026. The Company adheres to the AIC Code and will assess potential amendments to Committee Terms of Reference and procedures when the AIC issues its updated code in response to the revised UK Corporate Governance Code.

Risk management and internal control

The Board holds ultimate responsibility for the Company's risk management and internal control framework, which includes defining the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives.

The Company's comprehensive risk management and internal control process is regularly reviewed by the Audit and Risk Committee and complies with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

Throughout the year, the Committee focused on evaluating the Company's risk management procedures, primarily based on the assessment of principal risks and uncertainties outlined in the Risk report on pages 63 to 74.

Key actions taken by the Committee included:

- conducted a thorough review of the risk register as part of the three-year risk review cycle, (for more detail on the risk review cycle see pages 65 and 66). Objectives included identifying principal, key and emerging risks facing the Company, assessing their impact and likelihood, ensuring alignment with strategic objectives, and updating the risk register and risk matrix as needed;
- detailed risk reviews as documented in the Risk report on pages 63 to 74;
- proactively identified new and emerging risks;
- reviewed the risk log during Committee meetings, and engaged with the Investment Manager to address risks noted in the log;
- considered for each principal risk the adequacy and effectiveness of controls and mitigations;
- considered risk-related matters presented in the Annual report and accounts; and
- evaluated the resilience and viability statements, along with the reverse stress test analysis (for more detail see pages 72 to 74).

A process of monitoring and oversight is built into the existing delegated authority structure through the role of the Board and its Committees, including the Audit and Risk Committee. The Company relies on third-party service providers for critical functions such as investment management, financial and treasury services, and administrative support. These service providers maintain their own operational risk management and controls. To ensure independence, the service providers' internal audit teams conduct independent monitoring. The Company receives copies of service provider reports on their own internal controls, including the following:

- the Investment Manager's Internal Audit and Group Compliance functions perform an annual independent review of its Infrastructure business line operations;
- the Committee discussed reports related to the Investment Manager's IT framework, focusing on 3i's cyber maturity and general IT security;
- the nature of 3i's business means there are no IT critical dependencies for day-to-day operations. Since the last review, 3i's IT governance, infrastructure and operations have remained stable, with good system performance and stability and no outages or cyber security incidents reported. The Company relies on its service providers to disclose significant cyber-attacks and any potential compromises of Company information;
- the Committee also considered a report on 3i's European infrastructure team. The review scope included ongoing application of investment procedures, portfolio management processes, progress on sustainability objectives, implementation of sustainability strategies, GHG emissions reporting, and management of the Company's operating structure. Monitoring of its investment trust status and compliance with AIFMD regulations were also part of the review. The overall opinion on the control environment was unqualified, with no material issues or urgent actions noted;
- a comprehensive review of 3i's treasury processes took place, revealing no significant findings. Other service areas, such as tax, undergo review on a two-to three-year rotation basis;

Audit, Risk and Internal Control continued
Audit and Risk Committee report continued

- the Company's Registrar provides an annual independent report on its internal controls, specifically covering registrar services. This is completed in accordance with Technical Release AAF 01/20. The report was reviewed by the Board, Company Secretary and Investment Manager. For the year under review, no weakness in controls were identified;
- the Company's Jersey administrator, Aztec, provides an annual report detailing their internal control framework. This report demonstrates their approach to internal controls and risk management processes. Regulated by the JFSC, Aztec must provide the JFSC with an annual directors' declaration regarding any material breaches of the Codes of Practice for Fund Services Business (inclusive of internal systems and controls), audited accounts, auditor opinion, and ISA 260 letter. Aztec received an unqualified ISAE 3402 report during the year. Additionally, they were recently re-certified under ISO 27001. These global assurance standards validate the robustness of Aztec's internal controls and information security, providing assurance to clients; and
- Deloitte provides an audit update report, assessing the design and implementation of key controls it identified.

Other internal control measures

Aztec assumed the role of the Company's Jersey administrator in December 2022. The Company's Compliance Officer, Money Laundering Reporting Officer and Money Laundering Compliance Officer is an employee of Aztec. At each Audit and Risk Committee meeting, the Compliance Officer presents a compliance report. The Committee evaluates these reports within the context of the delegated investment management and support services, ensuring effective internal controls.

Aztec maintains an annual compliance monitoring plan and shares the results of its tests on the Company with the Committee. No areas of concern were identified during the year.

On the recommendation of the Compliance Officer and the Money Laundering Compliance Officer, the Board approved updates to various manuals and processes during the year:

- Conduct of Business Manual
- Anti-Money Laundering Manual
- Business Risk Assessment
- Customer due diligence process

The Company Secretary informs the Board about updates to policies not covered by the Conduct of Business Manual and Anti-Money Laundering Manual. These policies include the Non-audit services policy, Whistleblowing policy, Treasury policy and 3i Group's Equal opportunities and diversity policy (relevant to the Directors).

The Chair of the Audit and Risk Committee engages periodically with the Compliance Officer and the Investment Manager's Heads of Internal Audit and Compliance. These interactions provide updates on the Investment Manager's internal audit and compliance processes.

As a result of these reviews, the Audit and Risk Committee was able to confirm to the Board that the Company's internal controls were working effectively and no weaknesses or inefficiencies had been identified.

Other matters

Other specific matters reviewed by the Committee during the year were:

- the Committee's Terms of Reference; and
- the Company's compliance with its regulatory obligations in the UK as a listed entity and in Jersey where it is registered.

This will be my last report as Chair of the Audit and Risk Committee as I have reached the end of my tenure and will be stepping down at the conclusion of the 2024 AGM. I am grateful to the Committee members for their continued constructive support over the past years. I will ensure a smooth transition to Martin Magee, who will be succeeding me as Chair of the Committee, and wish him and the Committee continued success in discharging the responsibilities of the Committee.

Wendy Dorman
Chair, Audit and Risk Committee
7 May 2024

Relationship with Investment Manager
Management Engagement Committee report

> Management of the performance of and relationship with the Investment Manager is key to ensuring the continued success of the Company.
>
> **Richard Laing**
> Chair, Management Engagement Committee

The principal function of the Management Engagement Committee is to consider, and recommend to the Board, whether the continued appointment of the Investment Manager is in the best interests of the Company and its shareholders and to give reasons for its recommendation.

Its remit includes managing all aspects of the performance of and relationship with the Investment Manager. The Committee also reviews the terms of the Investment Management Agreement ('IMA').

Investment Manager

The Investment Manager is responsible for the implementation of the agreed Investment policy and for investment or divestment decisions, subject to the investments or divestments remaining within certain thresholds.

Where the value of investments or divestments is above the agreed threshold, the Board is responsible for approving these transactions.

The Investment Manager keeps the Board regularly updated on the progress of the deal pipeline, and proposed and completed transactions.

The Investment Manager discusses with the Board potential investment opportunities and proposed divestments, whether or not they are within the Investment Manager's delegated authority.

The Investment Manager undertakes origination activities, manages the Company's funding and hedging requirements, and manages funding requirements of the investment portfolio, all of which is governed by the terms of the IMA.

Fees under the IMA consist of a tiered management fee and time weighting of the management fee calculation, a one-off transaction fee of 1.2% payable in respect of new investments, and the payment of a performance fee on a phased basis and subject to future performance tests.

Relationship with Investment Manager continued
Management Engagement Committee report continued

The applicable tiered rates are shown in the table below:

Gross investment value	Applicable tier rate
Up to £1.25bn	1.4%
£1.25bn to £2.25bn	1.3%
Above £2.25bn	1.2%

The IMA is terminable on service of 12 months' notice by either party. Further details on the management and performance fees, and the relationship between the Company, 3i Investments plc and 3i Group are described in more detail in Note 18 in the Financial statements on pages 160 and 161.

During the year, the Committee assessed the overall relationship with the Investment Manager and:

- monitored and reviewed the Investment Manager's performance against the Company's strategy and the general market conditions;
- reviewed the quality, timeliness, accuracy and relevance of the information provided to the Board, including recommendations on new investments and divestments and reviews of portfolio company performance;
- reviewed the level of performance of the portfolio relative to the Company's peer group;
- evaluated the quality and depth of experience of the investment management team;
- reviewed reports from industry analysts, comparing the performance of listed infrastructure investment companies, including an analysis of the terms of their management agreements and fees charged relative to their investment objectives;
- reviewed the fees charged to the Company by the Investment Manager for the provision of its management services; and
- reviewed non-investment services provided by the Investment Manager.

Following its assessment, and based on the continued good performance of the Investment Manager, the Committee recommended to the Board, and the Board agreed, that the continued appointment of the Investment Manager on the terms set out in Note 18 in the Financial statements on pages 160 and 161 is in the interest of the Company and its shareholders as a whole.

Richard Laing
Chair, Management Engagement Committee
7 May 2024

Remuneration
Remuneration Committee report

"The fee structure for non-executive Directors should be transparent and reflect the complexity of the Company and the demands placed on the Directors."

Stephanie Hazell
Chair, Remuneration Committee

It is the responsibility of the Remuneration Committee to recommend to the Board a policy for non-executive Director remuneration, to monitor its implementation and to ensure that all payments to non-executive Directors are made in accordance with the agreed policy.

Remuneration policy

The Company's policy is that smaller, incremental increases to non-executive Director fees is a preferable approach to adjusting fees, rather than larger increases at longer frequencies.

The remuneration of each of the Directors is subject to fixed fee arrangements, and none of the Directors received any additional remuneration or incentives in respect of their services as a Director of the Company.

During the year, the Remuneration Committee reviewed the current level of the Directors' fees, taking account of the challenges in the global macroenvironment, inflation, the impact of an increasingly complex regulatory environment on Directors, and time spent, including but not limited to, attendance at meetings, Board calls with the Investment Manager, the strategy sessions and attending ad hoc meetings.

The Committee also reviewed internal and external benchmarking reports on Director remuneration for FTSE 250 companies and, in particular, investment trusts.

After careful consideration of all evidence from its review, the Committee recommended to the Board that the fees for Directors, the Chair, the Chair of the Audit and Risk Committee and the Senior Independent Director be increased as set out below. This was subsequently approved by the Board to take effect from 1 April 2024.

The Directors' fees for the financial year to 31 March 2024 and fee increases from 1 April 2024 are as follows:

Directors' fees	Amount per annum to be paid from 1 April 2024 £	**Amount paid in the year ended 31 March 2024 £**	Amount paid in the year ended 31 March 2023 £
Richard Laing	135,000	**130,000**	124,000
Doug Bannister	52,000	**50,000**	47,500
Wendy Dorman	64,500	**62,000**	58,500
Stephanie Hazell	60,250	**55,641**	23,750
Samantha Hoe-Richardson	52,000	**50,000**	47,500
Jennifer Dunstan[1,2]	52,000	**34,872**	N/A
Martin Magee[1]	52,000	**34,872**	N/A
Ian Lobley[2,3]	N/A	**15,128**	47,500
Paul Masterton[3]	N/A	**17,623**	55,000

1 Appointed with effect from 20 July 2023.
2 Fee payable to 3i plc.
3 Retired with effect from 20 July 2023.

Stephanie Hazell
Chair, Remuneration Committee
7 May 2024

Additional statutory and corporate governance information

Principal activity

The Company is a closed-ended UK investment trust that invests in infrastructure businesses and assets. The Directors do not anticipate any change in the principal activity of the Company in the foreseeable future. Its unconsolidated subsidiaries are shown in Note 19 in the Financial statements on pages 162 to 169.

Investment trust status

The Company is a UK-approved investment trust. The affairs of the Company are directed to enable it to maintain its UK tax domicile and its approved investment trust company status, which it did during the course of the year. This is managed on an ongoing basis by the Investment Manager and monitored by the Audit and Risk Committee.

Corporate governance

The Company is committed to upholding the highest standards of corporate governance. The Company observes the requirements of the AIC Code, a copy of which is available from the AIC website at www.theaic.co.uk. The provisions of the AIC Code are more appropriate for a closed-ended investment trust than the UK Code because, amongst other things, it has no executive directors and no employees. The AIC website includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. The Company complied with all the provisions of the AIC Code for the financial year ended 31 March 2024. See page 78 for the Company's statement of compliance with the AIC Code.

Directors' duties

Details of compliance by Directors with their Directors' duties are set out on page 75.

Appointment and re-election of Directors

The appointment and re-election of Directors is governed by the Articles, the Companies (Jersey) Law 1991 and related legislation. The Articles provide that, at each AGM of the Company, all the Directors at the date of notice convening the AGM shall retire from office, and each Director may offer themselves for election or re-election. In addition, under the AIC Code, all Directors should be subject to annual election by shareholders. As a result, all Directors will retire and, other than Wendy Dorman and Samantha Hoe-Richardson who are retiring at the AGM, will stand for election or re-election at the next AGM to be held on 4 July 2024. The Board regularly considers the independence of non-executive Directors as detailed on page 93.

Board's responsibilities and processes

The composition of the Board and its Committees, as well as the Board's key responsibilities and the way that it and its Committees work, are described on pages 85 to 87.

The Board is responsible to shareholders for the overall management of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, the Articles and any directions given by special resolution of the shareholders.

Matters reserved for the Board

The Board has approved a formal Schedule of Matters Reserved to it and its duly authorised Committees for decision, as detailed on page 86.

Portfolio management and voting policy

In relation to unquoted investments, the Company's approach is to seek to add value to the businesses in which it invests through the extensive experience, resources and contacts of the Investment Manager's team. In relation to quoted equity investments, the Company's policy is to exercise voting rights on matters affecting the interests of the Company.

Additional statutory and corporate governance information continued

Regulation

The Company is incorporated in Jersey and is regulated by the Jersey Financial Services Commission as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. It has a Premium Listing on the London Stock Exchange's Main Market.

Alternative Investment Fund Managers Directive

For the purposes of the Alternative Investment Fund Managers Regulations 2013 (the 'Regulations') and the EU Alternative Investment Fund Managers Directive, the Company is an alternative investment fund ('AIF'). The Investment Manager is approved as an Alternative Investment Fund Manager ('AIFM') by the FCA for the purposes of the Regulations, and is the Company's AIFM. The Depositary is Citibank UK Limited.

The Investment Manager is a subsidiary of 3i Group and the Remuneration policy of 3i Group (which applies to the Investment Manager) was last approved by 3i Group's shareholders in 2023. Details of the Remuneration policy are set out in the 3i Group Annual report and accounts for 2023.

The disclosures required by the Investment Manager as an AIFM are contained in the Annual report and accounts of 3i Group (www.3i.com). These disclosures include the remuneration (fixed and variable) of all staff and all AIFM Identified Staff of the Investment Manager. Due to 3i Group's operational structure, the information needed to provide a further breakdown of remuneration attributable to the staff and the AIFM Identified Staff of the Investment Manager as the Company's AIFM, is not readily available and would not be relevant or reliable.

