3i Infrastructure plc

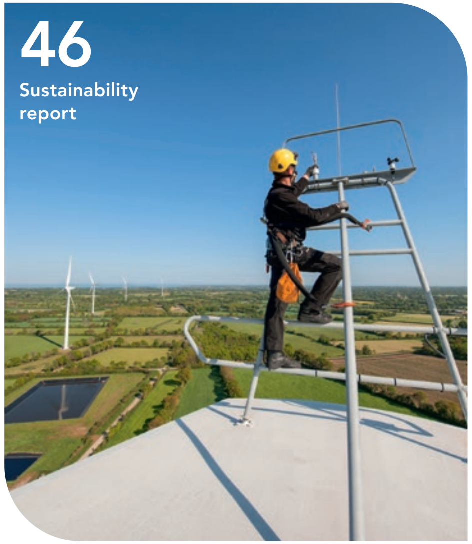
Annual report and accounts 2023

Inside this report

Overview

Our portfolio

Sustainability report



Financial review and Risk report

Governance

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 67. 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 82 and the Governance information on pages 83 to 120 for the year to 31 March 2023 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 image: GCX

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

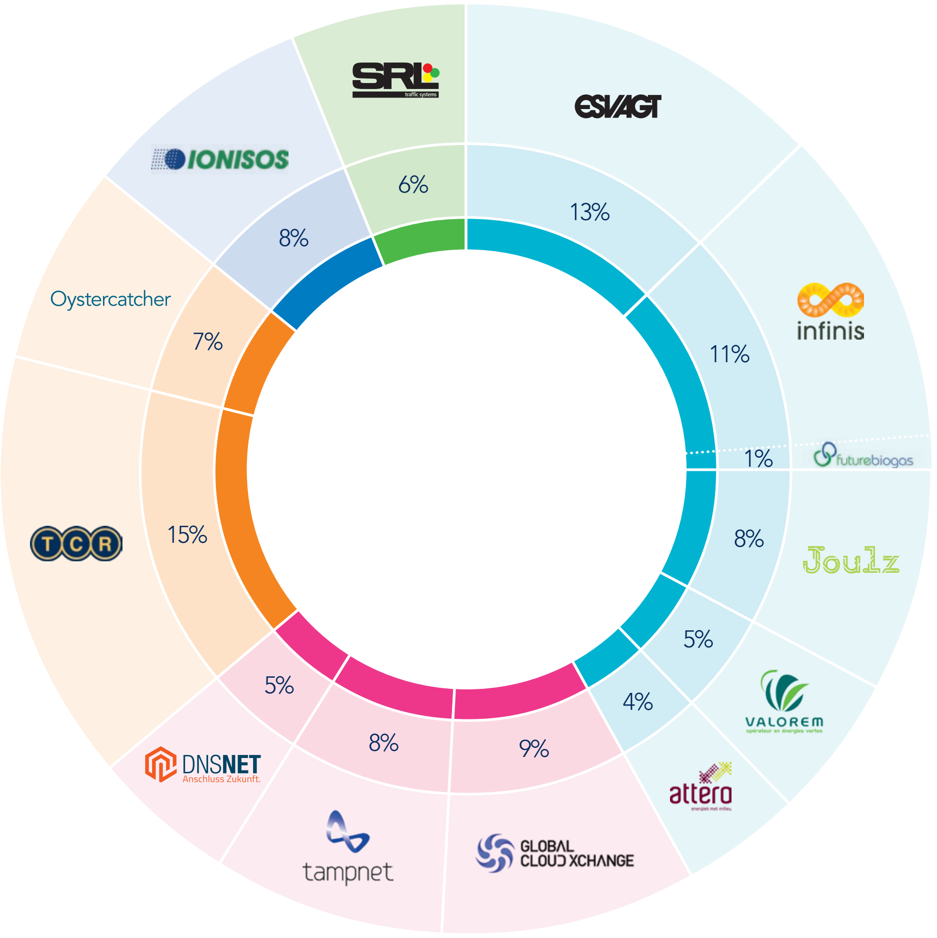
£3.6bn

2022: £3.2bn (including commitments)

