Our purpose

We 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

14.7%

2019	15.4%
2020	11.4%
2021	9.2%
2022	17.2%
2023	**14.7%**

NAV

£3,101m

+14.7%

2019	£1,902m
2020	£2,269m
2021	£2,390m
2022	£2,704m
2023	**£3,101m**

NAV per share

336.2p

+10.8%

2019	234.7p
2020	254.5p
2021	268.1p
2022	303.3p
2023	**336.2p**

Full year dividend per share

11.15p

+6.7%

2019	8.65p
2020	9.20p
2021	9.80p
2022	10.45p
2023	**11.15p**

Total return for the year

£394m

March 2022: £404m

2024 Target dividend per share

11.90p

+6.7%

At a glance

High quality, diverse and differentiated portfolio.

Portfolio value

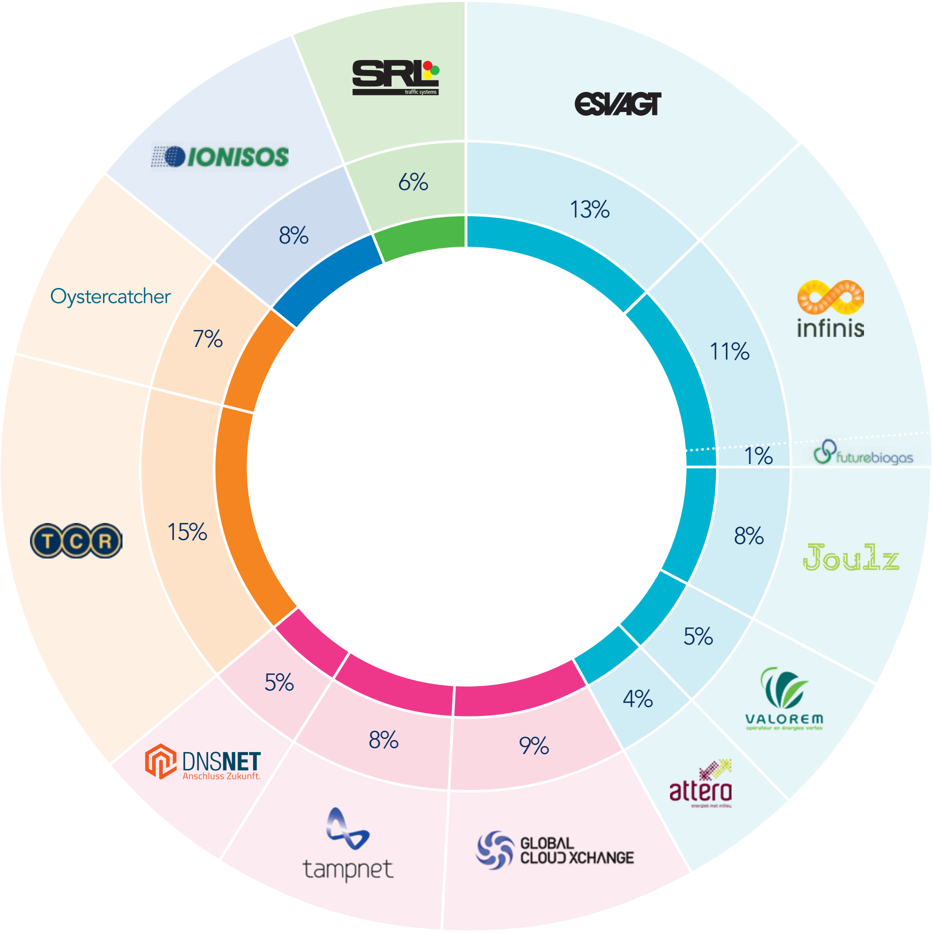
£3.6bn

2022: £3.2bn (including commitments)