Although certain investor disclosures required by the FCA's Investment Funds sourcebook are made in this Annual report, further disclosures are summarised on the Company's website at www.3i-infrastructure.com. There have been no material changes to these disclosures during the financial year.

In accordance with Part 5 of the Regulations and the relevant requirements of the EU Alternative Investment Fund Managers Directive, the Investment Manager, as an AIFM, requires all relevant controlled portfolio companies to make available to employees an annual report which meets the applicable disclosure requirements.

These are available either on the portfolio company's website or through filing with the relevant local authorities.

NMPI

As a UK investment trust, the Company's shares are excluded from the FCA rules regarding the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes ('non-mainstream pooled investments', or 'NMPIs') and therefore the restrictions relating to NMPIs do not apply to its shares. It is the Board's intention that the Company will continue to conduct its affairs in such a manner that it maintains its approved investment trust company status and that, accordingly, the Company's shares will continue to be excluded from the FCA's rules relating to NMPIs.

Results and dividends

The Directors recommend that a final dividend of 5.95 pence per share (2023: 5.575 pence per share) be paid in respect of the year to 31 March 2024 to shareholders on the register at the close of business on 14 June 2024. The Company has chosen to designate 3.20 pence of its final dividend as an interest distribution.

The distribution of the dividend payments between interim and final dividends is evaluated by the Board each year, according to the Company's performance, portfolio income generation and other factors, such as profits generated on the realisation of portfolio assets. The Company will be targeting a dividend for FY25 of 12.65 pence per share.

Additional statutory and corporate governance information continued

Operations and management arrangements

Details of the role and responsibilities of the Investment Manager under the Investment Management Agreement are set out in the Management Engagement Committee report on pages 104 and 105.

Other significant service arrangements

In addition to the investment management arrangements, 3i plc and 3i Investments plc (both subsidiaries of 3i Group plc), in relation to certain regulatory services, have been appointed by the Company to provide support services, including treasury and accounting services, investor relations and other support services. The amounts payable under these arrangements are described in more detail in Note 18 in the Financial statements on pages 160 and 161.

3i plc acts as Company Secretary to the Company, and Aztec Financial Services (Jersey) Limited acts as the Company's Jersey fund administrator, which includes provision of the Company's Compliance Officer, Money Laundering Compliance Officer and Money Laundering Reporting Officer.

Revolving credit facility

The Company has a £900 million RCF in order to maintain a good level of liquidity for further investment whilst minimising returns dilution from holding excessive cash balances. In September 2023, the RCF maturity date was extended by a year to November 2026 with no changes to terms. The RCF has a margin of 1.5% and a non-utilisation fee.

The facility is a sustainability-linked RCF. It includes stretching targets across ESG themes aligned with the Company's purpose. Performance against these targets will adjust the margin for the subsequent year.

Share capital

The issued share capital of the Company as at 31 March 2024 was 922,350,000 ordinary shares (2023: 922,350,000). The Company does not hold any ordinary shares in treasury.

Major interests in ordinary shares

As at 31 March 2024 and 30 April 2024, the Company has received notification in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules of the following notifiable interests in the voting rights in the Company's ordinary share capital:

Interest in ordinary shares	Number of ordinary shares[1] as at 31 March 2024	% of issued share capital	Number of ordinary shares[1] as at 30 April 2024	% of issued share capital
3i Group plc (and subsidiaries)	**269,242,685**	29.19%	**269,242,685**	29.19%
Schroders plc	**55,293,434**	5.99%	**54,852,821**	5.95%

1 Each ordinary share carries the right to one vote.

Directors' shareholding and share interests

Details of Directors' interests (including interests of their closely associated persons) in the Company's shares as at 31 March 2024* are shown in the table below.

Directors' interests and beneficial interests	Ordinary shares at 31 March 2024	Ordinary shares at 31 March 2023
Richard Laing	**43,035**	35,000
Doug Bannister	**20,000**	20,000
Wendy Dorman	**28,294**	28,294
Stephanie Hazell	**6,420**	6,420
Samantha Hoe-Richardson	**2,839**	2,839
Martin Magee	**9,242**	0
Jennifer Dunstan	**0**	0

* There have been no changes in Directors' shareholding and share interests since 31 March 2024.

Additional statutory and corporate governance information continued

Directors' authority to buy back shares

The Company did not purchase any of its own shares during the year. The current authority of the Company to make market purchases of up to 14.99% of the issued ordinary share capital expires at the 2024 AGM. The Company will seek to renew such authority until the end of the AGM in 2025, specifying the maximum and minimum price at which shares can be bought back. Any buy back of ordinary shares will be made in accordance with Jersey law, and the making and timing of any buy backs will be at the discretion of the Directors. Such purchases will also only be made in accordance with the Listing Rules of the FCA, which provide that the price paid must not be more than the higher of: (i) 5% above the average middle market quotations for the ordinary shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at such time.

Directors' indemnities

The Articles provide that, subject to the provisions of the Statutes, every Director of the Company shall be indemnified out of the assets of the Company against all liabilities and expenses incurred by him or her in the actual or purported execution or discharge of his or her duties. 'Statutes' here refers to the Companies (Jersey) Law 1991 and every other statute, regulation or order for the time being in force concerning companies registered under the Companies (Jersey) Law 1991.

In addition, the Company has entered into indemnity agreements for the benefit of its Directors and these remain in force at the date of this report. The Company also had directors' and officers' liability insurance in place in the year.

Political donations

During the year to 31 March 2024, no donations were made to political parties or organisations, or independent election candidates and no political expenditure was incurred.

Information included in the Strategic report

The Strategic report on pages 1 to 75 provides a review of the performance and position of the Company, together with a description of the principal risks and uncertainties that it faces. Furthermore, the Strategic report includes: the Company's risk management objectives and policies; likely future developments of the business; greenhouse gas emissions; and the s172 statement. The Directors' Resilience statement is also shown in the Strategic report on page 72.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and accounts in accordance with applicable law and regulations and those International Financial Reporting Standards ('IFRS') which have been adopted by the UK.

As a company listed on the London Stock Exchange's Main Market, 3i Infrastructure plc is subject to the FCA's Listing Rules and Disclosure Guidance and Transparency Rules, as well as to all applicable laws and regulations of Jersey, where it is incorporated.

Jersey company law requires the Directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles. The Financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end, and of the profit or loss of the Company for the period then ended.

In preparing these Financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the Financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

Additional statutory and corporate governance information continued

The Directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company's Financial statements comply with the requirements of the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Annual report and accounts and the Directors confirm that they consider that, taken as a whole, the Annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In accordance with the FCA's Disclosure Guidance and Transparency Rules, the Directors confirm to the best of their knowledge that:

- the Financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the Annual report and accounts includes a fair review of the development and performance of the business and the position of the Company taken as a whole, together with a description of the principal risks and uncertainties faced by the Company.

The Directors of the Company and their functions are listed on pages 80 and 81 and pages 85 to 88.

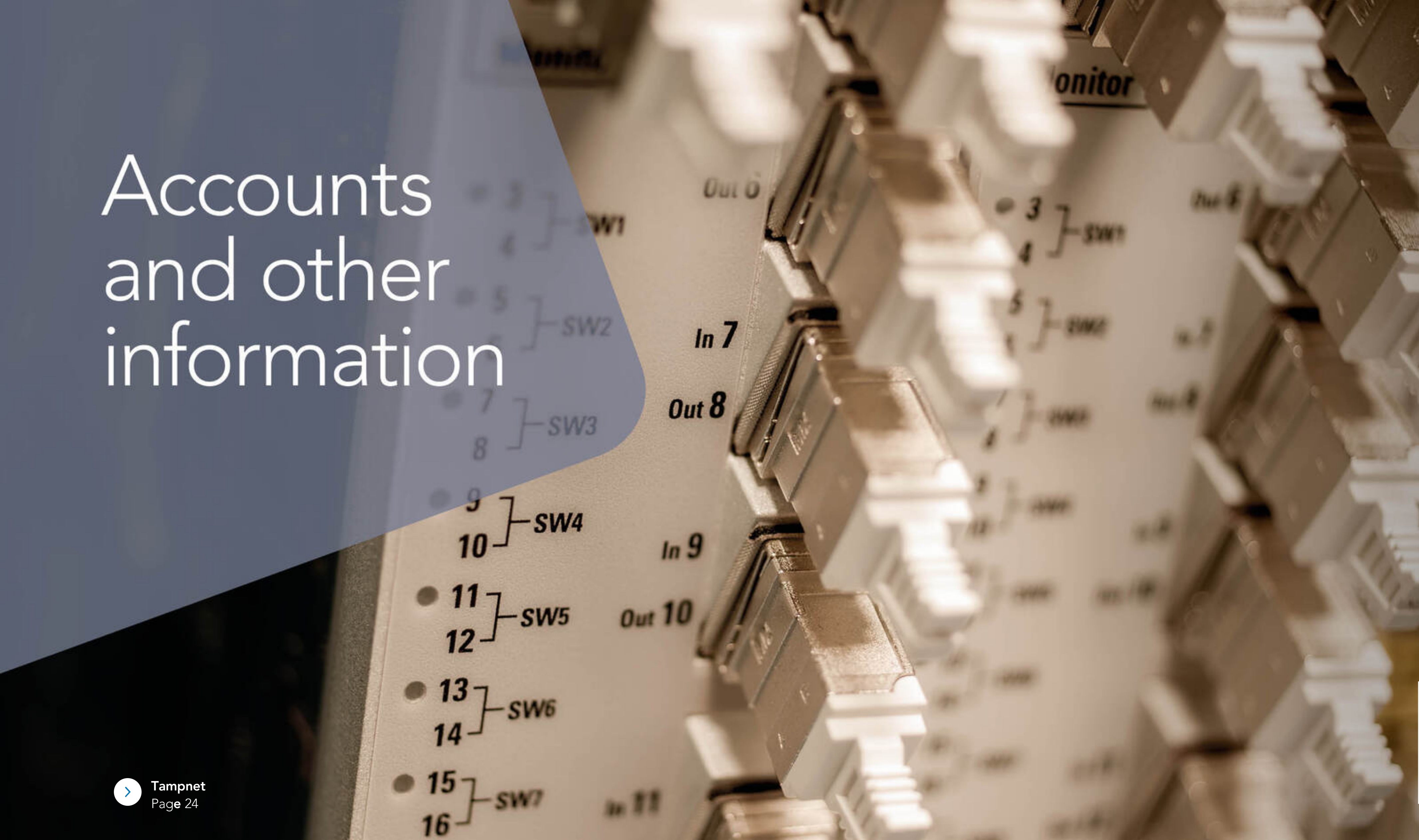
The Directors have acknowledged their responsibilities in relation to the Financial statements for the year to 31 March 2024.

By order of the Board

Authorised signatory

3i plc
Company Secretary
7 May 2024

Registered Office:
IFC 6, The Esplanade
St. Helier
Jersey JE2 3BZ
Channel Islands



Accounts and other information

Tampnet
Page 24

Independent auditor's report to the members of 3i Infrastructure plc

Report on the audit of the Financial statements

1 Opinion

In our opinion the Financial statements of 3i Infrastructure plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the Financial statements which comprise:

- the Statement of comprehensive income;
- the Statement of changes in equity;
- the Balance sheet;
- the Cash flow statement;
- the Reconciliation of net cash flow to movement in net debt;
- the Significant accounting policies; and
- the related Notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Independent auditor's report to the members of 3i Infrastructure plc continued

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Company for the year are disclosed in Note 3 to the Financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the fair value of investments.
Materiality	The materiality that we used for the Financial statements in the current year was £32 million, which was determined on the basis of approximately 1% of the Company's net asset value ('NAV'). A lower materiality threshold of £3.9 million based upon approximately 2% of investment income was applied to certain balances in the Statement of comprehensive income and Balance sheet, excluding fair value of investments and derivatives balances and their associated fair value movements.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team and covered all of the Company's operations and investments.
Significant changes in our approach	There have been no significant changes in our audit approach compared with the prior year.

Independent auditor's report to the members of 3i Infrastructure plc continued

4 Conclusions relating to going concern

In auditing the Financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessment of the financial position of the Company, including the cash balance of £5 million and £390 million undrawn on the £900 million RCF, which matures beyond the going concern assessment period;
- review of the Directors' liquidity and covenant compliance forecast for the next 12 months, including the ability of the Company to meet its obligations under the Investment Management Agreement;
- assessment of the ability of the Company's investments to generate cash income for the Company and the robustness of those cash flows to key risks;
- assessment of the Directors' sensitivity analysis, including the consideration of a 'reverse stress test';
- assessment of the model used to prepare the forecasts, testing of mathematical accuracy of those forecasts and our assessment of the historical accuracy of the forecasts prepared by the Investment Manager; and
- review of the appropriateness of the going concern disclosures included in the Financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the Financial statements are authorised for issue.

In relation to reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of 3i Infrastructure plc continued

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Fair value of Investments

Key audit matter description

At 31 March 2024, the Company held investments totalling £3,842 million (2023: £3,641 million) in unquoted companies which are measured at fair value through profit and loss. These investments are classified at Level 3 within the IFRS 13 Fair Value Measurement fair value hierarchy and, for Economic Infrastructure investments, their valuation requires significant judgement and estimation.

As a liquid market does not exist for the investments, they are generally measured using a discounted cash flow methodology. The complex nature of this methodology, combined with the number of significant judgements and estimates, means there is a risk that the fair value of the investments could be misstated. There are certain assumptions used in the determination of fair value to which the fair value is highly sensitive, which require a significant level of judgement to determine, and which could be susceptible to bias or manipulation, which is why we consider there to be a potential fraud risk.

The key assumptions and estimates used in the determination of the fair value of investments have been summarised as:

- discount rates – the determination of the appropriate discount rate that is reflective of current market conditions and the specific risks of the investment. The level of judgement required in respect of this is heightened by current market volatility;
- macroeconomic assumptions – forecast inflation rates; and
- forecast future cash flows – specific investments contain certain assumptions in the cash flow forecasts that are particularly complex and judgemental.

This key audit matter is also discussed on page 99 in the Audit and Risk Committee report, and disclosed in the significant accounting policies as a key source of estimation uncertainty on page 134, and in the portfolio valuation methodology on pages 39 and 40.