Assets

13

Portfolio value by investment



Megatrends*

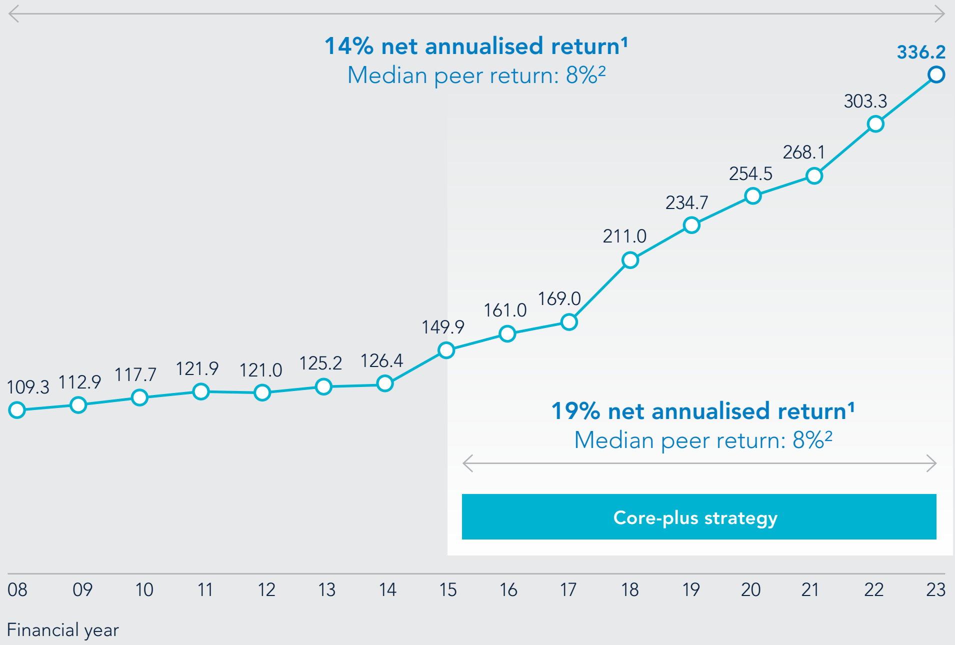
Energy transition	42%
Digitalisation	22%
Globalisation	22%
Demographic change	8%
Renewing social infrastructure	6%

* Refer to page 15 for details on megatrends.

Read more in Our portfolio
Pages 23 to 35

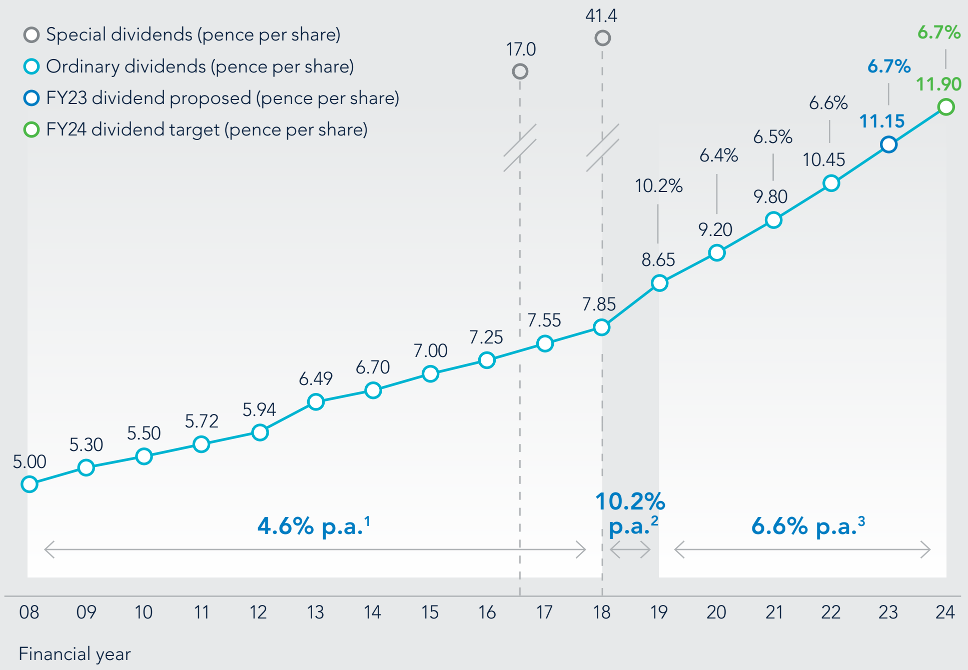
A top quartile track record

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.

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.