Assets

13

Portfolio value by investment



Megatrends*

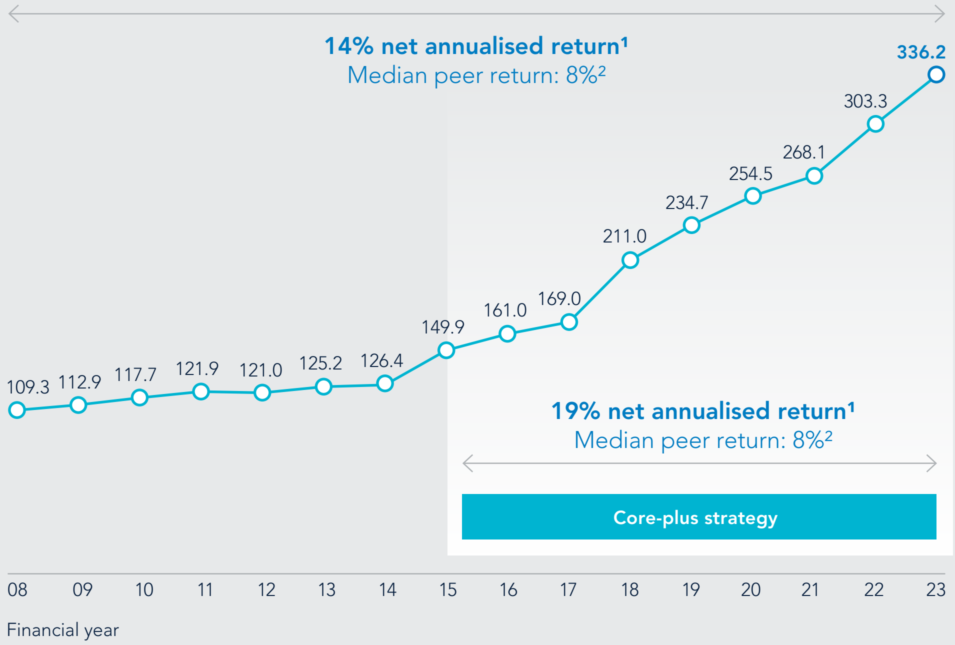
Energy transition	42%
Digitalisation	22%
Globalisation	22%
Demographic change	8%
Renewing social infrastructure	6%

* Refer to page 15 for details on megatrends.

Read more in Our portfolio
Pages 23 to 35

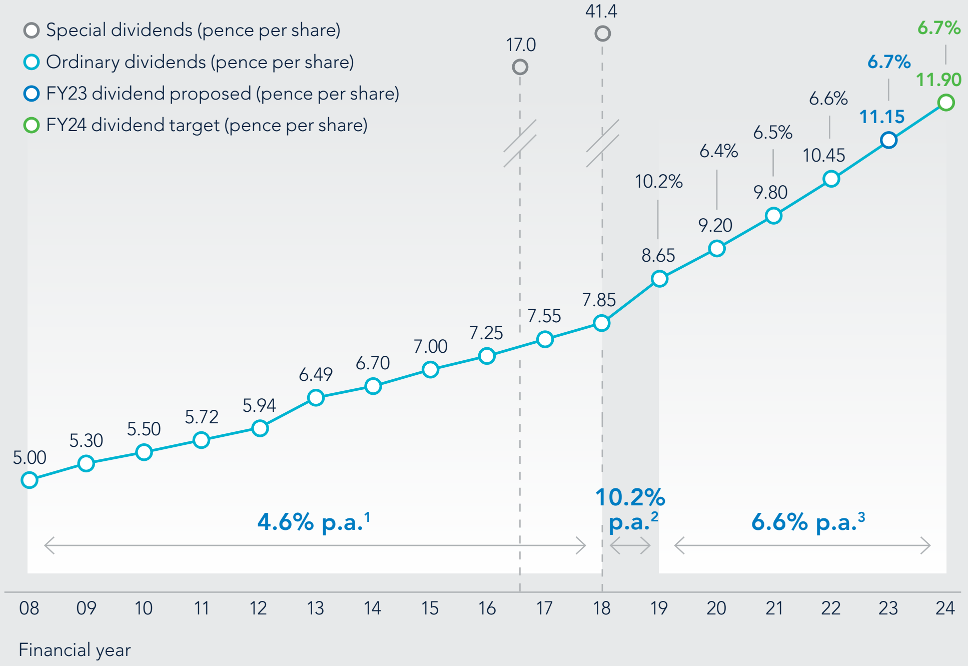
A top quartile track record

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 FY24.

Overview

Chair's statement

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

I am delighted to report that we achieved another year of outperformance, with a total return of 14.7% in the year ended 31 March 2023. That return is well ahead of our target to provide shareholders with a total return of 8% to 10% per annum, to be achieved over the medium term. Our total return for the three years since March 2020, the Covid-19 and post-Covid period, was an impressive 13.7% per annum.