Independent auditor's report to the members of 3i Infrastructure plc continued

5.1 **Fair value of Investments** continued

How the scope of our audit responded to the key audit matter

In response to the key audit matter identified, we performed the following procedures:

- tested the controls in respect of the valuation process adopted by the Investment Manager and the Board, including the review and approval processes undertaken by the Investment Manager's valuation committee;
- tested that the valuation methodology is compliant with IFRS 13 requirements;
- met with the Investment Manager's Managing Partners, CFO, and other partners and personnel responsible for preparing and reviewing the valuations to understand the underlying performance of the businesses being valued and how the year-end valuation has been prepared, including key valuation assumptions;
- involved our valuation experts to assess discount rates applied in the valuations by benchmarking to relevant peers and transactions and considering the inherent risk profile of the underlying cash flows specific to each investment. As part of this assessment, we challenged the Investment Manager's assertion that recent increases in risk-free rates did not impact the discount rates used to value the portfolio;
- tested and challenged the macroeconomic assumptions included in the forecasts with reference to observable market data and external forecasts;
- assessed the forecast cash flows and related assumptions for all investments, including movements since acquisition or the prior year and, where applicable, used third-party evidence to challenge key assumptions;
- engaged with our valuation experts to apply an additional level of challenge to the investments identified as containing more judgemental forecast cash flow assumptions;
- considered the Company's identification and evaluation of climate change-related risks in respect of their investments;
- reviewed industry news and other external sources of information to identify evidence that may contradict the assumptions taken by the Investment Manager;
- assessed the historical accuracy of the cash flow forecasts through comparison to actual results in order to assess the reliability of the forecasts;
- compared historical data included in the valuation to audited financial statements to check that forecasts are based on actual results where applicable;
- employed analytic tools to assess the integrity of the valuation models;
- evaluated whether the estimates made were, individually and in aggregate, reasonable and free of bias; and
- assessed the disclosures made in the Notes to the Financial statements regarding the key sources of estimation uncertainty.

Key observations

We consider the judgements and assumptions utilised in determining the fair value of the Company's investment portfolio to be reasonable and supportable, and therefore have concluded that the fair value of the Company's investments as at 31 March 2024 is appropriate.

Independent auditor's report to the members of 3i Infrastructure plc continued

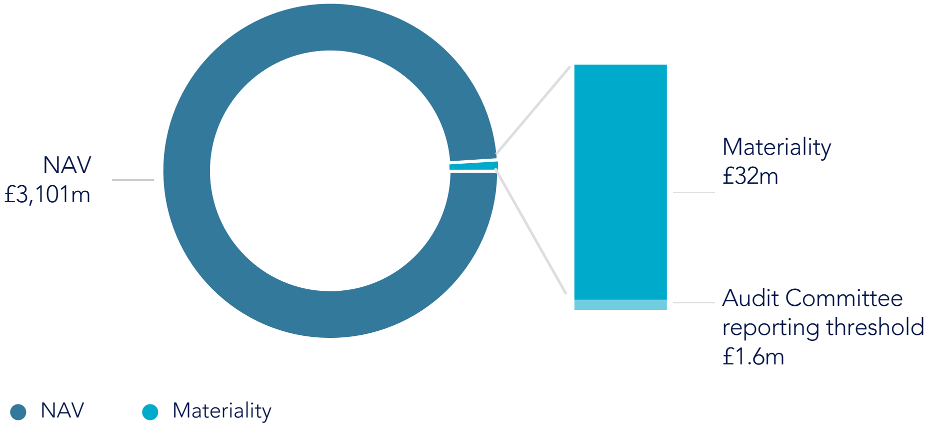
6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the Financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial statements as a whole as follows:

Materiality	£32 million (2023: £31 million).
Basis for determining materiality	Materiality is determined using approximately 1% of net asset value ('NAV').
Rationale for the benchmark applied	We consider NAV to be the key financial statement benchmark used by shareholders of the Company in assessing financial performance.



A lower materiality threshold of £3.9 million (2023: £3.1 million) based on approximately 2% (2023: 2%) of investment income has also been used. This has been applied to certain balances in the Statement of comprehensive income and Balance sheet, excluding fair value of investments and derivatives balances and their associated fair value movements, due to qualitative factors of stakeholder interest.

Independent auditor's report to the members of 3i Infrastructure plc continued

6 Our application of materiality continued

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial statements as a whole. Performance materiality was set at 70% of materiality for the 2024 audit (2023: 70%). In determining performance materiality, we considered the following factors:

- the quality of internal control in existence at the Company and the Investment Manager;
- the stability of the business;
- the low level of errors identified in prior years;
- the willingness of the Investment Manager to correct errors identified; and
- the stability and competence of the finance team.

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £1.6 million (2023: £1.5 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the Financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. All audit work to respond to the risks of material misstatement was performed directly by the audit engagement team and covered all operations and investments.

7.2 Our consideration of the control environment

The Audit and Risk Committee report beginning on page 98 of the Annual Report provides details of the Committee's consideration of the effectiveness of the internal control environment.

We have obtained an understanding of the control environment and the relevant controls to address our significant risks and other key account balances and transactions, including the valuation of investments, performance and management fees, investment income, and the financial reporting process. This included the control environment and relevant controls operating at the Investment Manager as a key service provider to the Company.

We have also tested and relied on the controls in respect of the investment valuation process.

Independent auditor's report to the members of 3i Infrastructure plc continued

7 An overview of the scope of our audit continued

7.3 Our consideration of climate-related risks

The Company has identified climate risk as a key risk, as detailed in the Climate risk section of the Risk report on page 67. The primary area where climate risks could impact the Financial statements is in respect of the fair value of investments as the investment portfolio companies face a range of climate change-related risks and opportunities.

The Company has considered the impact of climate change when preparing the investment valuations. We have considered the Company's identification and evaluation of climate-change risk in respect of their investments, as highlighted in section 5.1 above. This assessment considered the risks and opportunities associated with the impact of energy transition, extreme weather patterns and regulatory environments and their impact on the determination of fair value.

8 Other information

The other information comprises the information included in the Annual report, other than the Financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual report.

Our opinion on the Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of 3i Infrastructure plc continued

9 Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the Financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial statements.

A further description of our responsibilities for the audit of the Financial statements is located on the FRC's website. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance, including the design of the Investment Manager's fee structure and performance targets;
- results of our enquiries of the Investment Manager, the Investment Manager's internal audit function, the Directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations specialists, regarding how and where fraud might occur in the Financial statements, and any potential indicators of fraud.

Independent auditor's report to the members of 3i Infrastructure plc continued

11 Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1 Identifying and assessing potential risks related to irregularities (continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the investment portfolio. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law, Listing Rules, and UK Investment Trust tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included the Alternative Investment Fund Managers Directive as approved by the FCA.

11.2 Audit response to risks identified

As a result of performing the above, we identified the fair value of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial statements;
- enquiring of management, the Audit and Risk Committee, the Investment Manager's in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing the Investment Manager's internal audit reports pertaining to the Company's activities, and reviewing any correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report to the members of 3i Infrastructure plc continued

Report on other legal and regulatory requirements

12 Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on pages 72 and 73;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 73;
- the Directors' statement on fair, balanced and understandable, set out on page 111;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 110;
- the section of the Annual report that describes the review of effectiveness of risk management and internal control systems, set out on pages 102 and 103; and
- the section describing the work of the Audit and Risk committee, set out on pages 98 to 103.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of 3i Infrastructure plc continued

14 Other matters which we are required to address

14.1 Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the shareholders on 6 July 2017 at the Annual General Meeting to audit the Financial statements for the year ending 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and re-appointments of the firm is seven years, covering the years ending 31 March 2018 to 31 March 2024.

14.2 Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15 Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the FCA Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these Financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Stephen Craig, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
London, UK
7 May 2024

Statement of comprehensive income
For the year to 31 March

	Notes	2024 £m	2023 £m
Net gains on investments	7	180	339
Investment income	7	193	156
Interest receivable		1	2
Investment return		374	497
Movement in the fair value of derivative financial instruments	5	73	18
Management and performance fees payable	2	(75)	(92)
Operating expenses	3	(4)	(3)
Finance costs	4	(35)	(16)
Exchange movements		14	(10)
Profit before tax		347	394
Income taxes	6	–	–
Profit after tax and profit for the year		347	394
Total comprehensive income for the year		347	394
Earnings per share			
Basic and diluted (pence)	14	37.6	44.0

Statement of changes in equity
For the year to 31 March

2024	Notes	**Stated capital account £m**	**Retained reserves[1] £m**	**Capital reserve[1] £m**	**Revenue reserve[1] £m**	**Total shareholders' equity £m**
Opening balance at 1 April 2023		**879**	**1,282**	**940**	**–**	**3,101**
Total comprehensive income for the year		**–**	**–**	**233**	**114**	**347**
Dividends paid to shareholders of the Company during the year	15	**–**	**–**	**–**	**(106)**	**(106)**
Closing balance at 31 March 2024		**879**	**1,282**	**1,173**	**8**	**3,342**

2023	Notes	Stated capital account £m	Retained reserves[1] £m	Capital reserve[1] £m	Revenue reserve[1] £m	Total shareholders' equity £m
Opening balance at 1 April 2022		779	1,282	643	–	2,704
Issue of shares		100	–	–	–	100
Total comprehensive income for the year		–	–	316	78	394
Dividends paid to shareholders of the Company during the year	15	–	–	(19)	(78)	(97)
Closing balance at 31 March 2023		879	1,282	940	–	3,101

1 The Retained reserves, Capital reserve and Revenue reserve are distributable reserves. Retained reserves relate to the period prior to 15 October 2018. Further information can be found in Accounting policy H.

Balance sheet
As at 31 March

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Investments at fair value through profit or loss	7	**3,842**	3,641
Derivative financial instruments	10	**49**	29
Total non-current assets		**3,891**	3,670
Current assets			
Derivative financial instruments	10	**33**	28
Trade and other receivables	8	**3**	4
Cash and cash equivalents		**5**	5
Total current assets		**41**	37
Total assets		**3,932**	3,707
Liabilities			
Non-current liabilities			
Derivative financial instruments	10	**–**	(10)
Trade and other payables	12	**(32)**	(48)
Loans and borrowings	11	**(510)**	(501)
Total non-current liabilities		**(542)**	(559)
Current liabilities			
Derivative financial instruments	10	**(5)**	(8)
Trade and other payables	12	**(43)**	(39)
Total current liabilities		**(48)**	(47)
Total liabilities		**(590)**	(606)
Net assets		**3,342**	3,101

Balance sheet continued

	Notes	2024 £m	2023 £m
Equity			
Stated capital account	13	**879**	879
Retained reserves		**1,282**	1,282
Capital reserve		**1,173**	940
Revenue reserve		**8**	–
Total equity		**3,342**	3,101
Net asset value per share			
Basic and diluted (pence)	14	**362.3**	336.2

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 7 May 2024 and signed on its behalf by:

Richard Laing
Chair

Cash flow statement
For the year to 31 March

	2024 £m	2023 £m
Cash flow from operating activities		
Purchase of investments	**(104)**	(729)
Proceeds from other financial assets	**–**	98
Proceeds from partial realisations of investments	**41**	322
Proceeds from full realisations of investments	**183**	104
Investment income[1]	**53**	30
Fees rebated on investment activities	**–**	1
Operating expenses paid	**(4)**	(3)
Interest received	**1**	3
Management and performance fees paid	**(86)**	(72)
Amounts received/(paid) on the settlement of derivative contracts	**34**	(13)
Net cash flow from operating activities	**118**	(259)
Cash flow from financing activities		
Fees and interest paid on financing activities	**(35)**	(16)
Proceeds from issue of share capital	**–**	102
Share issue expenses	**–**	(2)
Dividends paid	**(106)**	(97)
Drawdown of revolving credit facility	**402**	2,188
Repayment of revolving credit facility	**(379)**	(1,918)
Net cash flow from financing activities	**(118)**	257
Change in cash and cash equivalents	**–**	(2)
Cash and cash equivalents at the beginning of the year	**5**	17
Effect of exchange rate movement	**–**	(10)
Cash and cash equivalents at the end of the year	**5**	5

1 Investment income includes dividends of £9 million (2023: £1 million) and interest of £44 million (2023: £29 million).

Reconciliation of net cash flow to movement in net debt
For the year to 31 March

	2024 £m	2023 £m
Change in cash and cash equivalents	–	(2)
Drawdown of revolving credit facility	(402)	(2,188)
Repayment of revolving credit facility	379	1,918
Change in net debt resulting from cash flows	(23)	(272)
Movement in net debt	(23)	(272)
Net debt at the beginning of the year	(496)	(214)
Effect of exchange rate movement	14	(10)
Net debt at the end of the year	(505)	(496)

In the above reconciliation there were no non-cash movements.

Significant accounting policies

Corporate information

3i Infrastructure plc (the 'Company') is a company incorporated in Jersey, Channel Islands. The Financial statements for the year to 31 March 2024 comprise the Financial statements of the Company as defined in IFRS 10 Consolidated Financial Statements.

The Financial statements were authorised for issue by the Board of Directors on 7 May 2024.

Statement of compliance

These Financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ('IFRS') and International Accounting Standards.

These Financial statements have also been prepared in accordance with and in compliance with the Companies (Jersey) Law 1991.

Basis of preparation

In accordance with IFRS 10 (as amended), entities that meet the definition of an investment entity are required to fair value certain subsidiaries through profit or loss in accordance with IFRS 9 Financial Instruments, rather than consolidate their results. The Company does not have any consolidated subsidiaries, which would include subsidiaries that are not themselves investment entities and provide investment-related services to the Company.

The Financial statements of the Company are presented in sterling, the functional currency of the Company, rounded to the nearest million except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of determining the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Going concern

The Financial statements are prepared on a going concern basis as disclosed in the Risk report, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. The Directors have made an assessment of going concern, taking into account a wide range of information relating to present and future conditions, including the Company's cash and liquidity position, current performance and outlook, which considered the impact of the higher inflationary and interest rate environment, ongoing geopolitical uncertainties and current and expected financial commitments, using the information available up to the date of issue of these Financial statements. As part of this assessment the Directors considered:

- the analysis of the adequacy of the Company's liquidity, solvency and capital position. The Company manages and monitors liquidity regularly, ensuring it is adequate and sufficient. At 31 March 2024, liquidity remained strong at £395 million (2023: £404 million). Liquidity comprised cash and deposits of £5 million (2023: £5 million) and undrawn revolving credit facilities of £390 million (2023: £399 million) with a maturity date of November 2026. Income and non-income cash is expected to be received from the portfolio investments during the coming year, a portion of which will be required to support the payment of the dividend target and the Company's other financial commitments;

- uncertainty around the valuation of the Company's assets as set out in the Key sources of estimation uncertainties section. The valuation policy and process was consistent with prior years. This year a key focus of the portfolio valuations at 31 March 2024 was an assessment of the impact of the macroeconomic environment on the operational and financial performance of each portfolio company. In particular, this focused on continued inflationary pressures, higher current interest rates and the impact on the cost of debt, volatility in power prices and ongoing geopolitical uncertainties. We have incorporated into our cash flow forecasts a balanced view of future income receipts and expenses; and
- the Company's financial commitments. The Company had no investment commitments at 31 March 2024 (2023: none). The Company had ongoing charges of £53 million in the year to 31 March 2024, detailed in Table 5 in the Financial review, which are indicative of the ongoing run rate in the short term. The Company has a FY24 performance fee accrual of £26 million, a third of which is payable within the next 12 months. The Company has a FY23 performance fee accrual of £30 million relating to the second and third instalments of the FY23 fee, the second instalment being due within the next 12 months, an accrual of £18 million relating to the third instalment of the FY22 fee due within the next 12 months, and a proposed final dividend for FY24 of £55 million. In addition, while not a commitment at 31 March 2024, the Company has a dividend target for FY25 of 12.65 pence per share.