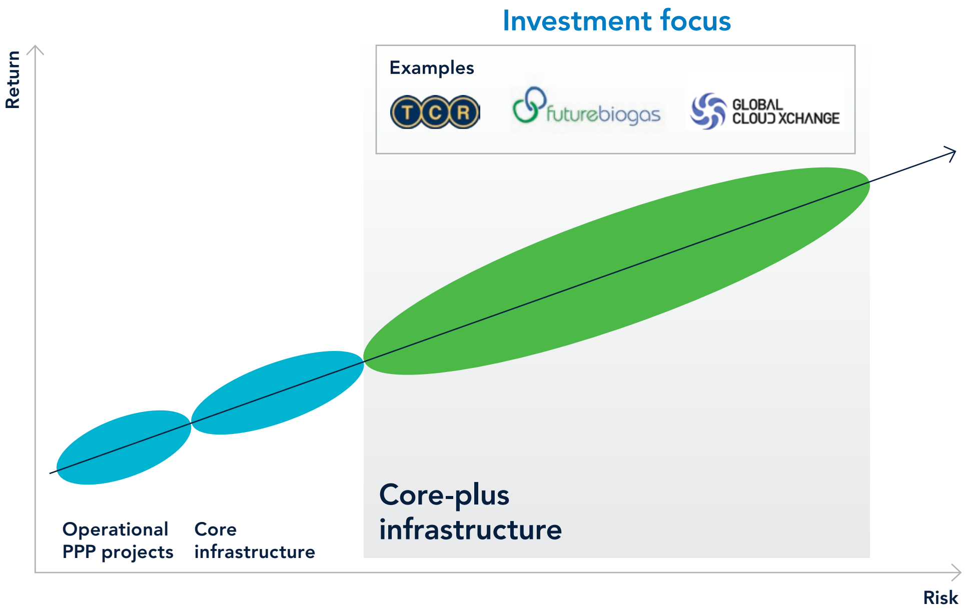
We actively look to enhance the infrastructure characteristics of the businesses we acquire, ensuring that, where possible, capex is focused on immediate contracted revenue generating assets, improving the infrastructure characteristics of the business to attract competitive financing, adding elements 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



Overview

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

14.7%
Total return on time-weighted opening net asset value

11.15p
Ordinary dividend per share

19%
Asset IRR (since inception)

Non-financial

2
Further investments in portfolio companies to fund growth

+9%
Increase in installed renewable energy capacity

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

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 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.

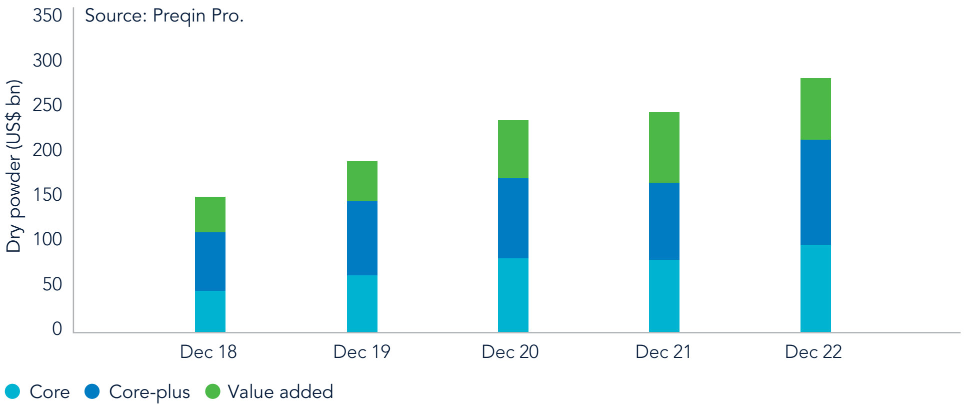
In this environment, demand for infrastructure assets typically increases due to the essential nature of the services they provide and downside protection as they can act as a hedge with revenues directly or indirectly linked to inflation.

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

- Over 95% of portfolio company debt is fixed rate or hedged at 31 March 2023

Credit

- No material near-term refinancing risk in the portfolio
- Nearly 90% of portfolio company debt matures beyond the next three financial years

Inflation

- Portfolio returns positively correlated to inflation
- Balanced mix of direct indexation and strong market positions provide pricing power

Power prices

- 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, futurebiogas
	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, DNSNET, 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

Examples of our portfolio companies' sustainability strategies

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

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

Read more in the Sustainability report
Pages 46 to 56

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

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.