We have built a unique portfolio, which benefits from inflation linkage and is 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.

We made another step forward with our sustainability objectives this year, supported by the establishment of a dedicated environmental, social and governance ('ESG') team at the Investment Manager bringing greater focus and increased engagement with our portfolio companies.

I am grateful to shareholders and the Board of Directors for their support during the year, including during our equity raise in February 2023, as well as to the Investment Manager's team for their continued hard work under the leadership of Scott Moseley and Bernardo Sottomayor.

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. Examples of how our portfolio companies have a positive influence are included in the Sustainability report.

> **Another excellent year, with confidence in the future."**
>
> **Richard Laing**
> Chair, 3i Infrastructure

Chair's statement continued

Performance

The Company generated a total return of £394 million in the year ended 31 March 2023, or 14.7% 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 336.2 pence. Our share price has not kept pace with the growth in our NAV, which resulted in a Total Shareholder Return ('TSR') of negative 6.9% in the year, ahead of the FTSE 250, which returned negative 7.9% in the same period. Since IPO, the Company's annualised TSR is 11.7%, comparing favourably with the broader market (FTSE 250: 6.1% annualised over the same period).

Dividend

Following the payment of the interim dividend of 5.575 pence per share in January 2023, the Board is recommending a final dividend for the year of 5.575 pence per share, meeting our target for the year of 11.15 pence per share, 6.7% above last year's total dividend. We expect the final dividend to be paid on 10 July 2023.

2007 → 2023

In the 16 years since the initial public offering ('IPO') the Company has delivered a total shareholder return of:

11.7%

per annum

Consistent with our progressive dividend policy, we are announcing a total dividend target for the year ending 31 March 2024 of 11.90 pence per share, representing an increase of 6.7%.

Corporate governance

The Company's 2022 Annual General Meeting ('AGM') was held on 7 July 2022. All resolutions were approved by shareholders, including the re-election of the existing Directors.

This year's AGM will be held on 6 July 2023. Further details are provided in the Notice of Meeting and on the Company's website, **www.3i-infrastructure.com**. In September, we were delighted to welcome Stephanie Hazell as a non-executive Director. Stephanie brings a broad strategic experience in the infrastructure sector from her previous roles at National Grid, Orange and Virgin Group.

Directors' duties

The Directors have a duty to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In accordance with the AIC Code of Corporate Governance 2019 (the 'AIC Code'), the Board does this through understanding the views of the Company's key stakeholders and carefully considering how their interests and the matters set out in section 172 of the Companies Act 2006 of England and Wales have been considered in Board discussions and decision making. More detail can be found in the Directors' duties and Section 172 statement sections later in this document.

Capital raise and liquidity

We were pleased with the results of our capital raise and would like to thank our shareholders for their continued support. The equity raise proceeds of £100 million were used to pay down part of the drawings on the revolving credit facility ('RCF') and partly used to fund the £28 million acquisition of Future Biogas. This provides additional flexibility to fund attractive discretionary growth opportunities in our portfolio.

We manage our balance sheet actively, seeking efficiency through low levels of uninvested cash with a range of funding options available to the Company for further investment as described in the Financial review.

Outlook

The past year has seen significant volatility in both equity and credit markets and in energy and power prices. Against this backdrop, the Company has remained disciplined in its investment approach, maintaining adequate liquidity and an appropriate level of gearing in the Company's portfolio.

Our portfolio consists of resilient businesses providing essential services to their customers and the communities they serve, often benefitting from long-term sustainable trends. These businesses are generating discretionary growth opportunities that are accretive to our investment cases, leaving us well positioned to continue to build on our strong performance.

Richard Laing
Chair, 3i Infrastructure plc
9 May 2023

Review from the Managing Partners

> **The Company's top quartile track record is the result of our deliberate strategy."**
>
> **Scott Moseley and Bernardo Sottomayor**
> Managing Partners, Co-Heads of European Infrastructure
> 3i Investments plc

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

We delivered another strong total return of 14.7% this year.

Since 2015, when we adopted our current strategy of focusing on core-plus infrastructure investments, NAV per share including dividends has grown by 19% per annum. Since 3iN's inception in 2007, we have grown NAV per share including dividends by 14% per annum.

The Company's top quartile track record is the result of our deliberate strategy.

We have carefully selected our portfolio, identifying infrastructure companies that benefit from long-term structural growth trends in their underlying markets.