In addition to the considerations listed above, there are a number of actions within management control to enhance available liquidity. These include the timing of certain income receipts from the portfolio, and the level and timing of new investments or realisations.

Having performed the assessment of going concern, the Directors considered it appropriate to prepare the Financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of approval of these Financial statements.

Key judgements

The preparation of financial statements in accordance with IFRS requires the Directors to exercise judgement in the process of applying the accounting policies defined below. The following policies are areas where a higher degree of judgement has been applied in the preparation of the Financial statements.

(i) **Assessment as investment entity** – Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them unless they provided investment-related services to the Company. To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

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

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

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

The Company meets the criteria as follows:

- the stated strategy of the Company is to deliver stable returns to shareholders through a mix of income yield and capital appreciation;
- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure-related investment opportunities that they might not have had access to individually; and

Significant accounting policies continued

- the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion will be reassessed on an annual basis.

(ii) **Assessment of investments as structured entities** – A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Additional disclosures are required by IFRS 12 for interests in structured entities, whether they are consolidated or not. The Directors have assessed whether the entities in which the Company invests should be classified as structured entities and have concluded that none of the entities should be classified as structured entities as voting rights are the dominant factor in deciding who controls these entities.

(iii) **Assessment of consolidation requirements** – The Company holds significant stakes in the majority of its investee companies and must exercise judgement in the level of control of the underlying investee company that is obtained in order to assess whether the Company should be classified as a subsidiary.

The Company must also exercise judgement in whether a subsidiary provides investment-related services or activities and therefore should be consolidated or held at fair value through profit or loss. Further details are shown in significant accounting policy 'A Classification' below.

The adoption of certain accounting policies by the Company also requires the use of certain critical accounting estimates in determining the information to be disclosed in the Financial statements.

Key sources of estimation uncertainties

Valuation of the investment portfolio

The key area where estimates are significant to the Financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is in the valuation of the investment portfolio. The portfolio is well-diversified by sector, geography and underlying risk exposures. The key risks to the portfolio are discussed in further detail in the Risk report.

The majority of assets in the investment portfolio are valued on a discounted cash flow basis, which requires assumptions to be made regarding future cash flows, terminal value and the discount rate to be applied to these cash flows. The methodology for deriving the fair value of the investment portfolio, including the key estimates, is set out in the Summary of portfolio valuation methodology section. Refer to Note 7 for further details of the valuation techniques, significant inputs to those techniques and sensitivity of the fair value of these investments to the assumptions that have been made.

The discount rate applied to the cash flows in each investment portfolio company is a key source of estimation uncertainty. The acquisition discount rate is adjusted to reflect changes in company-specific risks to the deliverability of future cash flows and is calibrated against secondary market information and other available data points, including comparable transactions.

The discount rates applied to the investment portfolio at 31 March 2024 range from 10.0% to 14.0% (2023: 10.0% to 13.2%) and the weighted average discount rate applied to the investment portfolio is 11.3% (2023:11.3%). There is no change to the weighted average discount rate in the year despite the evolution of the portfolio mix following the realisation of Attero and the follow-on investments in DNS:NET, Ionisos and Future Biogas.

The cash flows on which the discounted cash flow valuation is based are derived from detailed financial models. These incorporate a number of assumptions with respect to individual portfolio companies, including: forecast new business wins or new orders; cost-cutting initiatives; liquidity and timing of debtor payments; timing of non-committed capital expenditure and construction activity; the terms of future debt refinancing; and macroeconomic assumptions such as inflation and energy prices. Future power price projections are taken from independent forecasters, and changes in these assumptions will affect the future value of our energy generating portfolio companies.

The Summary of portfolio valuation methodology section on pages 39 and 40 provides further details on some of the assumptions that have been made in deriving a balanced base case of cash flows.

The terminal value attributes a residual value to the portfolio company at the end of the projected discrete cash flow period based on market comparables. The terminal value assumptions consider climate change risk and stranded asset risk. The valuation of each asset has significant estimation in relation to asset-specific items but there is also consideration given to the impact of wider megatrends such as the transition to a lower-carbon economy and climate change.

The effects of climate change, including extreme weather patterns or rising sea levels in the longer term, could impact the valuation of the assets in the portfolio in different ways. The Summary of portfolio valuation methodology section provides further details on some of the assumptions that have been made in deriving terminal values and some of the risk factors considered in the cash flow forecasts.

New and amended standards adopted for the current year

Standards and amendments to standards applicable to the Company that became effective during the year and were adopted by the Company on 1 April 2023 are listed below:

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (1 January 2024)

Amendments to IAS 1 Non-current Liabilities with Covenants (1 January 2024)

International Tax Reform — Amendments to IAS 12 Pillar Two Model Rules (23 May 2023)

Standards and amendments issued but not yet effective

As at 31 March 2024, the following new or amended standards, applicable to the Company, which have not been applied in these Financial statements, had been issued by the International Accounting Standards Board ('IASB') but are yet to become effective:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (1 January 2024)

IFRS S2 Climate-related Disclosures (1 January 2024)

Amendments to the Sustainability Accounting Standard Board ('SASB') standards to enhance their international applicability (1 January 2025)

IFRS 18 Presentation and Disclosures in Financial Statements (1 January 2027)

The Company intends to adopt these standards when they become effective, but does not currently anticipate that these standards will have a significant impact on the Company's Financial statements. Current assumptions regarding the impact of future standards will remain under consideration in light of interpretation notes as and when they are issued.

Significant accounting policies continued

A Classification

(i) **Subsidiaries** – Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company only consolidates subsidiaries in the Financial statements if they are deemed to perform investment-related services and do not meet the definition of an investment entity. Investments in subsidiaries that do not meet this definition are accounted for as Investments at fair value through profit or loss, with changes in fair value recognised in the Statement of comprehensive income in the year. The Directors have assessed all entities within the structure and concluded that there are no subsidiaries of the Company that provide investment-related services or activities.

(ii) **Associates** – Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Company's investment portfolio are carried in the Balance sheet at fair value, even though the Company may have significant influence over those entities.

(iii) **Joint ventures** – Interests in joint ventures that are held as part of the Company's investment portfolio are carried in the Balance sheet at fair value. This treatment is permitted by IFRS 11 and IAS 28, which allows interests held by venture capital organisations where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9, with changes in fair value recognised in the Statement of comprehensive income in the year.

B Exchange differences

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated to the functional currency at the exchange rate ruling at the balance sheet date.

Foreign exchange differences arising on translation to the functional currency are recognised in the Statement of comprehensive income. Foreign exchange differences relating to investments held at fair value through profit or loss are shown within the line Net gains on investments. Foreign exchange differences relating to other assets and liabilities are shown within the line Exchange movements.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency using exchange rates ruling at the date the fair value was determined, with the associated foreign exchange difference being recognised within the unrealised gain or loss on revaluation of the asset or liability.

C Investment portfolio

Recognition and measurement – Investments are recognised and de-recognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investment.

The Company manages its investments with a view to profiting from the receipt of investment income and obtaining capital appreciation from changes in the fair value of investments. Therefore, all unquoted investments are measured at fair value through profit or loss upon initial recognition and subsequently carried in the Balance sheet at fair value, applying the Company's valuation policy. Acquisition-related costs are accounted for as expenses when incurred.

Net gains or losses on investments are the movement in the fair value of investments between the start and end of the accounting period, or investment disposal date, or the investment acquisition date and the end of the accounting period, including divestment-related costs where applicable, converted into sterling using the exchange rates in force at the end of the period; and are recognised in the Statement of comprehensive income.

Income

Investment income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be an economic benefit and the income can be reliably measured.

The following specific recognition criteria must be met before the income is recognised:

- dividends from equity investments are recognised in the Statement of comprehensive income when the Company's rights to receive payment have been established. Special dividends are credited to capital or revenue according to their circumstances;
- interest income from loans that are measured at fair value through profit or loss is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's carrying value or principal amount. The remaining changes in the fair value movement of the loans are recognised separately in the line Net gains on investments in the Statement of comprehensive income;
- distributions from investments in Limited Partnerships are recognised in the Statement of comprehensive income when the Company's rights as a Limited Partner to receive payment have been established; and
- fees receivable represent amounts earned from investee companies on completion of underlying investment transactions and are recognised on an accruals basis once entitlement to the revenue has been established.

D Fees

(i) **Fees** – Fees payable represent fees incurred in the process of acquiring an investment and are measured on the accruals basis.

(ii) **Management fees** – A management fee is payable to 3i plc, calculated as a tiered fee based on the gross investment value of the Company, and is accrued in the period it is incurred. Further details on how this fee is calculated are provided in Note 18.

(iii) **Performance fee** – The Investment Manager is entitled to a performance fee based on the total return generated in the period in excess of a performance hurdle of 8%. The fee is payable in three equal annual instalments and is accrued in full in the period it is incurred. Further details are provided in Note 18.

(iv) **Finance costs** – Finance costs associated with loans and borrowings are recognised on an accruals basis using the effective interest method.

E Treasury assets and liabilities

Short and long-term treasury assets and short and long-term treasury liabilities are used to manage cash flows and the overall costs of borrowing. Financial assets and liabilities are recognised in the Balance sheet when the relevant company entity becomes a party to the contractual provisions of the instrument.

(i) **Cash and cash equivalents** – Cash and cash equivalents in the Balance sheet and Cash flow statement comprise cash at bank, short-term deposits with an original maturity of three months or less and AAA-rated money market funds. Money market funds are accounted for at amortised cost under IFRS 9. However, due to their short-term and liquid nature, this is the same as fair value. Interest receivable or payable on cash and cash equivalents is recognised on an accruals basis.

(ii) **Bank loans, loan notes and borrowings** – Loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs associated with the borrowings. Where issue costs are incurred in relation to arranging debt finance facilities, these are capitalised and disclosed within Trade and other receivables and amortised over the life of the loan.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

(iii) **Derivative financial instruments** – Derivative financial instruments are used to manage the risk associated with foreign currency fluctuations in the valuation of the investment portfolio. This is achieved by the use of forward foreign currency contracts. Such instruments are used for the sole purpose of efficient portfolio management. All derivative financial instruments are held at fair value through profit or loss.

Derivative financial instruments are recognised initially at fair value on the contract date and subsequently remeasured to the fair value at each reporting date. All changes in the fair value of derivative financial instruments are taken to the Statement of comprehensive income.

The maturity profile of derivative contracts is measured relative to the financial contract settlement date of each contract, and the derivative contracts are disclosed in the Financial statements as either current or non-current accordingly.

F Other assets

Assets, other than those specifically accounted for under a separate policy, are stated at their consideration receivable less impairment losses. Such assets are short-term in nature and the carrying value of these assets is considered to be approximate to their fair value. Assets are reviewed for recoverability and impairment using the expected credit loss model simplified approach. The Company will recognise the asset's lifetime expected credit losses at each reporting period where applicable in the Statement of comprehensive income. An impairment loss is reversed at subsequent financial reporting dates to the extent that the asset's carrying amount does not exceed its carrying value, had no impairment been recognised.

Assets with maturities less than 12 months are included in current assets and assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets.

G Other liabilities

Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the financial reporting date. Such liabilities are short-term in nature and the carrying value of these liabilities is considered to be approximate to their fair value.

H Equity and reserves

(i) **Share capital** – Share capital issued by the Company is recognised at the fair value of proceeds received and is credited to the Stated capital account. Direct issue costs net of tax are deducted from the fair value of the proceeds received.

(ii) **Equity and reserves** – The Stated capital account of the Company represents the cumulative proceeds recognised from share issues or new equity issued on the conversion of warrants made by the Company net of issue costs and reduced by any amount that has been transferred to Retained reserves, in accordance with Jersey Company Law, in previous years.

Share capital is treated as an equity instrument, on the basis that no contractual obligation exists for the Company to deliver cash or other financial assets to the holder of the instrument.

On 15 October 2018, the Company became UK tax domiciled and, with effect from that date, was granted UK-approved investment trust status. Financial statements prepared under IFRS are not strictly required to apply the provisions of the Statements of Recommended Practice issued by the UK Association of Investment Companies for the financial statements of Investment Trust Companies (the 'AIC SORP'). However, where relevant and appropriate, the Directors have looked to follow the recommendations of the AIC SORP. From this date, the retained profits of the Company have been applied to two new reserves, being the Capital reserve and the Revenue reserve. These are in addition to the existing Retained reserves which incorporate the cumulative retained profits of the Company (after the payment of dividends) plus any amounts that have been transferred from the Stated capital account of the Company to 15 October 2018.

The Directors have exercised their judgement in applying the AIC SORP and a summary of these judgements is as follows:

- Net gains on investments are applied wholly to the Capital reserve as they relate to the revaluation or disposal of investments;
- Dividends are applied to the Revenue reserve, except under specific circumstances where a dividend arises from a return of capital or proceeds from a refinancing, when they are applied to the Capital reserve;
- Fees payable are applied to the Capital reserve where the service provided is, in substance, an intrinsic part of an intention to acquire or dispose of an investment;
- Movement in the fair value of derivative financial instruments is applied to the Capital reserve as the derivative hedging programme is specifically designed to reduce the volatility of sterling valuations of the non-sterling denominated investments;
- Management fees are applied to the Revenue reserve as they reflect ongoing asset management. Where a transaction fee element is due on the acquisition of an investment, it is applied to the Capital reserve;
- Performance fees are applied wholly to the Capital reserve as they arise mainly from capital returns on the investment portfolio;
- Operating costs are applied wholly to the Revenue reserve as there is no clear connection between the operating expenses of the Company and the purchase and sale of an investment;
- Finance costs are applied wholly to the Revenue reserve as the existing borrowing is not directly linked to an investment; and
- Exchange movements are applied to the Revenue reserve where they relate to exchange on non-portfolio assets.