> "Infinis is now a leading, diversified, low-carbon generation platform."
>
> **Tim Short**
> Partner, 3i Infrastructure

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

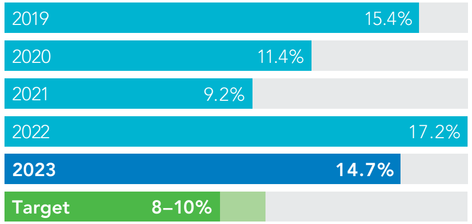
Our objectives and KPIs

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

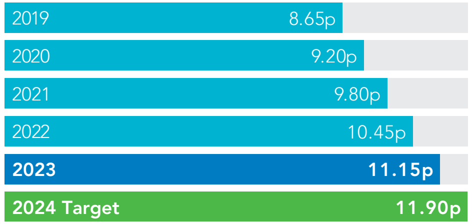
- Total return is how we measure the overall financial performance of the Company
- Total return comprises the investment return from the portfolio and income from any cash balances, net of management and performance fees and operating and finance costs. It also includes foreign exchange movement and 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

Our portfolio

Our portfolio
New investment

futurebiogas

Investment rationale

- Future Biogas is one of the largest anaerobic digestion ('AD') plant developers and biogas producers in the UK, operating 11 AD plants on behalf of institutional investors under long-term contracts
- There is strong political support and growing corporate demand for domestically-produced biomethane, which, as a direct substitute for fossil natural gas, has an essential role to play in decarbonising some of the UK's gas-dependent sectors such as heat, transport and manufacturing
- On a national scale, the use of biomethane (vs. natural gas) allows the existing gas infrastructure to help meet the UK government's net zero and energy security targets without any change to the existing system
- Future Biogas will develop a new generation of unsubsidised AD plants and sell the resulting biomethane under long-term offtake agreements to corporate buyers
- In the longer term, Future Biogas intends to enter the nascent but high potential voluntary carbon offset market through carbon capture and storage
- Future Biogas has a highly experienced management team with a strong track record in the sector

Characteristics

Essential role in the UK's decarbonisation agenda
Biomethane from AD is a ready-to-use and commercially viable solution for hard to decarbonise industrial sectors. It does not require any upgrade to the existing UK gas infrastructure. Energy produced by AD plants is carbon neutral, as the CO_2 released during the process matches the CO_2 absorbed from the atmosphere by the feedstock. In the future, carbon capture and storage could be introduced to make the process carbon negative.

Established market position
Future Biogas is one of the largest producers of biomethane in the nascent UK market and a highly experienced developer and operator of AD plants, with full-service capabilities in development, construction and operations.

Supply/demand of biomethane
The challenge to decarbonise industrial and manufacturing sectors, and the disparity in biomethane supply and demand, is expected to sustain a very strong market for green gas in the long term.

Acceptable element of gas price risk
Future Biogas is exposed to a degree of gas price volatility through its existing management contracts. However, new AD plants are core to our investment thesis and will be underpinned by long-term offtake agreements with corporates.

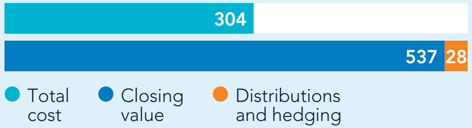
Sustainable farming practices
By promoting a regenerative farming approach, feedstock from energy crops can be sustainably integrated into agricultural systems. The circular process of returning digestate back to land can help replenish soil nutrients and carbon, and displaces demand for carbon- intensive artificial fertilisers.

