

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 with good downside protection while exposed to growth trends. We remain a disciplined investor and 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 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 Valorem, as discussed on pages 10 and 11.

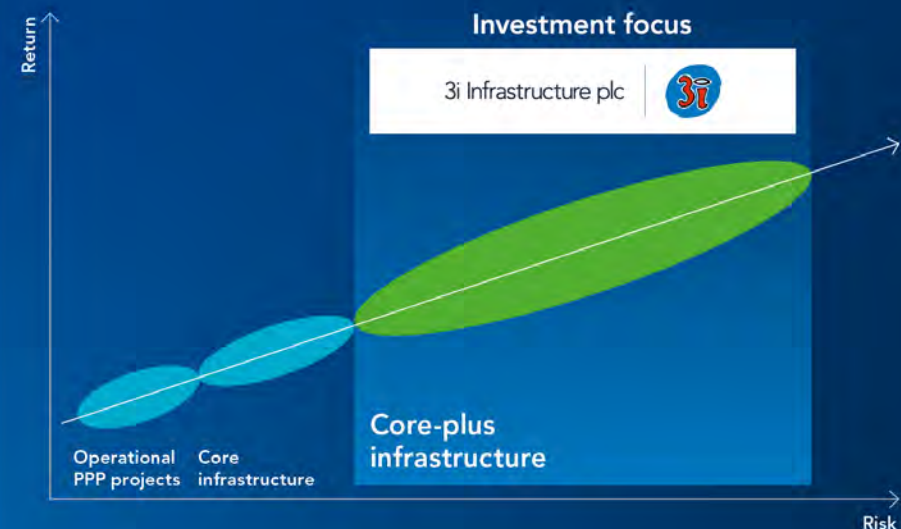
We typically execute all of the above through ownership control, ensuring appropriate Board representation and composition, direct involvement in the companies' key workstreams, and incentivising and aligning management teams.

Investment focus

Competition for new investments 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.