Significant accounting policies continued

(iii) **Dividends payable** – Dividends on ordinary shares are recognised in the period in which the Company's obligation to make the dividend payment arises. For the period to 15 October 2018, dividends were deducted from Retained reserves. For subsequent periods, dividends are deducted first from the Revenue reserve, then from the Capital reserve, and finally from the Retained reserves if required.

I Income taxes

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the Statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set off. In practice, some assets that are likely to give rise to timing differences will be treated as capital for tax purposes.

Given that capital items are exempt from tax under the Investment Trust Company rules, deferred tax is not expected to be recognised on these balances. All deferred tax liabilities are offset against deferred tax assets, where appropriate, in accordance with the provisions of IAS 12.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the accounts

1 Operating segments

In previous years, the Directors reviewed information on a regular basis that was analysed by portfolio segment; being Economic Infrastructure businesses, the Projects portfolio and the India Fund, and by geography. Following the sale of the Projects portfolio and the India Fund reaching the end of its life, these segments are no longer relevant, and the Directors are of the opinion that the Company is engaged in a single segment of business, being investment in core-plus infrastructure. The internal information shared with the Directors on a monthly basis to allocate resources, assess performance and manage the Company, presents the business as a single segment comprising the total portfolio of investments.

The Company is an investment holding company and does not consider itself to have any customers. Given the nature of the Company's operations, the Company is not considered to be exposed to any operational seasonality or cyclicality that would impact the financial results of the Company during the year or the financial position of the Company at 31 March 2024.

2 Management and performance fees payable

Year to 31 March	2024 £m	2023 £m
Management fee	**49**	47
Performance fee	**26**	45
	75	92

Total management and performance fees payable by the Company for the year to 31 March 2024 were £75 million (2023: £92 million). Note 18 provides further details on the calculation of the management fee and performance fee.

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

3 Operating expenses

Operating expenses include the following amounts:

Year to 31 March	2024 £m	2023 £m
Audit fees	**0.8**	0.6
Directors' fees and expenses	**0.6**	0.5

In addition to the fees described above, audit fees of £0.05 million (2023: £0.05 million) are payable by unconsolidated subsidiary entities for the year to 31 March 2024 to the Company's auditor.

Services provided by the Company's auditor

During the year, the Company obtained the following services from the Company's auditor, Deloitte LLP.

Audit services		2024 £m	2023 £m
Statutory audit[1]	Company	**0.63**	0.52
	UK and Jersey unconsolidated subsidiaries[2]	**0.05**	0.05
		0.68	0.57

1 Amounts exclude VAT.
2 These amounts are payable from unconsolidated subsidiary entities and do not form part of operating expenses but are included in the Net gains on investments.

Non-audit services

Deloitte LLP and their associates provided non-audit services for fees totalling £103,902 for the year to 31 March 2024 (2023: £95,891). This related to agreed-upon procedures work in respect of the management and performance fees £8,981 (2023: £8,316), agreed-upon procedures work in respect of Sustainability KPIs for the RCF reporting £29,500 (2023: £27,000) and the review of the interim financial statements £65,421 (2023: £60,575). In line with the Company's policy, Deloitte LLP provided non-audit services to certain investee companies. The fees for these services are ordinarily borne by the underlying investee companies or unconsolidated subsidiaries, and therefore are not included in the expenses of the Company. Details on how such non-audit services are monitored and approved can be found in the Governance section.

4 Finance costs

Year to 31 March	2024 £m	2023 £m
Finance costs associated with the debt facilities	**32**	14
Professional fees payable associated with the arrangement of debt financing	**3**	2
	35	16

The finance costs associated with the debt facilities have increased for the year to 31 March 2024 as a result of higher average drawings, increased SONIA and EURIBOR rates and increases in the total available facilities during the prior year. The average monthly drawn position during the year was £586 million (2023: £368 million) and the average monthly total available facilities was £314 million (2023: £562 million).

5 Movement in the fair value of derivative financial instruments

Year to 31 March	2024 £m	2023 £m
Movement in the fair value of foreign exchange forward contracts	**73**	18

The movement in the fair value of derivative financial instruments is included within Profit before tax but not included within Investment return.

6 Income taxes

Year to 31 March	2024 £m	2023 £m
Current taxes		
Current year	–	–
Total income tax charge in the Statement of comprehensive income	–	–

Reconciliation of income taxes in the Statement of comprehensive income

The tax charge for the year is different from the standard rate of corporation tax in the UK, currently 25% (2023: 19%), and the differences are explained below:

Year to 31 March	2024 £m	2023 £m
Profit before tax	347	394
Profit before tax multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	87	75
Effects of:		
Non-taxable capital profits due to UK-approved investment trust company status	(63)	(67)
Non-taxable dividend income	(2)	–
Dividends designated as interest distributions	(21)	(9)
Unrecognised deferred tax asset on temporary differences	–	1
Utilisation of previously unrecognised tax losses	(1)	–
Total income tax charge in the Statement of comprehensive income	–	–

The Company's affairs are directed so as to allow it to meet the requisite conditions to continue to operate as an approved investment trust company for UK tax purposes. The approved investment trust status allows certain capital profits of the Company to be exempt from tax in the UK and also permits the Company to designate the dividends it pays, wholly or partly, as interest distributions. These features enable approved investment trust companies to ensure that their investors do not ultimately suffer double taxation of their investment returns, ie once at the level of the investment fund vehicle and then again in the hands of the investors.

With effect from 1 April 2023, the UK corporation tax rate applicable to large companies increased from 19% to 25%. Should the Company recognise any deferred tax assets and liabilities, a rate of 25% would be used.

7 Investments at fair value through profit or loss and financial instruments

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	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted and in active markets)	Quoted equity investments
Level 2	Inputs other than quoted prices included in Level 1 that are observable in the market either directly (ie as prices) or indirectly (ie derived from prices)	Derivative financial instruments held at fair value
Level 3	Inputs that are not based on observable market data	Unquoted investments and unlisted funds

For assets and liabilities that are recognised in the Financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) for each reporting period.

The table on page 146 shows the classification of financial instruments held at fair value into the fair value hierarchy at 31 March 2024. For all other assets and liabilities, their carrying value approximates to fair value. During the year ended 31 March 2024, there were no transfers of financial instruments between levels of the fair value hierarchy (2023: none).

Trade and other receivables in the Balance sheet includes £2 million of deferred finance costs relating to the arrangement fee for the RCF (2023: £4 million). This has been excluded from the table on the following page as it is not categorised as a financial instrument.

7 Investments at fair value through profit or loss and financial instruments continued

Financial instruments classification

	As at 31 March 2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Investments at fair value through profit or loss	–	–	3,842	3,842
Trade and other receivables	–	1	–	1
Derivative financial instruments	–	82	–	82
	–	83	3,842	3,925
Financial liabilities				
Derivative financial instruments	–	(5)	–	(5)
	–	(5)	–	(5)

	As at 31 March 2023			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Investments at fair value through profit or loss	–	–	3,641	3,641
Trade and other receivables	–	–	–	–
Derivative financial instruments	–	57	–	57
	–	57	3,641	3,698
Financial liabilities				
Derivative financial instruments	–	(18)	–	(18)
	–	(18)	–	(18)

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

7 Investments at fair value through profit or loss and financial instruments continued

Reconciliation of financial instruments categorised within Level 3 of fair value hierarchy

Level 3 fair value reconciliation	As at 31 March 2024 £m	2023 £m
Opening fair value	**3,641**	2,873
Additions	**256**	824
Disposal proceeds and repayment	**(224)**	(426)
Movement in accrued income	**(11)**	31
Fair value movement (including exchange movements)	**180**	339
Closing fair value	**3,842**	3,641

The fair value movement (including exchange movements) is equal to the Net gains on investments shown in the Statement of comprehensive income. All unrealised movements on investments and foreign exchange movements are recognised in profit or loss in the Statement of comprehensive income during the year and are attributable to investments held at the end of the year.

The holding period of the investments in the portfolio is expected to be greater than one year. Therefore, investments are classified as non-current unless there is an agreement to dispose of the investment within one year and all relevant regulatory or other third-party approvals have been received. It is not possible to identify with certainty whether any investments may be sold within one year.

Investment income of £193 million (2023: £156 million) comprises dividend income of £9 million (2023: £1 million) and interest of £184 million (2023: £155 million).

Unquoted investments

The Company invests in private companies which are not quoted on an active market. These are measured in accordance with the IPEV guidelines with reference to the most appropriate information available at the time of measurement. Further information regarding the valuation of unquoted investments can be found in the Summary of portfolio valuation methodology section.

The Company's policy is to fair value both the equity and shareholder debt investments in infrastructure assets together where they will be managed and valued as a single investment, were invested at the same time and cannot be realised separately. The Directors consider that equity and debt share the same characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes. As at 31 March 2024, the fair value of unquoted investments was £3,842 million (2023: £3,641 million). Individual portfolio asset valuations are shown in the Portfolio summary on page 34.

7 Investments at fair value through profit or loss and financial instruments continued

The fair value of the investments is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. As part of its analysis, the Board has considered the potential impact of a change in a number of the macroeconomic assumptions used in the valuation process. By considering these potential scenarios, the Board is well positioned to assess how the Company is likely to perform if affected by variables and events that are inherently outside of the control of the Board and the Investment Manager.

The majority of the assets held within Level 3 are valued on a discounted cash flow basis, hence the valuations are sensitive to the discount rate assumed in the valuation of each asset. Other significant unobservable inputs include the inflation rate assumption, the interest rates assumption used to project the future cash flows, and the forecast cash flows themselves. The sensitivity to the inflation rate and interest rates is described below, and the sensitivity to the forecast cash flows is captured in the Market risk section in Note 9.

A discussion of discount rates applied can be found in the Summary of portfolio valuation methodology section. Increasing the discount rate used in the valuation of each asset by 1% would reduce the value of the portfolio by £352 million (2023: £296 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £404 million (2023: £343 million).

The majority of assets held within Level 3 have revenues that are linked, partially linked or in some way correlated to inflation. The long-term CPI inflation rate assumption across all jurisdictions is 2.0% (2023: 2.0%). The long-term RPI assumption for the UK is 2.5% (2023: 2.5%). The impact of increasing the short-term inflation rate assumption by 1% for the next two years would increase the value of the portfolio by £54 million (2023: £47 million). Decreasing the inflation rate assumption used in the valuation of each asset by 1% for the next two years would decrease the value of the portfolio by £56 million (2023: £52 million). The timing and quantum of price increases will vary across the portfolio and the sensitivity may differ from that modelled. Changing the inflation rate assumption may result in consequential changes to other assumptions used in the valuation of each asset.

The valuations are sensitive to changes in interest rates, which may result from: (i) unhedged existing borrowings within portfolio companies; (ii) interest rates on uncommitted future borrowings assumed within the asset valuations; and (iii) cash deposits held by portfolio companies. These comprise a wide range of interest rates from short-term deposit rates to longer-term borrowing rates across a broad range of debt products. Increasing the cost of borrowing assumption for unhedged borrowings and any future uncommitted borrowing and the cash deposit rates used in the valuation of each asset by 1% would reduce the value of the portfolio by £220 million (2023: £182 million). Decreasing the interest rate assumption for unhedged borrowings used in the valuation of each asset by 1% would increase the value of the portfolio by £214 million (2023: £175 million). This calculation does not take account of any offsetting variances which may be expected to prevail if interest rates changed, including the impact of inflation discussed above.

Over-the-counter derivatives

The Company uses over-the-counter foreign currency derivatives to hedge foreign currency movements. The derivatives are held at fair value which represents the price that would be received to sell or transfer the instruments at the balance sheet date. The valuation technique incorporates various inputs, including foreign exchange spot and forward rates, and uses present value calculations. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

7 Investments at fair value through profit or loss and financial instruments continued

Valuation process for Level 3 valuations

The valuations on the Balance sheet are the responsibility of the Board of Directors of the Company. The Investment Manager provides a valuation of unquoted investments, debt and unlisted funds held by the Company on a half-yearly basis. This is performed by the valuation team of the Investment Manager and reviewed by the valuation committee of the Investment Manager. The valuations are also subject to quality assurance procedures performed within the valuation team. The valuation team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. On a half-yearly basis, the Investment Manager presents the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with significant fair value changes. Any changes in valuation methods are discussed and agreed with the Audit and Risk Committee before the valuations on the Balance sheet are approved by the Board.

8 Trade and other receivables

	As at 31 March	
	2024 £m	2023 £m
Current assets		
Other receivables	**1**	–
Capitalised finance costs	**2**	4
	3	4

9 Financial risk management

A full review of the Company's objectives, policies and processes for managing and monitoring risk is set out in the Risk report. This Note provides further detail on financial risk management, cross-referring to the Risk report where applicable and providing further quantitative data on specific financial risks.

Each investment made by the Company is subject to a full risk assessment through a consistent investment approval process. The Board's Management Engagement Committee, Audit and Risk Committee and the Investment Manager's investment process are part of the overall risk management framework of the Company.

The funding objective of the Company is that each category of investment ought to be broadly matched with liabilities and shareholders' funds according to the risk and maturity characteristics of the assets, and that funding needs are to be met ahead of planned investment.

Capital structure

The Company has a continuing commitment to capital efficiency. The capital structure of the Company consists of cash held on deposit and in AAA-rated money market funds, borrowing facilities and shareholders' equity. The Company's Articles require its outstanding borrowings, including any financial guarantees to support subsequent obligations, to be limited to 50% of the gross assets of the Company. The type and maturity of the Company's borrowings are analysed in Note 11 and the Company's equity is analysed into its various components in the Statement of changes in equity. Capital is managed so as to maximise the return to shareholders, while maintaining a strong capital base that ensures that the Company can operate effectively in the marketplace and sustain future development of the business. The Board is responsible for regularly monitoring capital requirements to ensure that the Company is maintaining sufficient capital to meet its future investment needs.

The Company is regulated by the Jersey Financial Services Commission under the provisions of the Collective Investment Funds (Jersey) Law 1988 as a listed closed-ended collective investment fund and is not required as a result of such regulation to maintain a minimum level of capital.

Capital is allocated for investment in infrastructure across the UK and continental Europe. As set out in the Company's investment policy, the maximum exposure to any one investment is 25% of gross assets (including cash holdings) at the time of investment.