We work actively with the management teams at our portfolio companies to define and execute plans to capitalise on those growth dynamics. Growing markets provide the catalyst for us to continue to reinvest in our portfolio companies at returns that are likely to outperform 3iN's portfolio target.

Our portfolio companies' earnings are also typically positively correlated to inflation, as well as growing in real terms.

The resulting compounding growth dynamics, together with the resilience that our portfolio companies have displayed throughout the cycle, including during the recent Covid-19 pandemic, demonstrate that the Company offers shareholders very high quality risk-adjusted returns.

Our active management approach also ensured that we locked in attractive debt financing across the portfolio before the recent increases in financing costs. The average level of gearing within our portfolio companies is a relatively modest 33% of enterprise value and there are no material refinancing requirements within the portfolio before 2026.

Review from the Managing Partners continued

These conservative levels of gearing within our portfolio companies, combined with strong operational cash generation, available credit in the RCF and the recent £100 million equity raise, ensures that our portfolio companies are well placed to finance these growth investment opportunities as they arise.

Compounding growth dynamics

Sustainability

The importance of sustainability and meeting ESG standards continues to increase. This year we created a new team to lead ESG and sustainability initiatives across the portfolio. The additional focus that this new team brings helps us to engage on ESG topics in a more meaningful way, to maintain appropriate oversight over new and developing ESG legislation and to collate relevant data regarding the performance of the portfolio companies against certain sustainability indicators. Our companies are now reporting Scope 1 and 2 greenhouse gas ('GHG') emissions and considering opportunities to reduce these.

In the year ahead we plan to build on this progress by working with portfolio companies to measure Scope 3 GHG emissions, further develop Paris-aligned decarbonisation plans and where possible set science-based targets.

Investment and divestment activity

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

Date	Activity
May 2022	Syndication of a 17% stake in ESVAGT for proceeds of £87 million
June 2022	Sale of the European Projects portfolio for £106 million
September 2022	Closing of the acquisition of c.100% stake in GCX for £318 million
October 2022	Further investment in TCR, acquiring the 48% stake owned by funds managed by DWS for £338 million
November 2022	Syndication of 28% of 3iN's stake in TCR for proceeds of £190 million
December 2022	Investment of a further £15 million to fund DNS:NET's fibre roll-out programme
February 2023	Investment of £28 million to acquire Future Biogas
March 2023	Investment of a further £30 million in Infinis to fund the development of its solar roll-out programme

Outlook

Our portfolio is generating strong earnings growth which we are confident is set to continue. Additionally, we continue to see strong demand for high quality infrastructure investments, such as those held by 3iN, amongst private market investors. Our active management strategy includes planning selectively to divest our portfolio companies at an optimal moment in time. The scarcity value of our assets and favourable growth positioning provide confidence in the outlook for continued value creation.

Scott Moseley and Bernardo Sottomayor
Managing Partners and Co-Heads of European Infrastructure, 3i Investments plc
9 May 2023

Our business model
An active investor

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.

Origination approach
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 a large and focused investment team, with a broad network and access across the geographies in which we invest. Our reputation, local presence and the relationships we develop with management teams provide us with competitive advantages. This allowed us to be successful in signing our new investment this year in Future Biogas on attractive terms.

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 to the portfolio companies, and actively help them to convert those, including executing add-on M&A opportunities and putting in place adequate capital structures and capex facilities to fund the associated investments.