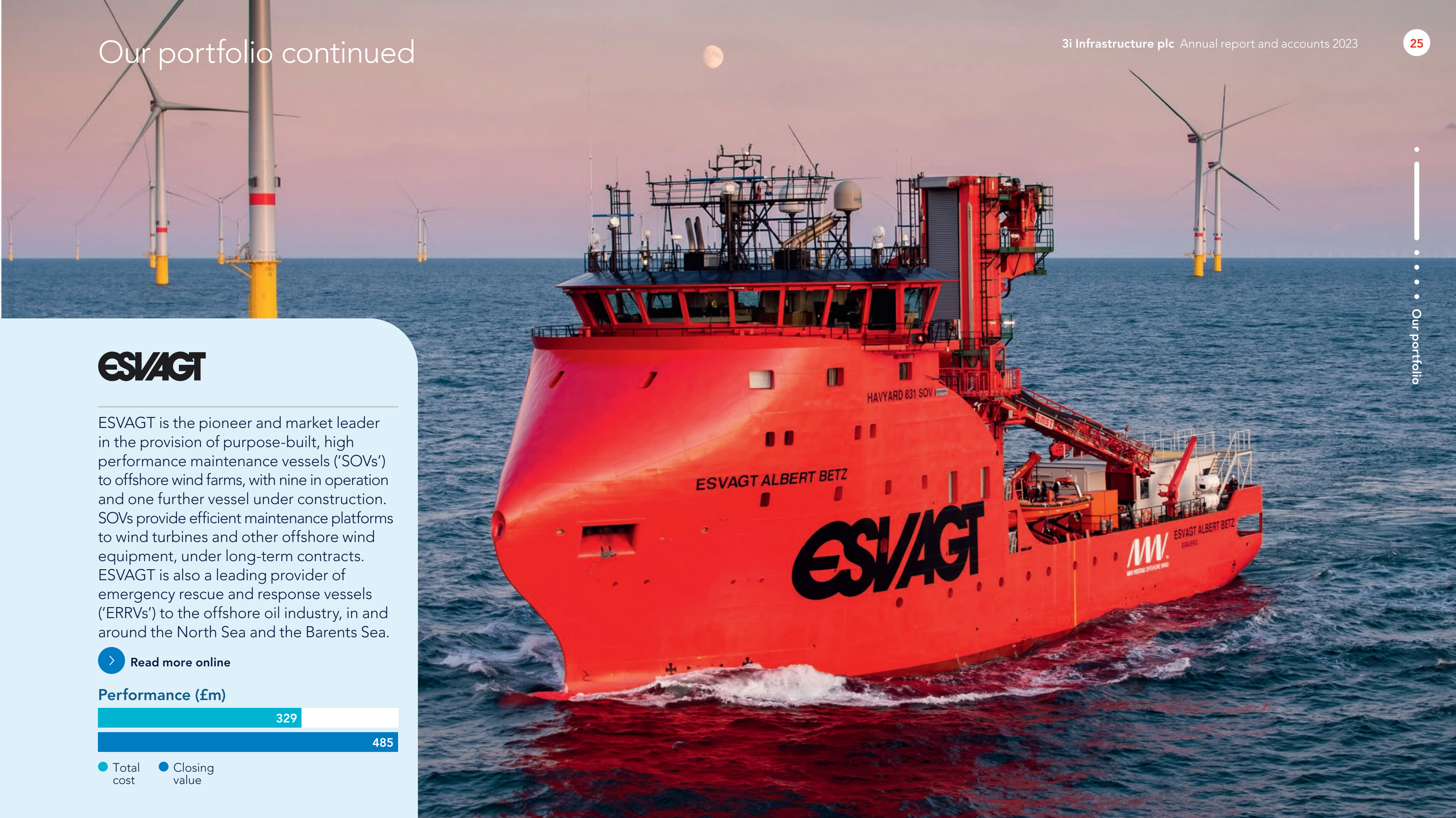
Opportunities for growth
The investment in Future Biogas, whilst modest today, creates an opportunity for significant follow-on investment in new AD plants at attractive returns.

TCR is the largest independent lessor of airport ground support equipment ('GSE') and operates at over 180 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)





ESVAGT

ESVAGT is the pioneer and market leader in the provision of purpose-built, high performance maintenance vessels ('SOVs') to offshore wind farms, with nine in operation and one further vessel 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)

Total cost	329
Closing value	485

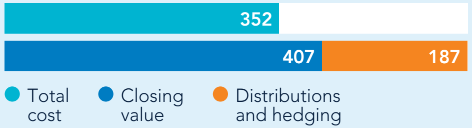
Our portfolio continued

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 150 sites and a total installed capacity of 442MW. The business is rapidly transforming through an active solar and battery development pipeline.

Read more online

Performance (£m)



Our portfolio continued

GLOBAL CLOUD XCHANGE

GCX owns one of the most comprehensive fibre-optic subsea cable networks globally. Its 66,000km 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)

Total cost
Closing value

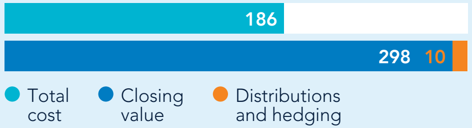
Our portfolio continued

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, pharmaceutical and cosmetics 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)

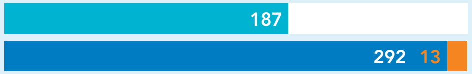


tampnet

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)



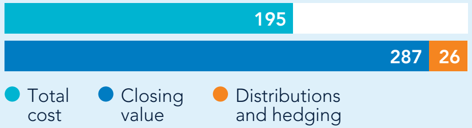
Total cost · Closing value · Distributions and hedging

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 extended its offering to electric vehicle charging points and solar power installations through acquisitions.