9 Financial risk management continued

Credit risk

The Company is subject to credit risk on the debt component of its unquoted investments, cash, deposits, derivative contracts and receivables. The maximum exposure to credit risk as a result of counterparty default equates to the current carrying value of these financial assets. Throughout the year and the prior year, the Company's cash and deposits were held with a variety of counterparties, principally in AAA-rated money market funds. The counterparties selected for the derivative financial instruments were all banks with a minimum of a BBB+ credit rating with at least one major rating agency.

The credit quality of unquoted investments, which are held at fair value and include debt and equity elements, is based on the financial performance of the individual portfolio companies. The credit risk relating to these assets is based on their enterprise value and is reflected through fair value movements. This incorporates the impact from macroeconomic factors such as inflation and interest rate rises and the volatility in energy prices. The performance of underlying investments is monitored by the Board to assess future recoverability.

For those assets and income entitlements that are not past due, it is believed that the risk of default is small and capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the investment. If the portfolio company has failed and there is no expectation to recover any residual value from the investment, the Company's policy is to record an impairment for the full amount of the loan. When the net present value of the future cash flows predicted to arise from the asset, discounted using the effective interest rate method, implies non-recovery of all or part of the Company's investment, a fair value movement is recorded equal to the valuation shortfall.

As at 31 March 2024, the Company had no loans or receivables or debt investments considered past due (2023: nil).

The Company actively manages counterparty risk. Counterparty limits are set and closely monitored by the Board and a regular review of counterparties is undertaken by the Investment Manager and reported to the Board. As at 31 March 2024, the Company did not consider itself to have a significant exposure to any one counterparty and held deposits and derivative contracts with a number of different counterparties to reduce counterparty risk (2023: same).

Due to the size and nature of the investment portfolio, there is the potential for concentration risk. This risk is managed by diversifying the portfolio by sector and geography.

9 **Financial risk management** continued

Liquidity risk

Further information on how liquidity risk is managed is provided in the Risk report. The table below analyses the maturity of the Company's contractual liabilities.

	As at 31 March 2024				
	Payable on demand £m	**Due within 1 year £m**	**Due between 1 and 2 years £m**	**Due between 2 and 5 years £m**	**Total £m**
Liabilities					
Loans and borrowings[1]	**–**	**(29)**	**(29)**	**(528)**	**(586)**
Trade and other payables	**(1)**	**(42)**	**(23)**	**(9)**	**(75)**
Derivative contracts	**–**	**–**	**–**	**(5)**	**(5)**
Total undiscounted financial liabilities	**(1)**	**(71)**	**(52)**	**(542)**	**(666)**

1 Loans and borrowings include undrawn commitment fees and interest payable on the RCF referred to in Note 11.

	As at 31 March 2023				
	Payable on demand £m	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Total £m
Liabilities					
Loans and borrowings[1]	–	(26)	(26)	(517)	(569)
Trade and other payables	(4)	(35)	(33)	(15)	(87)
Derivative contracts	–	(4)	(6)	(8)	(18)
Total undiscounted financial liabilities	(4)	(65)	(65)	(540)	(674)

1 Loans and borrowings include undrawn commitment fees and interest payable on the RCF referred to in Note 11.

The derivative contracts liability shown is the net cash flow expected to be paid on settlement. In order to manage the contractual liquidity risk, the Company has free cash and debt facilities in place.

9 Financial risk management continued

Market risk

The valuation of the Company's investment portfolio is largely dependent on the underlying trading performance of the companies within the portfolio, but the valuation of the portfolio and the carrying value of other items in the Financial statements can also be affected by interest rate, currency and market price fluctuations. The Company's sensitivities to these fluctuations are set out below.

(i) Interest rate risk

Further information on how interest rate risk is managed is provided in the Risk report.

An increase of 100 basis points in interest rates over 12 months (2023: 100 basis points) would lead to an approximate decrease in net assets and net profit of the Company of £5 million (2023: £5 million). This exposure relates principally to changes in interest payable on the drawn RCF balance at the year end. The average cash balance of the Company, which is more representative of the cash balance during the year, was £30 million (2023: £29 million) and the weighted-average interest earned was 3.8% (2023: 1.6%).

In addition, the Company has indirect exposure to interest rates through changes to the financial performance of portfolio companies caused by interest rate fluctuations as disclosed in Note 7. This risk is considered a component of market risk described in section (iii). The Company does not hold any fixed rate debt investments or borrowings and is therefore not exposed to fair value interest rate risk.

(ii) Currency risk

Further information on how currency risk is managed is provided in the Risk report. The currency denominations of the Company's net assets are shown in the table below. The sensitivity analysis demonstrates the exposure of the Company's net assets to movements in foreign currency exchange rates. The hedging strategy is discussed in the Financial review.

	As at 31 March 2024					
	Sterling[1] £m	Euro £m	NOK £m	DKK £m	US dollar £m	Total £m
Net assets	**693**	**1,408**	**346**	**539**	**356**	**3,342**
Sensitivity analysis						
Assuming a 10% appreciation in sterling against the euro, Norwegian krona, Danish krona and US dollar exchange rates:						
Impact of exchange movements on net profit and net assets	**104**	**(128)**	**(31)**	**(49)**	**(32)**	**(136)**

1 Sterling impact relates to the impact of fair value movement in derivatives held by the Company to hedge foreign currency fluctuations in the valuation of the investment portfolio. The notional amount of the derivatives is disclosed in Note 10.

9 Financial risk management continued

	As at 31 March 2023					
	Sterling[1] £m	Euro £m	NOK £m	DKK £m	US dollar £m	Total £m
Net assets	506	1,486	293	489	327	3,101
Sensitivity analysis						
Assuming a 10% appreciation in sterling against the euro, Norwegian krona, Danish krona and US dollar exchange rates:						
Impact of exchange movements on net profit and net assets	159	(135)	(27)	(44)	(30)	(77)

1 Sterling impact relates to the impact of fair value movement in derivatives held by the Company to hedge foreign currency fluctuations in the valuation of the investment portfolio. The notional amount of the derivatives is disclosed in Note 10.

The impact of an equivalent depreciation in sterling against the euro, NOK, DKK and US dollar exchange rates has the inverse impact on net profit and net assets from that shown above. The risk exposure at the year end is considered to be representative of this year as a whole.

(iii) Market risk

Further information about the management of external market risk and its impact on price or valuation, which arises principally from unquoted investments, is provided in the Risk report. A 10% increase in the fair value of those investments would have the following direct impact on net profit and net assets. The impact of a change in all cash flows has an equivalent impact on the fair value, as set out below.

Year to 31 March	2024 £m	2023 £m
Increase in net profit and net assets	**384**	364

The impact of a 10% decrease in the fair value of those investments would have the inverse impact on net profit and net assets from that shown above. The risk exposure at the year end is considered to be representative of this year as a whole.

By the nature of the Company's activities, it has large exposures to individual assets that are susceptible to movements in price. This risk concentration is managed within the Company's investment strategy, as discussed in the Risk report.

9 Financial risk management continued

(iv) Fair values

The fair value of the investment portfolio is described in detail in the Summary of portfolio valuation methodology section and in Note 7. The fair values of the remaining financial assets and liabilities approximate to their carrying values (2023: same).

The sensitivity analysis in respect of the interest rate, currency and market price risks is considered to be representative of the Company's exposure to financial risks throughout the period to which they relate (2023: same).

10 Derivative financial instruments

	As at 31 March	
	2024 £m	2023 £m
Non-current assets		
Foreign exchange forward contracts	**49**	29
Current assets		
Foreign exchange forward contracts	**33**	28
Non-current liabilities		
Foreign exchange forward contracts	**–**	(10)
Current liabilities		
Foreign exchange forward contracts	**(5)**	(8)

Foreign exchange forward contracts

The Company uses foreign exchange forward contracts to minimise the effect of fluctuations in the investment portfolio from movements in exchange rates, and also to fix the value of certain expected future cash flows arising from distributions made by investee companies.

The fair value of these contracts is recorded in the Balance sheet. No contracts are designated as hedging instruments and consequently all changes in fair value are taken through profit or loss.

As at 31 March 2024, the notional amount of the forward foreign exchange contracts held by the Company was £1,814 million (2023: £1,982 million).

11 Loans and borrowings

The Company has a £900 million RCF at 31 March 2024. In September 2023, the maturity of the RCF was extended by a year to November 2026 with no changes to terms.

The RCF is secured by a floating charge over the bank accounts of the Company. Interest is payable at SONIA or EURIBOR plus a fixed margin on the drawn amount. This fixed margin is subject to a small adjustment annually based upon performance against agreed sustainability metrics. As at 31 March 2024, the Company had £510 million of drawings under the RCF (2023: £501 million). The RCF has one financial covenant: a loan-to-value ratio.

There was no change in total financing liabilities for the Company during the period as the cash flows relating to the financing liabilities were equal to the income statement expense. Accordingly, no reconciliation between the movement in financing liabilities and the cash flow statement has been presented.

12 Trade and other payables

	As at 31 March	
	2024 £m	2023 £m
Non-current liabilities		
Performance fee	**32**	48
Current liabilities		
Management and performance fees	**42**	37
Accruals and other creditors	**1**	2
	75	87

The carrying value of all liabilities is representative of fair value (2023: same).

13 Issued capital

	As at 31 March 2024		As at 31 March 2023	
	Number	£m	Number	£m
Authorised, issued and fully paid				
Opening balance	922,350,000	1,598	891,434,010	1,496
Issue of ordinary shares	–	–	30,915,990	102
Closing balance	922,350,000	1,598	922,350,000	1,598

Reconciliation to Stated capital account

	As at 31 March 2024	As at 31 March 2023
	£m	£m
Proceeds from issue of ordinary shares	1,598	1,598
Transfer to retained reserves on 20 December 2007	(693)	(693)
Cost of issue of ordinary shares	(26)	(26)
Stated capital account closing balance	879	879

As at 31 March 2024, the residual value on the Stated capital account was £879 million (2023: £879 million).

14 Per share information

The earnings and net asset value per share attributable to the equity holders of the Company are based on the following data:

Year to 31 March	2024	2023
Earnings per share (pence)		
Basic and diluted	37.6	44.0
Earnings (£m)		
Profit after tax for the year	347	394
Number of shares (million)		
Weighted average number of shares in issue	922.4	895.2
Number of shares at the end of the year	922.4	922.4

	As at 31 March	
	2024	2023
Net asset value per share (pence)		
Basic and diluted	362.3	336.2
Net assets (£m)		
Net assets	3,342	3,101

15 Dividends

	Year to 31 March 2024		Year to 31 March 2023	
Declared and paid during the year	**Pence per share**	**£m**	Pence per share	£m
Interim dividend paid on ordinary shares	**5.950**	**55**	5.575	50
Prior year final dividend paid on ordinary shares	**5.575**	**51**	5.225	47
	11.525	**106**	10.800	97

The Company proposes paying a final dividend of 5.950 pence per share (2023: 5.575 pence) which will be payable to those shareholders that are on the register on 14 June 2024. On the basis of the shares in issue at year end, this would equate to a total final dividend of £55 million (2023: £51 million).

The final dividend is subject to approval by shareholders at the AGM in July 2024 and has therefore not been accrued in these Financial statements.

16 Commitments

As at 31 March 2024, the Company had no commitments (2023: nil).

17 Contingent liabilities

As at 31 March 2024, the Company had no contingent liabilities (2023: nil).

18 Related parties

Transactions between 3i Infrastructure and 3i Group

3i Group holds 29.2% (2023: 29.2%) of the ordinary shares of the Company. This classifies 3i Group as a 'substantial shareholder' of the Company as defined by the Listing Rules. During the year, 3i Group received dividends of £31 million (2023: £29 million) from the Company.

In 2007 the Company committed US$250 million to the India Fund to invest in the Indian infrastructure market. 3i Group also committed US$250 million to the India Fund. The India Fund has reached the end of its life and moved into liquidation and the outstanding commitment is no longer callable. Therefore, no commitments were drawn down by the India Fund from the Company during the year (2023: nil).

3i Investments plc, a subsidiary of 3i Group, is the Company's Alternative Investment Fund Manager and provides its services under an Investment Management Agreement ('IMA'). 3i Investments plc also acts as the Investment Manager of the India Fund. 3i plc, another subsidiary of 3i Group, together with 3i Investments plc, provides support services to the Company (which are ancillary and related to the investment management service), which it is doing pursuant to the terms of the IMA.

Fees under the IMA consist of a tiered management fee and time weighting of the management fee calculation and a one-off transaction fee of 1.2% payable in respect of new investments. The applicable tiered rates are shown in the table below. The management fee is payable quarterly in advance.

Gross investment value	Applicable tier rate
Up to £1.25bn	**1.4%**
£1.25bn to £2.25bn	**1.3%**
Above £2.25bn	**1.2%**

For the year to 31 March 2024, £49 million (2023: £47 million) was payable, including one-off transaction fees payable in respect of new investments, and advance payments of £49 million were made, resulting in an amount due to 3i plc of nil (2023: £2 million). In consideration of the provision of support services under the IMA, the Company pays the Investment Manager an annual fixed fee. The cost for the support services incurred for the year to 31 March 2024 was £1 million (2023: £1 million). There was no outstanding balance payable as at 31 March 2024 (2023: nil).

18 Related parties continued

Under the IMA, a performance fee is payable to the Investment Manager equal to 20% of the Company's total return in excess of 8%, payable in three equal annual instalments. The second and third instalments will only be payable if either (a) the Company's performance in the year in which that instalment is paid also triggers payment of a performance fee in respect of that year, or (b) if the Company's performance over the three years, starting with the year in which the performance fee is earned, exceeds the 8% hurdle on an annual basis. There is no high water mark requirement.

The performance hurdle requirement was exceeded for the year to 31 March 2024 and therefore a performance fee of £26 million was recognised (2023: £45 million). The outstanding balance payable as at 31 March 2024 was £74 million (2023: £83 million), which includes the second and third instalments of the FY23 fee and the third instalment of the FY22 fee.

Year	Performance fee (£m)	Outstanding balance at 31 March (£m)	Payable in FY25 (£m)
FY24	26	26	9
FY23	45	30	15
FY22	54	18	18

Under the IMA, the Investment Manager's appointment may be terminated by either the Company or the Investment Manager giving the other not less than 12 months' notice in writing, or by giving the other six months' notice in writing if the Investment Manager has ceased to be a member of 3i Group, or with immediate effect by either party giving the other written notice in the event of insolvency or material or persistent breach by the other party. The Investment Manager may also terminate the agreement on two months' notice given within six months of a change of control of the Company.