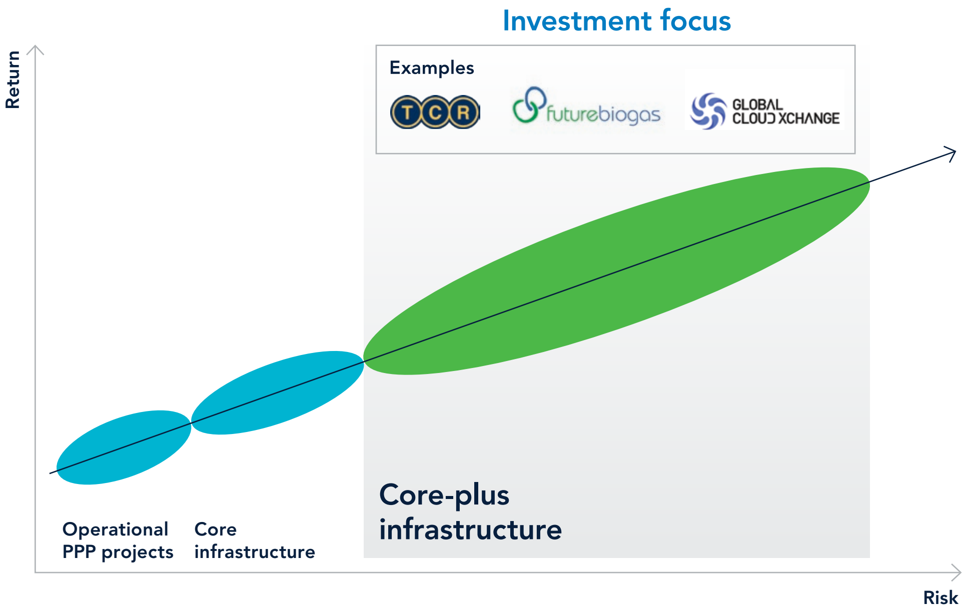
We actively look to enhance the infrastructure characteristics of the businesses we acquire, ensuring that, where possible, capex is focused on immediate contracted revenue generating assets, improving the infrastructure characteristics of the business to attract competitive financing, adding elements of service that create customer stickiness, and often implementing operational efficiency programmes to optimise EBITDA margins. All of this helps us position our businesses into the core infrastructure space, thus maximising the potential exit value.

We execute all of the above through ownership control, effective board presence and governance and by being involved directly in the companies' key workstreams.

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 with controlling majority or significant minority positions and strong governance rights, whilst adhering to a set of core investment characteristics and risk factors. More information on our business model can be found on page 10.

Market segmentation and investment focus



Our business model continued

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
- High ESG standards
- Robust policies and procedures
- Efficient balance sheet

Read more
Pages 12 to 13

Investment characteristics

- Asset-intensive business
- Asset bases that are hard to replicate
- 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 11 and 20

Value created

Financial	Non-financial
14.7% Total return on time-weighted opening net asset value	**2** Further investments in portfolio companies to fund growth
11.15p Ordinary dividend per share	**+9%** Increase in installed renewable energy capacity
19% Asset IRR (since inception)	**12** Portfolio companies reporting on greenhouse gas emissions

Our business model continued

Characteristics we look for in new investments

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 (eg. 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 our Responsible Investing criteria, with opportunities to improve sustainability and ESG standards

How we create value

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.

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

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

Optimise strategy
- Agree strategic direction
- Develop action plan
- Right capital structure to fund growth plan

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

Realisation
- (Re)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 20

Our business model continued

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 plc ('3i Group') in 2005 and now comprises over 50 people, including over 30 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, sustainability 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.

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 value in a sustainable way. 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 to support a sustainable future

Grow our platform businesses through further investments

Our business model continued

What enables us to create value continued

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.

Dedicated ESG team

In FY23, the Investment Manager created a new team to lead ESG and sustainability initiatives across the portfolio. This will enable an acceleration of the delivery of the Company's ambitions around sustainability.

The new 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 each portfolio company more effectively.

The team supports each portfolio company on its respective sustainability journey and consideration of the Company's objectives at portfolio company level. The team also leads ESG reporting for the Company and delivers the annual ESG review of the portfolio.

By interfacing with the Company's strategy, the team supports the Board to set the Sustainability strategy and objectives for the Company, and aligns with key stakeholders such as 3i Group, particularly on climate-related risks and opportunities.

Sustainability and ESG standards are discussed throughout this report. Please refer to Our approach on pages 14 to 17, the Sustainability report on pages 46 to 56 and the Risk report on pages 68 to 80.

> **"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

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. In order to capitalise on discretionary growth opportunities in the portfolio, during the year we raised new equity of £100 million.

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

Our approach
The infrastructure market

Competitive landscape

2022 was another very strong year for fundraising in the unlisted infrastructure space, with over US$300 billion raised in the core, core-plus and value added segments, as shown in the chart below. Fundraising has become more concentrated around successful managers, with fewer funds being raised but the average fund size rising. This makes competition for suitable larger equity investments more intense.

Macro environment

The past year has seen a structural shift in the macroeconomic environment with significant inflation, increases in interest rates and volatile equity markets. This has slowed down M&A activity and impacted stock market performance.