Infrastructure market segmentation



Our business model continued

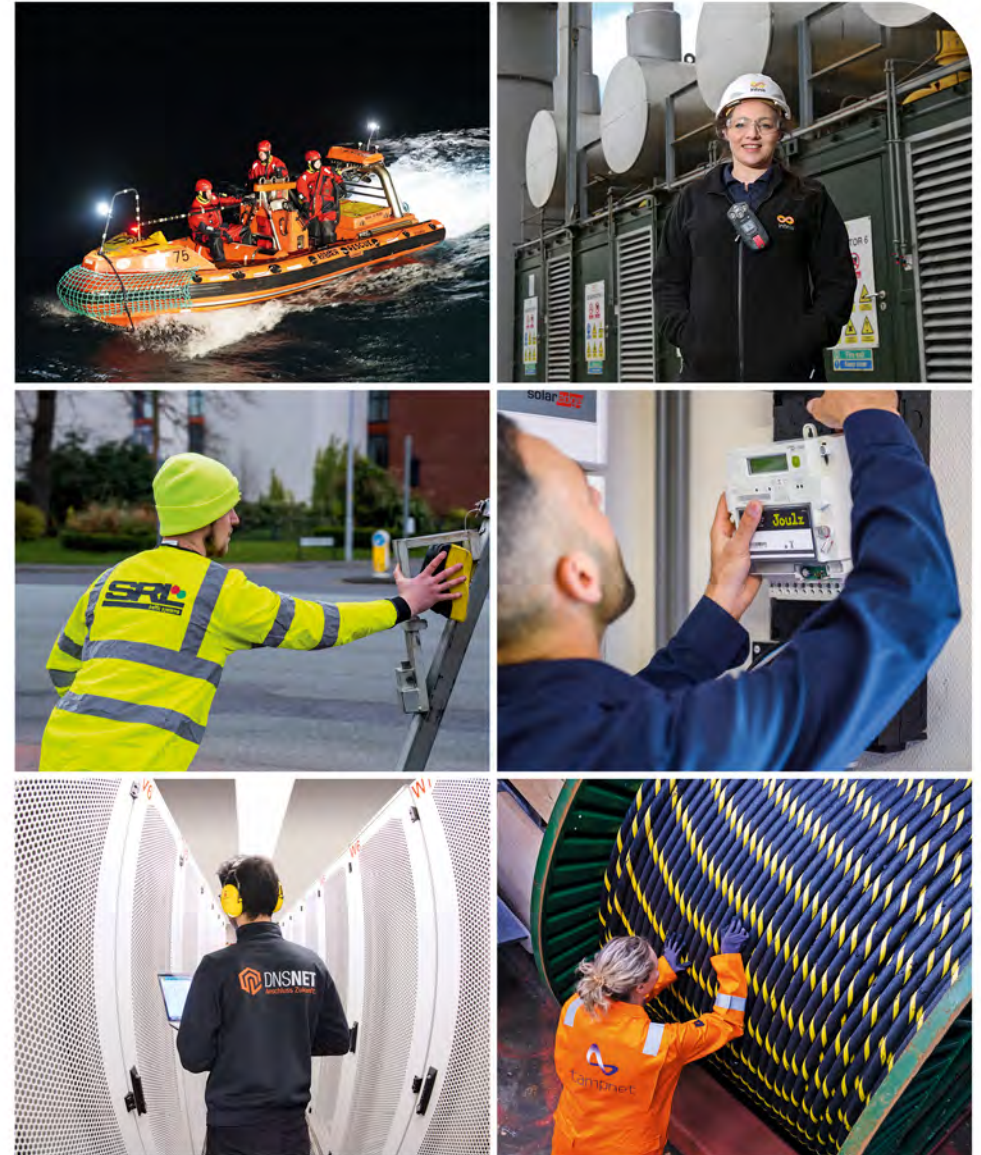
Investment characteristics

Characteristics commonly found in 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.

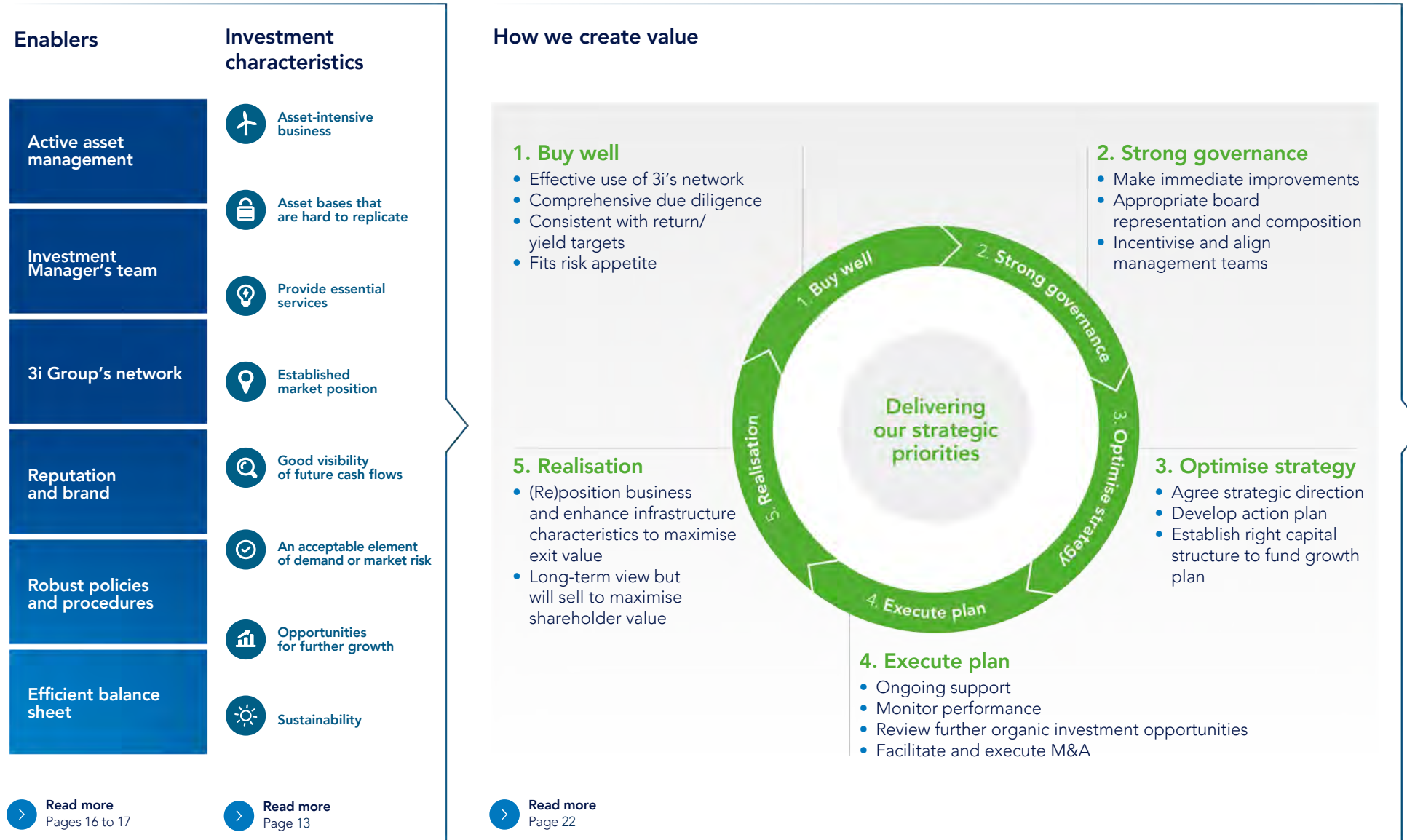
The Investment Manager has a rigorous process for identifying, screening and selecting investments to pursue. We look for businesses that combine a base of strong cash flow resilience (for example, contracted revenues) with high through-cycle underlying market growth fundamentals and operational improvements, 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 3i's Responsible Investment policy and will work with us to enhance their ESG maturity using our sustainability pathway (see pages 56 and 57 for more information)