Regulatory information relating to fees

3i Investments plc acts as the AIFM to the Company. In performing the activities and functions of the AIFM, the AIFM or another 3i company may pay or receive fees, commissions or non-monetary benefits to or from third parties of the following nature:

- Payments for third-party services: The Company may retain the services of third-party consultants; typically this is for an independent director or other investment management specialist expertise. The amount paid varies in accordance with the nature of the service and the length of the service period and is usually, but not always, paid or reimbursed by the portfolio companies. The payment may involve a flat fee, retainer or success fee. Such payments, where borne by the Company, are included within Operating expenses. In some circumstances, the AIFM may retain the services of third-party consultants which are paid for by the AIFM and not recharged to the Company; and
- Payments for services from 3i companies: Other 3i companies may provide investment advisory and other services to the AIFM or other 3i companies and receive payment for such service.

19 Unconsolidated subsidiaries and related undertakings

Name	Place of incorporation and operation	Ownership interest
Investment holding companies:		
3i Tampnet Holdings Limited	UK	100%
3iN Attero Holdco Limited	UK	100%
3i Amalthea Topco Limited	UK	100%
3i Green Gas Limited	Jersey	100%
3i Envol Limited	Jersey	72%
Oystercatcher Holdco Limited	UK	100%
Oystercatcher Luxco 1 S.à r.l.	Luxembourg	100%
Oystercatcher Luxco 2 S.à r.l.	Luxembourg	100%
3i Infrastructure (Luxembourg) S.à r.l. (Dissolved in the year)	Luxembourg	100%
3i Infrastructure (Luxembourg) Holdings S.à r.l. (Dissolved in the year)	Luxembourg	100%
3i India Infrastructure Fund A LP	UK	100%
DNS:NET Group:		
DNS Holdings GmbH	Germany	64%
DNS Bidco GmbH	Germany	64%
DNS:NET Internet Service GmbH	Germany	64%
DNS:NET Netzgesellschaft I Verwalkungs GmbH	Germany	64%
DNS:NET Netzgesellschaft I GmbH & Co. KG	Germany	64%
DNS:NET Breitband Internet GmbH	Germany	64%
Antennen-Schulze GmbH	Germany	64%
ESVAGT Group:		
ERRV Holdings ApS	Denmark	83%
ERRV ApS	Denmark	83%
ESVAGT A/S	Denmark	83%
ESVAGT Holdings Inc	USA	83%
ESVAGT Norge AS	Norway	83%

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operation	Ownership interest
ESVAGT Holdings Ltd	UK	83%
ESVAGT UK Ltd	UK	83%
Future Biogas Group:		
Future Biogas Holdco Limited	UK	81%
Future Biogas Midco Limited	UK	81%
Future Biogas Bidco Limited	UK	81%
Future Biogas Group Limited	UK	81%
Future Biogas Limited	UK	81%
Future Biogas Systems Limited	UK	81%
Ironstone Energy Limited	UK	81%
Moor Bio-Energy Limited	UK	81%
Little Oak Biogas Limited	UK	81%
Heath Farm Energy Limited	UK	81%
Ridge Road Energy Limited	UK	81%
GCX Group:		
GCX Topco Limited	UK	98%
GCX Midco Limited	UK	98%
GCX Bidco Limited	UK	98%
GCX Holdings Limited	Bermuda	98%
GCX Global Limited	Bermuda	98%
FLAG Telecom Limited	Bermuda	98%
FLAG Telecom Asia Limited	Hong Kong	98%
FLAG Telecom UK Limited	UK	98%
GCX India Services Limited	India	98%
FLAG Atlantic France SAS	France	98%
FLAG Telecom Deutschland GmbH	Germany	98%
FLAG Atlantic UK Limited	UK	98%
FLAG Telecom Nederland B.V.	The Netherlands	98%

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operation	Ownership interest
FLAG Telecom Singapore Pte Limited	Singapore	98%
GCXG India Private Limited	India	98%
FLAG Telecom Taiwan Limited	Taiwan	59%
FLAG Telecom Development Limited	Bermuda	98%
FLAG Telecom Hellas AE	Greece	98%
FLAG Telecom Development Services Company LLC	Egypt	98%
FLAG Telecom Network Services DAC	Ireland	98%
FLAG Telecom Ireland DAC	Ireland	98%
FLAG Telecom Ireland Network DAC	Ireland	98%
FLAG Telecom Network USA Limited	USA	98%
FLAG Telecom España Network SAU	Spain	98%
FLAG Telecom Japan Limited	Japan	98%
GCX Managed Services Limited	Bermuda	98%
Vanco Group Limited	UK	98%
Vanco UK Limited	UK	98%
Vanco Global Limited	UK	98%
Vanco International Limited	UK	98%
Vanco ROW Limited	UK	98%
Vanco GmbH	Germany	98%
Vanco SAS	France	98%
Vanco (Asia Pacific) Pte Limited	Singapore	98%
Vanco SpZoo	Poland	98%
Vanco NV	Belgium	98%
Euronet Spain SA	Spain	98%
Vanco Switzerland A.G.	Switzerland	98%
Vanco Sweden AB	Sweden	98%
Vanco Srl	Italy	98%
Net Direct SA (Proprietary) Limited	South Africa	98%

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operation	Ownership interest
Vanco (Shanghai) Co. Ltd	China	98%
Vanco Japan KK	Japan	98%
Vanco South America Ltda	Brazil	98%
Vanco Australasia Pty Limited	Australia	98%
Vanco BV	The Netherlands	98%
Vanco Deutschland GmbH	Germany	98%
VNO Direct Limited	UK	98%
Vanco US, LLC	USA	98%
Vanco Solutions Inc.	USA	98%
Yipes Holdings, Inc.	USA	98%
Reliance Globalcom Services Inc.	USA	98%
YTV Inc.	USA	98%
Infinis Group:		
Infinis Energy Group Holdings Limited	UK	100%
Infinis Energy Management Limited	UK	100%
Infinis Limited	UK	100%
Infinis (Re-Gen) Limited	UK	100%
Novera Energy (Holdings 2) Limited	UK	100%
Novera Energy Generation No. 1 Limited	UK	100%
Novera Energy Operating Services Limited	UK	100%
Gengas Limited	UK	100%
Bidston Methane Limited	UK	100%
Novera Energy Generation No. 2 Limited	UK	100%
Renewable Power Generation Limited	UK	100%
Costessey Energy Limited	UK	100%
Infinis Alternative Energies Limited	UK	100%
Infinis Energy Services Limited	UK	100%
Infinis Energy Storage Limited	UK	100%

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operations	Ownership interest
Infinis (Shoreside) Limited	UK	100%
Balbougie Energy Centre II Limited	UK	100%
Barbican Holdco Limited	UK	100%
Barbican Bidco Limited	UK	100%
Alkane Energy Limited	UK	100%
Alkane Energy UK Limited	UK	100%
Seven Star Natural Gas Limited	UK	100%
Regent Park Energy Limited	UK	100%
Leven Power Limited	UK	100%
Rhymney Power Limited	UK	100%
Alkane Energy CM Holdings Limited	UK	100%
Alkane Energy CM Limited	UK	100%
Infinis Solar Holdings Limited	UK	100%
Infinis Solar Developments Limited	UK	100%
Durham Solar 1 Limited	UK	100%
Infinis Solar Limited	UK	100%
ND Solar Enterprise Limited	UK	100%
Aura Power Solar UK6 Limited	UK	100%
Ionisos Group:		
Epione Holdco SAS	France	96%
Epione Bidco SAS	France	96%
Financière 3TA SAS	France	96%
Financière 3TB SAS	France	96%
Ionisos Holdco SAS	France	96%
Ionisos Bidco SAS	France	96%
Ionisos Mutual Services SAS	France	96%
Ionisos SAS	France	96%

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operations	Ownership
Ionisos GmbH	Germany	96%
Ionmed Esterilizacion SA	Spain	96%
Scandinavian Clinics Estonia OÜ	Estonia	96%
Steril Milano Srl (in liquidation as of 31 March 2024)	Italy	96%
EBD Irradiation Services AG	Switzerland	96%
Joulz Group:		
Joulz Holdco B.V.	The Netherlands	99%
Joulz Manco B.V.	The Netherlands	83%
Joulz Bidco B.V.	The Netherlands	99%
Joulz Diensten B.V.	The Netherlands	99%
Joulz Meetbedrijf B.V.	The Netherlands	99%
Joulz Infradiensten B.V.	The Netherlands	99%
Joulz Laadoplossingen B.V.	The Netherlands	99%
Joulz Zonne-energie B.V.	The Netherlands	99%
Joulz Zonne-energie Beheer B.V.	The Netherlands	99%
Dutch Durables Energy 2 B.V.	The Netherlands	99%
Dutch Durables Energy 5 B.V.	The Netherlands	99%
Dutch Durables Energy 6 B.V.	The Netherlands	99%
SRL Traffic Systems Group:		
Amalthea Holdco Limited	UK	92%
Amalthea Midco Limited	UK	92%
Amalthea Bidco Limited	UK	92%
Jupiter Bidco Limited	UK	92%
SRL Traffic Systems Limited	UK	92%
SRL GmbH	Germany	92%
SRL Traffic Systems Limited	Ireland	92%
TCR Group:		
Envol Holdings Limited	Jersey	69%

Overview
Our portfolio
Sustainability
Financial review and Risk
Governance
Accounts and other information

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operations	Ownership
Envol Midco Limited	UK	69%
Envol Investments Limited	UK	69%
TCR Group Shared Services SDN, BHD.	Malaysia	69%
TCR New Zealand	New Zealand	69%
TCR APAC (Singapore) Pte Limited	Singapore	69%
TCR Ground Support Equipment Canada Inc.	Canada	69%
DCL Aviation Group Inc.	Canada	69%
TCR GSE Singapore Pte Limited	Singapore	69%
TCR AD LLC	UAE	69%
TCR Middle East LLC	Saudi Arabia	69%
TCR CapVest S.A.	Belgium	69%
TCR GSE Australia PLY Limited	Australia	69%
EEM Solution PLY Limited	Australia	69%
Adaptalift GSE Pty Limited	Australia	69%
Adaptalift GSE Singapore Pte Limited	Singapore	69%
TCR Solution SDN, BHD.	Malaysia	69%
TCR International USA, Inc.	USA	69%
TCR Americas LLC	USA	69%
TCR International N.V.	Belgium	69%
KES B.V.	The Netherlands	69%
Trailer Construction & Repairing Netherland (TCR) B.V.	The Netherlands	69%
TCR Belgium N.V.	Belgium	69%
TCR France SAS	France	69%
Aerobatterie SAS	France	69%
Aerolima IMMS S.à.r.l.	Luxembourg	69%
Aerolima Ingénierie SAS	France	69%
TCR UK Limited	UK	69%
Technical Maintenance Solutions UK Limited	UK	69%

19 Unconsolidated subsidiaries and related undertakings continued

Name	Place of incorporation and operations	Ownership
TCR-GmbH Trailer, Construction, Repairing and Equipment Rental	Germany	69%
Trailer Construction & Repairing Ireland Limited	Ireland	69%
TCR Italia S.p.A.	Italy	69%
TCR Norway AS	Norway	69%
TCR Sweden AB	Sweden	69%
TCR Denmark ApS	Denmark	69%
TCR Finland OY	Finland	69%
Trailer Construction and Repairing Iberica S.A.U.	Spain	69%
Dormant entities:		
3i WIG Limited	Jersey	100%
3i Osprey LP	UK	69%

The list above comprises the unconsolidated subsidiary undertakings of the Company as at 31 March 2024.

There are no current commitments or intentions to provide financial or other support to any of the unconsolidated subsidiaries, including commitments or intentions to assist the subsidiaries in obtaining financial support, except for those disclosed in Note 16 (2023: none). No such financial or other support was provided during the year (2023: none).

Investment policy (unaudited)

The Company aims to build a diversified portfolio of equity investments in entities owning infrastructure businesses and assets. The Company seeks investment opportunities globally, but with a focus on Europe, North America and Asia.

The Company's equity investments will often comprise share capital and related shareholder loans (or other financial instruments that are not shares but that, in combination with shares, are similar in substance). The Company may also invest in junior or mezzanine debt in infrastructure businesses or assets.

Most of the Company's investments are in unquoted companies. However, the Company may also invest in entities owning infrastructure businesses and assets whose shares or other instruments are listed on any stock exchange, irrespective of whether they cease to be listed after completion of the investment, if the Directors judge that such an investment is consistent with the Company's investment objectives.

The Company will, in any case, invest no more than 15% of its total gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company may also consider investing in other fund structures (in the event that it considers, on receipt of advice from the Investment Manager, that that is the most appropriate and effective means of investing), which may be advised or managed either by the Investment Manager or a third party. If the Company invests in another fund advised or managed by 3i Group, the relevant proportion of any advisory or management fees payable by the investee fund to 3i plc will be deducted from the annual management fee payable under the Investment Management Agreement and the relevant proportion of any performance fee will be deducted from the annual performance fee, if payable, under the Investment Management Agreement.

For the avoidance of doubt, there will be no similar set-off arrangement where any such fund is advised or managed by a third party.

For most investments, the Company seeks to obtain representation on the Board of Directors of the investee company (or equivalent governing body) and in cases where it acquires a majority equity interest in a business, that interest may also be a controlling interest.

No investment made by the Company will represent more than 25% of the Company's gross assets, including cash holdings, at the time of making the investment. It is expected that most individual investments will exceed £50 million. In some cases, the total amount required for an individual transaction may exceed the maximum amount that the Company is permitted to commit to a single investment. In such circumstances, the Company may consider entering into co-investment arrangements with 3i Group (or other investors who may also be significant shareholders), pursuant to which 3i Group and its subsidiaries (or such other investors) may co-invest on the same financial and economic terms as the Company. The suitability of any such co-investment arrangements will be assessed on a transaction-by-transaction basis.

Depending on the size of the relevant investment and the identity of the relevant co-investor, such a co-investment arrangement may be subject to the related party transaction provisions contained in the Listing Rules and may therefore require shareholder consent.

The Company's Articles require its outstanding borrowings, including any financial guarantees to support subsequent obligations, to be limited to 50% of the gross assets of the Company (valuing investments on the basis included in the Company's accounts).

In accordance with Listing Rules requirements, the Company will only make a material change to its investment policy with the approval of shareholders.

Portfolio valuation methodology (unaudited)

A description of the methodology used to value the investment portfolio of the Company is set out below in order to provide more detailed information than is included within the accounting policies and the Investment Manager's review for the valuation of the portfolio. The methodology complies in all material aspects with the International Private Equity and Venture Capital valuation guidelines which are endorsed by the British Private Equity and Venture Capital Association and Invest Europe.

Basis of valuation

Investments are reported at the Directors' estimate of fair value at the reporting date in compliance with IFRS 13 Fair Value Measurement. Fair value is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.