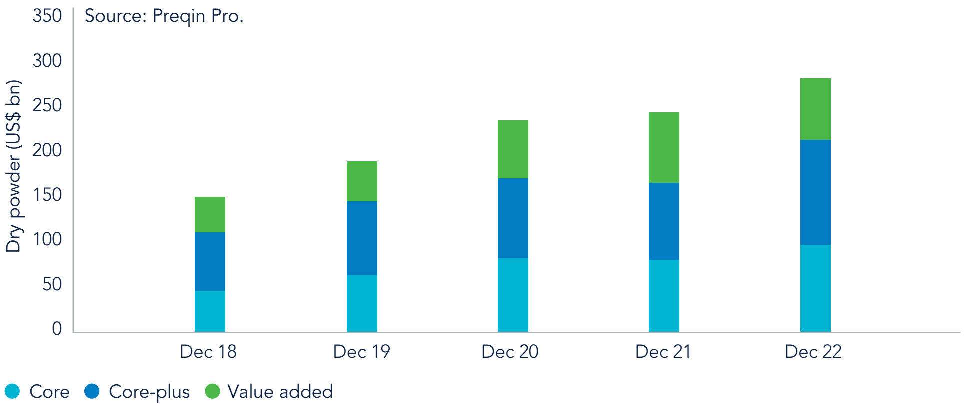
In this environment, demand for infrastructure assets typically increases due to the essential nature of the services they provide and downside protection as they can act as a hedge with revenues directly or indirectly linked to inflation.

Our portfolio companies benefit from direct contract indexation and strong market positions providing pricing power. This is partially offset by the increase in operational costs experienced by a number of those companies.

Central banks raised interest rates in response to rising inflation. The impact on our portfolio has been limited, with over 95% of our portfolio company debt either fixed rate or hedged at 31 March 2023, and with no material refinancing due before 2026.

These trends, and our response to them, are discussed in more detail within the Risk report on page 76.

Unlisted infrastructure: dry powder by primary strategy (December 2018–2022)



Interest rates	Credit	Inflation	Power prices
• Over 95% of portfolio company debt is fixed rate or hedged at 31 March 2023	• No material near-term refinancing risk in the portfolio • Nearly 90% of portfolio company debt matures beyond the next three financial years	• Portfolio returns positively correlated to inflation • Balanced mix of direct indexation and strong market positions provide pricing power	• Energy generating assets benefitted from the high and volatile power price environment

Our approach continued
The infrastructure market continued

Megatrends

Megatrends are shaping the world around us, influencing decision making and changing the demands placed on our economy and services. Identifying the potential for change is a key driver of our investment decision making – from the businesses, sectors and countries we invest in, to the way we go about finding opportunities.

As the Company's portfolio continues to grow, we seek to diversify our investments across a range of megatrends that will provide a supportive environment for long-term sustainable returns to shareholders. 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.

Megatrend	Investment theme	Our portfolio
Energy transition – low-carbon and circular economy	Renewable energy generation	Infinis, Valorem, Attero, Future Biogas
	Electrification/ energy transition	Joulz, TCR, ESVAGT
	Shared resources	TCR, SRL
	Waste treatment and recycling	Attero
Digitalisation and technology disruption	Automation, digital operations and increasing connectivity	Tampnet, DNS:NET, Global Cloud Xchange
Demographic change	Demand for healthcare	Ionisos
Globalisation	Global trade and transport	Oystercatcher, TCR
Renewing social infrastructure	Urbanisation and smart cities	SRL

Investment themes

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, Attero, and Valorem all generate energy from a variety of renewable sources and their combined installed capacity has grown significantly during our ownership.

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.

Our approach continued
The infrastructure market continued

Investment themes (continued)

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 GHG emissions. In the case of TCR, which provides pooled ground support equipment at airports, this has reduced the amount of equipment required.

Waste treatment and recycling

There is a trend towards increasing levels of recycling driven by regulatory requirements and consumer preferences. Attero is one of the largest waste treatment and disposal companies in the Netherlands and is benefitting from this increased demand for its services.

Automation, digital operations and increasing connectivity

Technology is developing rapidly, changing operating models and digitalising industrial processes. Business is increasingly mobile and data driven, which requires increasing levels of connectivity through digital infrastructure. Our communications infrastructure investments, Tampnet, GCX and DNS:NET, are benefitting from this increased demand.