Our business model continued

How we create value



Our business model continued

Value creation

Financial outcomes for shareholders

10.1%

Total return on opening NAV

18%

Asset IRR (since inception in 2007)

12.65p

Ordinary dividend per share

14%

Net annualised return (since inception in 2007)

6%

Annualised growth in ordinary dividends (since inception in 2007)



Outcomes for portfolio companies

£392m

Total growth capex invested across the portfolio in the year

21%

Valorem exit delivered a 21% gross IRR return over lifetime of the investment



Outcomes for lenders

5

Portfolio companies refinanced in the financial year enabling further growth capex



Our business model continued

What enables us to create value

Active asset management

We create value from our investments through the Investment Manager's active 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 active asset management approach can be found on our website, www.3i-infrastructure.com.

Dedicated 3i ESG team

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 pages 56 and 57. 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 3i's Responsible Investment policy, which covers a range of ESG issues.

Sustainability and ESG standards are discussed throughout this report. Please refer to the Sustainability section on pages 52 to 59 and the Risk report on pages 60 to 72.

Our strategic ESG focus areas



Carbon and climate



Strategy and leadership



Health & safety and people



Read more
Pages 58 and 59

**Strengthen
portfolio company
management teams**

**Invest in and
develop companies
with a clear strategy**

**Grow our platform
businesses through
further investments**

**Dedicated
ESG team**

Our business model continued

What enables us to create value continued

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 and now comprises approximately 40 people, including over 20 investment professionals.

This is one of the largest and most experienced groups of infrastructure investment professionals in Europe, 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 Manager 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.



Reputation and brand



The Investment Manager and the Company have built a strong reputation and track record as investors by investing responsibly, managing their business and portfolio sustainably, and by carrying out 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 investee companies. This in turn has earned the trust of shareholders, other investors and investee 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, cyber security 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. Net equity issuance over that period was only £135 million.

Revolving credit facility

£900m

Committed

Our business model continued

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.

Some of these megatrends are mutually supportive, such as the need for new power generation and fibre connectivity for artificial intelligence ('AI') data centres.

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	 
	Electrification/energy transition	   
	Shared resources	 
Digitalisation	Automation and digital operations	 
	Increasing connectivity and demand for bandwidth	  
Demographic change	Demand for healthcare	
Renewing essential infrastructure	Smart transportation	 
	Urbanisation	 

Our business model continued

Investment themes

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



Renewable energy generation

The demand for energy generated from renewable sources, such as wind and solar, continues to rise as part of the global effort to increase power generation and support the energy transition.

Our response

We have strategically invested in companies like **Infinis**, **Future Biogas**, and, until its recent sale, **Valorem**, which collectively focus on generating energy from a diverse range of renewable sources. During our ownership, the combined installed capacity of these investments has grown significantly, reflecting our commitment to advancing renewable energy solutions.

