

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.

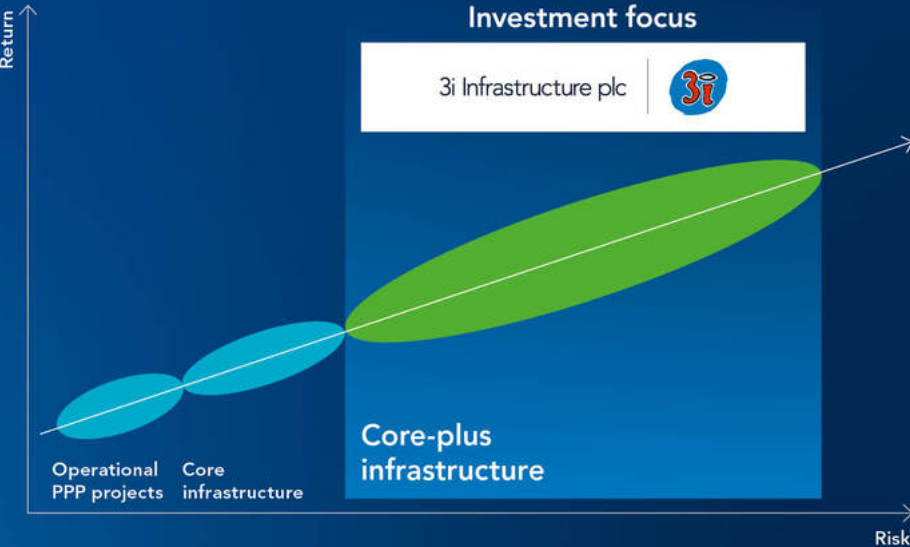
We typically execute all of the above through ownership control, ensuring appropriate Board representation and composition, direct involvement in the companies' key workstreams and incentivising and aligning management teams.

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
- 
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
- 
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
- 
An acceptable element of demand or market risk
 Businesses that have downside protection, but the opportunity for outperformance
- 
Provide essential services
 Services that are an integral part of a customer's business or operating requirements, or are essential to everyday life
- 
Opportunities for further growth
 Opportunities to grow or to develop the business into new markets, either organically or through targeted M&A
- 
Established market position
 Businesses that have a long-standing position, reputation and relationship with their customers – leading to high renewal and retention rates
- 
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 characteristics
Investment Manager's team	Asset-intensive business
3i Group network	Asset bases that are hard to replace
Engaged asset management	Provide essential services
Reputation and brand	Established market position
Dedicated ESG team	Good visibility of future cash flows
Robust policies and procedures	An acceptable element of demand or market risk
Efficient balance sheet	Opportunities for further growth
	Sustainability

[Read more](#)
Pages 13 to 15

[Read more](#)
Page 11



Value created

Financial	Non-financial
11.4%	5
Total return on opening NAV	Further investments in existing portfolio companies to fund growth
11.90p	+17%
Ordinary dividend per share	Increase in installed renewable energy capacity
18%	100%
Asset IRR (since inception)	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.

<p>1. Buy well</p> <ul style="list-style-type: none"> • Effective use of 3i's network • Comprehensive due diligence • Consistent with return/yield targets • Fits risk appetite 	<p>2. Strong governance</p> <ul style="list-style-type: none"> • Make immediate improvements • Appropriate board representation and composition • Incentivise and align management teams 	<p>3. Optimise strategy</p> <ul style="list-style-type: none"> • Agree strategic direction • Develop action plan • Right capital structure to fund growth plan • Enhance ESG maturity
<p>4. Execute plan</p> <ul style="list-style-type: none"> • Ongoing support • Monitor performance • Review further investment opportunities • Facilitate and execute M&A 	<p>5. Realisation</p> <ul style="list-style-type: none"> • Position business and enhance infrastructure characteristics to maximise exit value • Long-term view but will sell to maximise shareholder value 	<p>What we do is framed by our strategic priorities</p> <p>Read more Page 18</p>

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

Carbon & Climate

Health & Safety & People

Stakeholders

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

Governance & Sustainability Leadership

[Read more in Sustainability](#)
Pages 44 to 51