Read more online

Performance (£m)



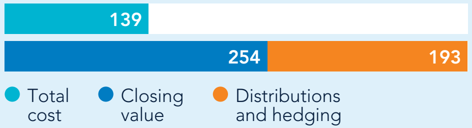
Our portfolio continued

Oystercatcher

Oystercatcher is the holding company through which the Company holds a 45% interest in Advario Singapore Limited ('ADS'). ADS 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. Its customers access the facility by pipeline, seagoing vessel and barge.

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)

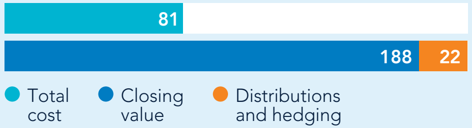
Our portfolio continued

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 1GW 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 Greece.

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

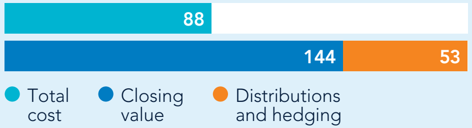
Performance (£m)

Our portfolio continued

Attero is the leading Dutch operator in the waste treatment market. It owns two of the largest and most efficient energy-from-waste ('EfW') plants in Western Europe, anaerobic digestion facilities, composting facilities and landfills. It also operates a full range of recycling solutions, including a polymer recycling plant, which enables it to recycle up to 25,000 tonnes a year of used plastic packaging into high quality regranulate.

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 £3,641 million at 31 March 2023 (2022: £2,873 million) and delivered a total portfolio return in the year of £501 million, including income and allocated foreign exchange hedging (2022: £509 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 2023, £m)

Portfolio assets	Directors' valuation 31 March 2022	Investment in the year	Divestment in the year	Accrued income movement	Value movement	Foreign exchange translation	**Directors' valuation 31 March 2023**	Allocated foreign exchange hedging	Underlying portfolio income in the year	**Portfolio total return in the year[1]**
TCR	279	352[2,4]	(190)[3]	4	86	6	**537**	(2)	18	**108**
ESVAGT	548	44[2]	(87)[3]	(2)	7	(25)	**485**	22	46	**50**
Infinis	332	30[5]	(9)[6]	2	52	–	**407**	–	16	**68**
GCX	–	318[4]	–	19	–	(14)	**323**	15	18	**19**
Ionisos	237	–	–	9	43	9	**298**	(7)	9	**54**
Tampnet	241	6[2]	–	–	52	(7)	**292**	13	6	**64**
Joulz	241	6[2]	–	–	30	10	**287**	(7)	6	**39**
Oystercatcher	230	–	(12)[6]	–	17	19	**254**	(14)	4	**26**
SRL	200	18[2]	(1)[6]	–	2	–	**219**	–	19	**21**
Valorem	144	–	–	–	38	6	**188**	(4)	4	**44**
DNS:NET	202	22[2,5]	–	–	(54)	9	**179**	(6)	8	**(43)**
Attero	116	–	(23)[6]	–	47	4	**144**	(3)	1	**49**
Future Biogas	–	28[4]	–	–	–	–	**28**	–	–	**–**
Economic infrastructure portfolio	**2,770**	**824**	**(322)**	**32**	**320**	**17**	**3,641**	**7**	**155**	**499**
Projects	103	–	(104)	(1)	–	2	**–**	(1)	1	**2**
Total portfolio reported in the Financial statements	**2,873**	**824**	**(426)**	**31**	**320**	**19**	**3,641**	**6**	**156**	**501**

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 £95 million across the portfolio.
3 Syndication of investments in ESVAGT (£87 million) and TCR (£190 million).
4 New acquisitions of GCX (£318 million), Future Biogas (£28 million) and further stake in TCR (£338 million).
5 Follow-on investments in Infinis (£30 million) and DNS:NET (£15 million).
6 Shareholder loan/share premium repayment (non-income cash).