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, is aligned to this trend.

Global trade and transport

Businesses are seeking to increase supply resilience and achieve long-term price stability by establishing deeper, more diversified supplier bases for goods and services. This can help mitigate disruptions from extreme weather events and other localised situations. Advario Singapore (Oystercatcher) supports its customers storing and blending the gasoline used to transport these goods.

Urbanisation and smart cities

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

We have a positive influence on our portfolio companies.

Our influence

As active owners we seek to ensure that our investee companies are run responsibly and that they can make a positive contribution to their employees, customers, suppliers and the local communities in which they operate. This includes supporting and empowering management teams to develop resilient business strategies.

We create a culture at our portfolio companies where the Company's expectation that management teams embed sustainability into their strategy is well known.

We facilitate and encourage the exchange of best practices by portfolio companies by connecting companies that are more advanced in certain sustainability initiatives with others who can benefit from their expertise.

We seek to manage material ESG risks and opportunities during the period of the Company's investment. This includes enhancing portfolio companies' corporate governance and reporting, and encouraging them to improve their performance over time on sustainability issues that are material to them, with a particular focus on health and safety, and climate change.

We require all our portfolio companies to measure their GHG emissions. We encourage them to identify decarbonisation strategies. This year, we asked an initial subset of our portfolio companies to develop GHG emission reduction targets that are aligned with the objectives of the Paris Agreement.

Our portfolio

Many infrastructure businesses have sustainability at their core, providing or enabling the provision of essential services to society, interconnectivity and the appropriate management of resources.

Whilst the Company does not pursue a sustainability-driven investment strategy, it does use its influence in the investments it makes, where appropriate, to seek to contribute positively to environmental and social sustainability objectives, such as transitioning to a low carbon and circular economy, enabling a healthy and safe society and fostering inclusive growth.

We believe such contributions, alongside good ESG performance of our portfolio, can protect and potentially enhance value for the Company's shareholders.

Sustainability in action

Contributing to a low-carbon future

- Invest in the production of clean energy
- Engage with suppliers on low-carbon innovation
- Support customers to decarbonise their operations
- Develop GHG emissions reduction strategies

Supporting safety and good health

- Adhere to high health and safety standards that protect employees
- Enable safe operations for customers
- Embed a safety culture across the organisation
- Contribute to high quality healthcare through Ionisos

Examples of our portfolio companies' sustainability strategies

Read more in the Sustainability report
Pages 46 to 56

Fostering inclusive growth

- Adhere to high governance and ethical work standards
- Be an employer of choice supported by a diverse and inclusive culture
- Create job opportunities and engage with local communities
- Support local and international connectivity through our telecommunication businesses

In conversation with 3i Partner Tim Short and Infinis CEO, Shane Pickering.

"Infinis is now a leading, diversified, low-carbon generation platform."

Tim Short
Partner, 3i Infrastructure

Q Tell us about Infinis?

SP Infinis is a leading generator of low-carbon energy with over 150 sites across the UK. We capture methane from landfill sites and disused mines and we utilise that methane as a fuel source to generate electricity.

Methane is a very powerful greenhouse gas; it is 25 times more potent and damaging to the earth's atmosphere than carbon dioxide. So, by capturing the methane and utilising that to generate electricity, we are preventing the release of more than 6 million tonnes per annum of carbon dioxide into the atmosphere.

Q What attracted you to Infinis and how has it developed since 2016?

TS When we invested in Infinis in 2016, it was exclusively a landfill gas business, but we've now grown the business to become a leading, diversified, low-carbon generation platform. We now have three strands to the business: the landfill gas and disused mines business, the solar business and a flexible generation business – that's batteries and power response – to support the UK's electricity grid as more and more intermittent renewables come on line.

Q What benefits has 3iN brought to Infinis?

SP 3i Infrastructure is a long-term and supportive partner. From 2016, we've built up excellent relationships with 3i and the Infinis board members. In fact, Tim and I were here from the very outset, along with some of the other board members.

3i Infrastructure has supported multiple follow-on investments, including refinancings and acquisitions.

In 2018, they funded the acquisition of Alkane Energy which added 160MW of capacity to the business. It's a real partnership and, for me, this is one of the main reasons why Infinis is so successful.

Q What does the future look like for Infinis?