Electrification/energy transition

The transition towards a low-carbon economy is accelerating. This is driving rising electricity consumption and the corresponding need for related equipment and services.

Our response

Over the six years of our ownership, **Joulz** has significantly expanded its offering, introducing solar energy solutions and electric vehicle ('EV') charging products.

Shared resources

The increasing practice of a shared resources model offers significant cost savings for users of capital-intensive assets and contributes to a reduction in greenhouse gas emissions.

Our response

TCR provides pooled ground support equipment ('GSE') at airports. This initiative has significantly reduced equipment requirements, improved efficiency and lowered environmental impact.



Automation and digital operations

Rapid advancements in technology are transforming operating models and driving the digitalisation of industrial processes. These innovations enhance efficiency, streamline workflows, and improve overall performance across industries.

Our response

Tampnet and **FLAG** are capitalising on the growing adoption of AI, automation, cloud computing, and other digital technologies by their customers, positioning themselves as key enablers in this evolving digital landscape.

Demand for healthcare

Rising life expectancy and an ageing population are driving increased demand for healthcare services and infrastructure to meet evolving societal needs.

Our response

Our investment in **Ionisos**, a provider of cold sterilisation services for the medical and pharmaceutical industries, aligns with this growing trend, supporting critical healthcare supply chains and infrastructure.

Smart transportation

Technology is playing an increasingly vital role in improving the efficiency, functionality, and safety of transportation.

Our response

SRL's innovative products enhance traffic flow management, particularly around roadworks, reducing congestion and improving safety for both road users and workers.



Urbanisation

The ongoing migration from rural areas to urban centres is increasing the pressure on infrastructure in and around cities. This trend necessitates upgrades to water, gas, electricity, transportation, and communication networks to meet growing demand.

Our response

Joulz is addressing these challenges by providing integrated solutions, including initiatives to mitigate grid congestion and support the efficient functioning of urban infrastructure.

Our business model continued

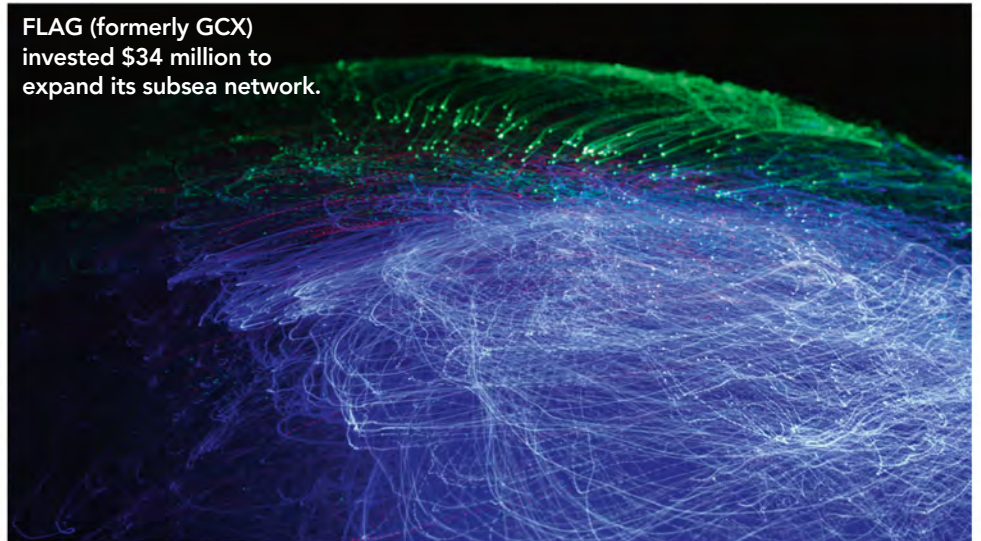
Active asset management

Examples of our active asset management in action

The sale of Valorem in January 2025 generated a 21% gross IRR and 3.6x gross money multiple.



FLAG (formerly GCX) invested \$34 million to expand its subsea network.



Future Biogas made an important step in building a scalable platform by acquiring a majority share of a portfolio of six gas-to-grid AD facilities.



Joulz and Ionisos have set science-based targets validated by the SBTi, with TCR and SRL awaiting SBTi validation of their targets.

Our business model continued

Active asset management continued

Examples of our active asset management in action continued