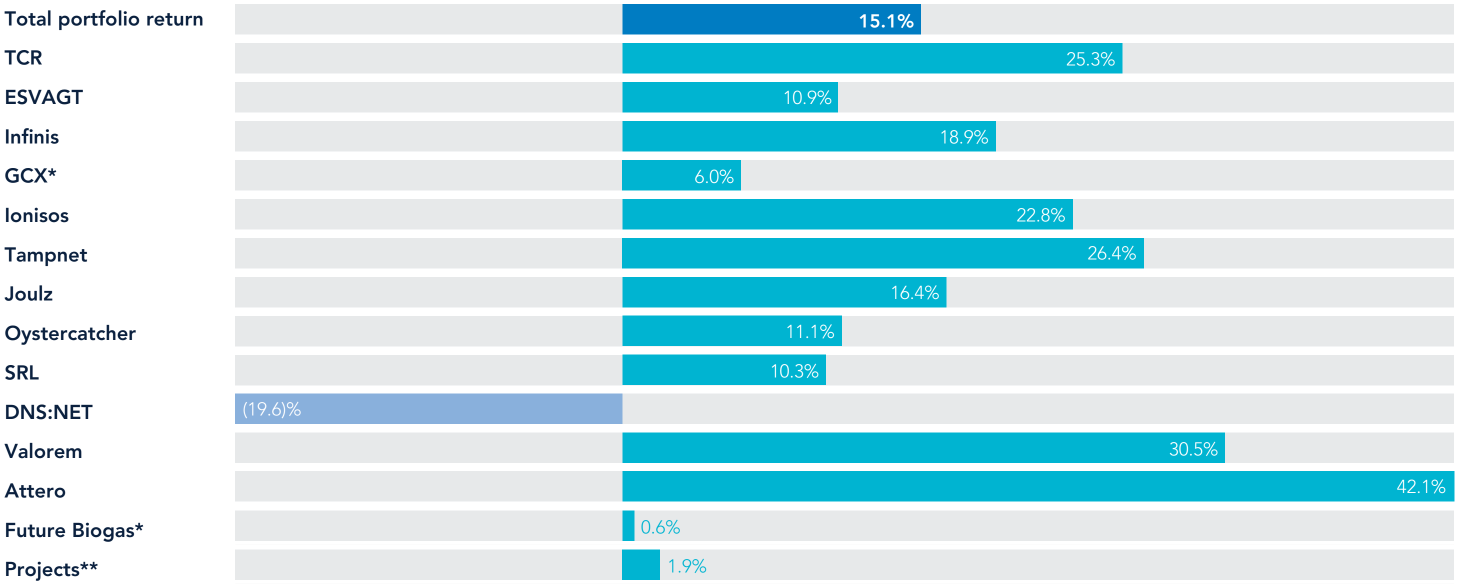
Portfolio review continued

The total portfolio return in the year of £501 million was 15.1% (2022: £509 million, 19.8%) of the aggregate of the opening value of the portfolio and investments less amounts syndicated in the year (excluding capitalised interest), which totalled £3,325 million.

Performance was strong across the portfolio, driven by outperformance from a number of portfolio companies, but particularly TCR, Tampnet, Ionisos, Attero and Valorem, each of which continues to benefit from positive underlying growth trends. The other portfolio companies performed in line with expectations, with the exception of DNS:NET, which continues to face challenges with its fibre network roll out.

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, and syndication of, 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 2023)



* GCX acquired in August 2022 and Future Biogas acquired in February 2023 and return not annualised.
** Divested in June 2022 and return not annualised.

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 new and follow-on investments and syndications 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 36 details the analysis of these movements by asset. Changes to portfolio valuations arise due to several factors, as shown in Table 2 on page 41.

The portfolio generated a value gain of £320 million in the year, alongside income of £156 million.

Portfolio activity

Our renewable energy generating companies, Infinis, Valorem and Attero, performed strongly in the year and 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 898MW to 979MW over the year, as shown in the Sustainability report.