SP Our mission is to grow Infinis into a more diversified, renewable and low-carbon energy business. We're developing 1.5GW of new low-carbon energy projects, including solar energy parks, and our continued investment in renewable energy is helping the UK reduce its reliance on fossil fuels and reducing electricity costs for consumers.

It's really exciting to see our vision of generating a low-carbon future become a reality and it's great to be helping the UK's energy sector transition to net zero.

Improving the aviation ecosystem – TCR

In conversation with 3i Director Céline Maronne and TCR CEO, Tom Bellekens.

Q What does TCR do and how does it fit with 3iN's strategy?

TB TCR rents ground support equipment, which is the equipment that moves around the airport to load and offload passenger and cargo aircraft. We own the largest independent fleet in the world, which consists of c.35,000 pieces of equipment on 180 airports in 20 countries in four continents.

CM TCR is a unique business that is extremely difficult to replicate. It fits our strategy of investing in businesses with strong asset bases and market positions, but where we also see significant opportunities to grow.

Q What role does TCR play in energy transition?

TB For us, sustainability means helping the entire aviation ecosystem to reduce their GHG emissions and become greener, which we can help them do in various ways. One is to encourage our customers to use greener equipment. Another way is by using smart technology to enable our customers to use less equipment.

Q Why did you choose to partner with 3iN?

TB What differentiates 3iN is that they have a very long-term partner approach, which matches our long-term partner approach with customers. Where we have found them particularly supportive is when it comes to financing, strategy and M&A activities.

We also appreciate that the people we have on the Board today were the people that six or seven years ago were there when the acquisition took place, which has created very fruitful relationships.

Q What is next for TCR?

TB Whilst we are the market leader today, there is still more to go for in terms of further geographic expansion as well as further market share expansion in the places where we are already present.

We also want to further develop our ESG strategy. The advantage is that the bigger we are, the more we have the capacity to invest in the safety and decarbonisation of our fleet.

> **"TCR is a unique business with a strong asset base and leading market position."**
>
> **Céline Maronne**
> Director, 3i Infrastructure

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.

15%

Largest single investment by value

Read more
Pages 23 to 35

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.

£452m

New investments less amounts syndicated in the financial year

Read more
Pages 23 to 35

Managing the portfolio intensively

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

Delivering growth through platform investments.

2

Follow-on investments in portfolio companies

2

Portfolio companies refinanced

Read more
Pages 23 to 35

Maintaining an efficient balance sheet

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

£404m

Total liquidity

Read more
Page 64

Sustainability a key driver of performance

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

979MW, +9%

Installed renewable energy capacity, increase in year

Read more
Page 49

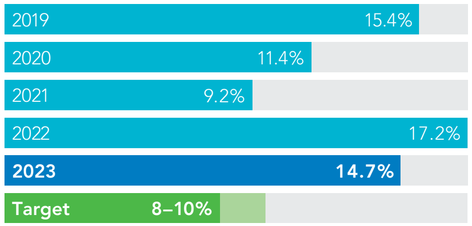
Our objectives and KPIs

Our objectives are to provide shareholders with:

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

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 2023 and every prior year shown

Rationale and definition

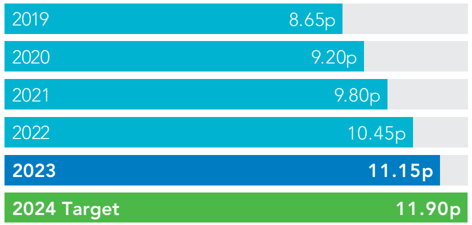
- Total return is how we measure the overall financial performance of the Company
- Total return comprises the investment return from the portfolio and income from any cash balances, net of management and performance fees and operating and finance costs. It also includes foreign exchange movement and 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 £394 million in the year, or 14.7% on time-weighted opening NAV and equity issued
- The portfolio showed good resilience overall with strong performance in particular from TCR, Infinis and Tampnet
- The hedging programme continues to reduce the volatility in NAV from exchange rate movements
- Costs were managed in line with expectations

a progressive annual dividend per share

Annual distribution (pence per share)



Target
Progressive dividend per share policy.

FY24 dividend target of 11.90 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 11.15 pence per share, or £101 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 £202 million for the year
- Operating costs and finance costs used to assess dividend coverage totalled £66 million in the year
- The dividend was fully covered for the year
- Setting a total dividend target for FY24 of 11.90 pence per share, 6.7% higher than for FY23