General

In estimating fair value, the Directors seek to use a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the overall portfolio. The methodology that is the most appropriate may consequently include adjustments based on informed and experience-based judgements, and will also consider the nature of the industry and market practice. Methodologies are applied consistently from period to period, except where a change would result in a better estimation of fair value. Given the uncertainties inherent in estimating fair value, a degree of caution is applied in exercising judgements and making necessary estimates.

Investments may include portfolio assets and other net assets/liabilities balances. The methodology for valuing portfolio assets is set out below. Any net assets/liabilities within intermediate holding companies are valued in line with the Company accounting policy and held at fair value or approximate to fair value.

Quoted investments

Quoted equity investments are valued at the closing bid price at the reporting date. In accordance with International Financial Reporting Standards, no discount is applied for liquidity of the stock or any dealing restrictions. Quoted debt investments will be valued using quoted prices provided by third-party broker information where reliable or will be held at cost less fair value adjustments.

Unquoted investments

Unquoted investments are valued using one of the following methodologies:

- Discounted Cash Flow ('DCF');
- Proportionate share of net assets;
- Sales basis; and
- Cost less any fair value adjustments required.

Portfolio valuation methodology (unaudited) continued

DCF

DCF is the primary basis for valuation. In using the DCF basis, fair value is estimated by deriving the present value of the investment using reasonable assumptions and estimation of expected future cash flows, including contracted and uncontracted revenues, expenses, capital expenditure, financing and taxation, and the terminal value and date, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the investment. The terminal value attributes a residual value to the investee company at the end of the projected discrete cash flow period. The discount rate will be estimated for each investment derived from the market risk-free rate, a risk-adjusted premium and information specific to the investment or market sector.

Proportionate share of net assets

Where the Company has made investments into other infrastructure funds, the value of the investment will be derived from the Company's share of net assets of the fund based on the most recent reliable financial information available from the fund. Where the underlying investments within a fund are valued on a DCF basis, the discount rate applied may be adjusted by the Company to reflect its assessment of the most appropriate discount rate for the nature of assets held in the fund. In measuring the fair value, the net asset value of the fund is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, illiquid nature of the investments and other specific factors of the fund.

Sales basis

The expected sale proceeds will be used to assign a fair value to an asset in cases where offers have been received as part of an investment sales process. This may either support the value derived from another methodology or may be used as the primary valuation basis. A marketability discount is applied to the expected sale proceeds to derive the valuation where appropriate.

Cost less fair value adjustment

Any investment in a company that has failed or, in the view of the Board, is expected to fail within the next 12 months, has the equity shares valued at nil and the fixed income shares and loan instruments valued at the lower of cost and net recoverable amount.

Information for shareholders

Financial calendar

Ex-dividend date for final dividend	13 June 2024
Record date for final dividend	14 June 2024
Annual General Meeting	4 July 2024
Final dividend expected to be paid	12 July 2024
Half-yearly results	12 November 2024

Designation of dividends as interest distributions

As an approved Investment Trust, the Company is permitted to designate dividends wholly or partly as interest distributions for UK tax purposes. Dividends designated as interest in this way are taxed as interest income in the hands of shareholders and are treated as tax deductible interest payments made by the Company. The Company expects to make such dividend designations in periods in which it is able to use the resultant tax deduction to reduce the UK corporation tax it would otherwise pay on the interest income it earns from its investments. The Board is designating 3.20 pence of the 5.95 pence final dividend payable in respect of the year as an interest distribution.

The Common Reporting Standard

Tax legislation under the Organisation for Economic Co-operation and Development ('OECD') Common Reporting Standard for Automatic Exchange of Financial Account Information requires investment trust companies to provide information about certain shareholders in the Company to HMRC. As an investment trust company, 3i Infrastructure plc is required to provide information annually to HMRC on certain certificated shareholders and corporate entities. This information includes country of tax residency as well as details of shares held and dividends received. HMRC may in turn exchange such information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements with the UK to exchange financial account information.

Certain shareholders have been and will in future be sent a self-certification form for the purposes of collecting the required information.

Boiler room and other scams

Shareholders should be wary of any unsolicited investment advice, offers to buy shares at a discounted price or offers to buy 3i Infrastructure plc shareholdings. These fraudsters use persuasive and high-pressure tactics to lure shareholders into scams. We continue to be aware of calls to current and former 3i Infrastructure plc shareholders.

The FCA has found that victims of share fraud are often seasoned investors with victims losing an average of £20,000.

Please keep in mind that firms authorised by the FCA are unlikely to contact you unexpectedly with an offer to buy or sell shares. You should consider getting independent financial or professional advice before you hand over any money or even share any information with them.

If you receive any unsolicited approaches or investment advice, you should proceed with caution. Steps that you might wish to take could include the following:

- always ensure the firm is on the FCA Register and is allowed to give financial advice before handing over your money. You can check at www.fca.org.uk/register;
- double-check the caller is from the firm they say they are – ask for their name and telephone number and say you will call them back. Check their identity by calling the firm using the contact number listed on the FCA Register. This is important as there have been instances where an authorised firm's website has been cloned but with a few subtle changes, such as a different phone number or false email address;
- check the FCA's list of known unauthorised overseas firms. However, these firms change their name regularly, so even if a firm is not listed it does not mean they are legitimate. Always check that they are listed on the FCA Register; and
- if you have any doubts, call the FCA Consumer Helpline on 0800 111 6768. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Information for shareholders continued

Registrars

The Company's Registrar is Link Market Services (Jersey) Limited (the 'Registrar'). The Registrar's main responsibilities include maintaining the shareholder register and making dividend payments. Their registered address is as follows:

Link Market Services (Jersey) Limited
IFC 5
St. Helier
Jersey JE1 1ST
Channel Islands

If you have any queries relating to your 3i Infrastructure plc shareholding, you should contact the Registrar as follows:

Online

www.my3inshares.com. From here you will be able to securely email Link with your query.

Telephone

0371 664 0300

Overseas enquiries

+44 371 664 0300*

By post

Link
PXS 1 Central Square
29 Wellington Street
Leeds LS1 4DL

* Calls from outside the UK will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Investor relations and general enquiries

For all investor relations and general enquiries about 3i Infrastructure plc, please contact:

Thomas Fodor
Investor Relations
3i Infrastructure plc
16 Palace Street
London SW1E 5JD

email: thomas.fodor@3i.com
Telephone: +44 (0)20 7975 3469

For full up-to-date investor relations information, including the latest share price, recent reports, results presentations and financial news, please visit the investor relations page on our website. **www.3i-infrastructure.com**

If you would prefer to receive shareholder communications electronically, including your Annual reports and notices of meetings, please go to **www.3i-infrastructure.com/investors/shareholder-centre** for details of how to register.

Frequently used Registrars' forms can be found on our website at **www.3i-infrastructure.com/investors/shareholder-centre.**

3i Infrastructure plc
Registered Office
IFC 6, The Esplanade
St. Helier
Jersey JE2 3BZ
Channel Islands
www.3i-infrastructure.com

Glossary

AI refers to artificial intelligence.

Alternative Investment Fund ('AIF') 3i Infrastructure plc is an AIF managed by 3i Investments plc.

Alternative Investment Fund Manager ('AIFM') is the regulated manager of an AIF. For 3i Infrastructure plc, this is 3i Investment plc.

AIFMD refers to the Alternative Investment Fund Managers Directive, a regulatory framework that applies to EU-registered private equity funds.

Approved Investment Trust Company This is a particular UK tax status maintained by 3i Infrastructure plc. An approved Investment Trust company is a UK tax resident company which meets certain conditions set out in the UK tax rules, which include a requirement for the company to undertake portfolio investment activity that aims to spread investment risk and for the company's shares to be listed on an approved exchange. The 'approved' status for an investment trust must be agreed by the UK tax authorities and its benefit is that certain profits of the company, principally its capital profits, are not taxable in the UK.

Asset IRR refers to the internal rate of return of the existing and realised portfolio since the inception of the Company. The asset IRR to 31 March 2024 is 18% (2023: 19%). This calculation incorporates the cost of each investment, cash income, proceeds on disposal, capital returns, valuation as at 31 March 2024, including accrued income and an allocation of foreign exchange hedging.

Association of Investment Companies ('AIC') The Association of Investment Companies is a UK trade body for closed-ended investment companies.

Board the Board of Directors of the Company.

Capex refers to capital expenditure which is money a company uses to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. Capex is often used to undertake new projects or investments by a company which add some future economic benefit to the operation.

Capital reserve recognises all profits that are capital in nature or have been allocated to capital. These profits are distributable by way of a dividend.

Company 3i Infrastructure plc.

CPI refers to the consumer price index and is a measure of inflation.

Discounting The reduction in present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money.

E-Beam refers to electron beams, a method of sterilisation used by Ionisos.

EBITDA, or earnings before interest, taxes, depreciation and amortisation, is a measure of a company's financial performance.

EO refers to ethylene oxide, a method of sterilisation used by Ionisos.

ERRV is an Emergency Rescue and Response Vessel.

ESG refers to environmental, social and governance.

EV or electric vehicle a vehicle that can be powered by an electric motor.

External auditor the independent auditor, Deloitte LLP.

Fair value through profit or loss ('FVTPL') is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains and losses on assets and liabilities measured as FVTPL are recognised directly in the Statement of comprehensive income.

FTTC refers to fibre-to-the-cabinet. This describes the fibre-optic cable in place from the local telephone exchange to a distribution point, commonly called a roadside cabinet.

FTTH refers to fibre-to-the-home. This describes the fibre-optic connection to individual homes or buildings.

FY15, FY16, FY19, FY22, FY23, FY24, FY25 refers to the financial years to 31 March 2015, 31 March 2016, 31 March 2019, 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively.

GAAP refers to generally accepted accounting principles.

GHG refers to greenhouse gases.

GDP or gross domestic product is the standard measure of the value created through the production of goods and services in a country during a certain period.

Initial Public Offering ('IPO') is the mechanism by which a company admits its stock to trading on a public stock exchange. 3i Infrastructure plc completed its IPO in March 2007.

International Financial Reporting Standards ('IFRS') are accounting standards issued by the International Accounting Standards Board ('IASB'). The Company's Financial statements are required to be prepared in accordance with IFRS, as adopted by the UK.

Glossary continued

Investment income is that portion of income that is directly related to the return from individual investments and is recognised as it accrues. It is comprised of dividend income, income from loans and receivables, and fee income. It is recognised to the extent that it is probable that there will be an economic benefit and the income can be reliably measured.

IRR refers to the internal rate of return and is a metric used to estimate the profitability of investments.

Key Performance Indicator ('KPI') is a measure by reference to which the development, performance or position of the Company can be measured effectively.

Long-term sustainable returns are returns that can be sustained into the long term.

M&A or mergers and acquisitions refers to the consolidation of companies or their major assets through financial transactions between companies.

Money multiple is calculated as the cumulative distributions or realisation proceeds plus any residual value divided by invested or paid-in capital.

MWp refers to a Megawatt peak, a unit of measurement for the output of power from a source such as solar or wind where the output may vary according to the strength of sunlight or wind speed. MWp is a measure of the maximum potential output of power.

Net annualised return is the annualised growth rate in NAV per share to 31 March 2024, including ordinary and special dividends paid. The net annualised return since the inception of the Company to 31 March 2024 was 14% (2023: 14%) and since the change in strategy in FY16 to 31 March 2024 was 18% (2023: 19%).

Net asset value ('NAV') is a measure of the fair value of all the Company's assets less liabilities.

Net assets per share ('NAV per share') is the NAV divided by the total number of shares in issue.

Net gains on investments is the movement in the fair value of investments between the start and end of the accounting period, or investment disposal date, or the investment acquisition date and the end of the accounting period, including divestment-related costs where applicable, converted into sterling using the exchange rates in force at the end of the period.

Ongoing charges A measure of the annual recurring operating costs of the Company, expressed as a percentage of average NAV over the reporting period.

Paris Agreement is an international treaty on climate change, adopted in 2015.

Public Private Partnership ('PPP') is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.

Retained reserves recognise the cumulative profits to 15 October 2018, together with amounts transferred from the Stated capital account.

Revenue reserve recognises all profits that are revenue in nature or have been allocated to revenue.

Revolving credit facility ('RCF') A £900 million facility provided by the Company's lenders with a maturity date in November 2026.

RPI refers to the retail price index and is a measure of inflation.

SBTi refers to the Science Based Targets initiative, a corporate climate action organisation.

SORP means the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts.

SOV is a service operation vessel.

Stated capital account the Stated capital account of the Company represents the cumulative proceeds recognised from share issues or new equity issued on the conversion of warrants made by the Company net of issue costs and reduced by any amount that has been transferred to Retained reserves, in accordance with Jersey Company Law, in previous years.

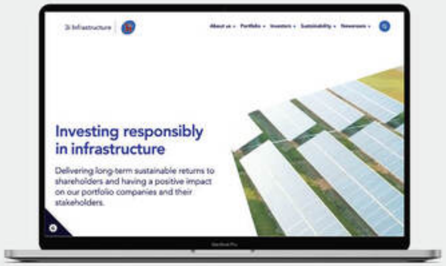
Sustainability KPIs Sustainability metrics in relation to the sustainability-linked revolving credit facility. The facility includes targets across ESG themes aligned with our purpose.

TCFD is the Task Force on Climate-related Financial Disclosures.

Total return measured as a percentage, is calculated against the opening NAV, net of the final dividend for the previous year, and adjusted (on a time-weighted average basis) to take into account any equity issued and capital returned in the year.

Total shareholder return ('TSR') is the measure of the overall return to shareholders and includes the movement in the share price and any dividends paid, assuming that all dividends are reinvested on their ex-dividend date.

For further information see our website
www.3i-infrastructure.com



RECYCLED Paper FSC® C022913

This report is printed on Revive 100 made from 100% FSC® Recycled certified fibre sourced from de-inked post-consumer waste. Revive 100 is a Carbon balanced paper which means that the carbon emissions associated with its manufacture have been measured and offset using the World Land Trust's Carbon Balanced scheme.

ISO 14001

This report has been printed sustainably in the UK by Pureprint, a CarbonNeutral® company and certified to ISO 14001 environmental management system.

It has been digitally printed without the use of film separations, plates and associated processing chemicals, and 99% of all the dry waste associated with this production has been recycled.

Designed and produced by Radley Yeldar
www.ry.com

3i Infrastructure plc
Registered office:
IFC 6, The Esplanade
St. Helier
Jersey JE2 3BZ
Channel Islands
T +44 (0)371 664 0445

Annual report and accounts online
To receive shareholder communications electronically in future, including Annual reports and notices of meetings, please go to:

www.3i-infrastructure.com