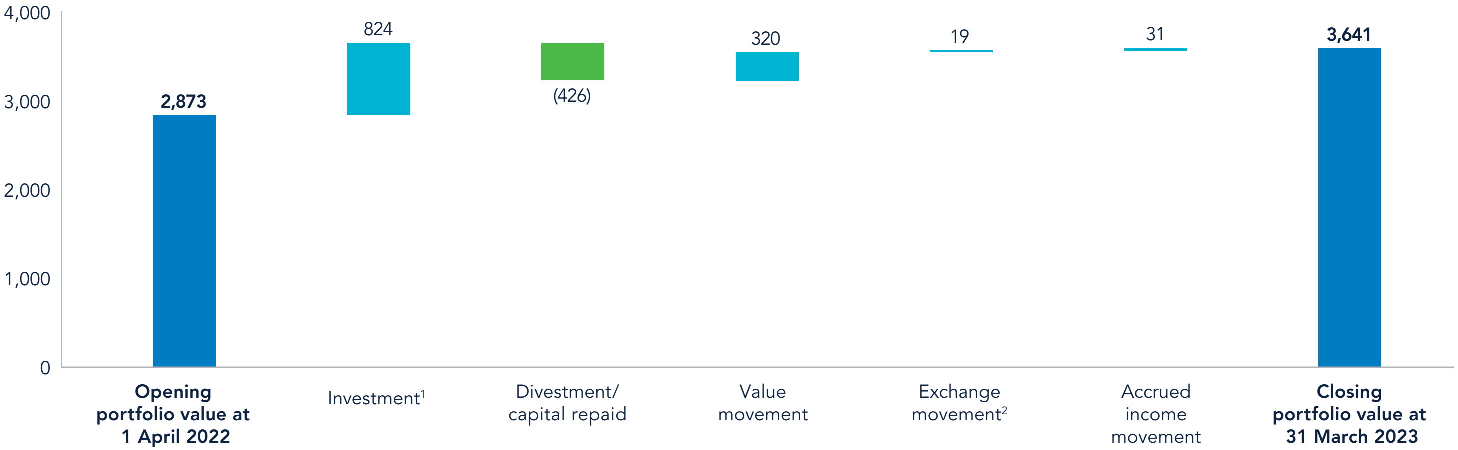
Infinis had a very strong year, generating a value gain of £52 million driven by higher forecast future power prices and price volatility which benefitted the power response assets in particular. Its power response assets experienced higher running hours driven by the UK's power generation capacity constraints.

Infinis made significant progress in further establishing a 1.5GW solar energy generation and battery storage pipeline across various stages of development.

In March 2023, we invested a further £30 million of equity to support the development of this pipeline, with the remainder of the funding coming from the company's own cash generation and debt facilities.

Valorem materially outperformed the prior year despite the French government's 90% windfall tax. Its closed capacity now totals 778MW of wind and solar projects including new projects in France and Finland and its first project in Greece. It has a healthy 5.7GW pipeline of wind and solar projects in Europe as well as long-term feed-in tariffs unaffected by the windfall tax. The market fundamentals in France and the EU for renewable developers remains strong, particularly due to recent availability issues experienced by the French nuclear power sector and France's renewables development targets. French solar and wind auction tariffs increased by c.25% in 2022 versus 2021.

Chart 2: Reconciliation of the movement in portfolio value (year to 31 March 2023, £m)



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

Portfolio review continued

Attero also benefitted from high power prices although its hedging strategy insulates it from short-term price volatility. Despite waste supply volumes being slightly lower than expectations due to lower economic activity, the company outperformed the prior year due to the higher electricity price outlook and good availability at its EfW plants.

The £47 million value increase in Attero is due to several waste supply contracts recontracted at increased gate fees and for longer periods, as well as the higher longer-term electricity price outlook.

Preparations for a potential divestment of Attero are at an advanced stage. Any sale proceeds are expected to contribute towards partially repaying drawings on the Company's RCF.

TCR materially outperformed expectations, increasing in value by £86 million, due to a number of significant contract wins and extensions, higher utilisation rates of the fleet, and stronger than expected repair and maintenance activity.

This outperformance reflects a sustained rebound of air traffic levels as well as an increased post-pandemic demand for its full-service rental model globally.

TCR added over 35 airports to its portfolio in 2022 and its off-lease rate has reverted to pre-Covid-19 levels.

In November 2022, TCR completed the bolt-on acquisition of Adaptalift, an Australian-headquartered ground service equipment lessor, adding incremental contracted EBITDA at an attractive valuation with strong expected synergies.

TCR successfully raised additional debt from existing and new lenders to support its next growth phase.

ESVAGT and Joulz, which indirectly contribute to the energy transition, have performed well and are benefitting from the tailwinds in this sector.

ESVAGT had a good year, benefitting from contract rates in excess of our expectations and high utilisation levels. Inflation is generally positive for ESVAGT due to its index-linked contracts, although cost inflation, in particular fuel costs, accelerated in the year.

In January 2023, ESVAGT's joint venture in the United States, CREST, won its first SOV contract in the US offshore wind market.

The 15-year SOV contract is with Siemens Gamesa, servicing the Coastal Virginia Offshore Windfarm, the largest offshore wind project in the US (2.6GW), and was an important milestone in ESVAGT's growth ambitions, representing an incremental step up in earnings.

The pipeline for further new SOVs in the North Sea and the rapidly accelerating US wind market is strong and we expect a number of tenders will take place over the next 12 months.

ESVAGT's ERRV segment continued to see good momentum due to the improved oil and gas markets, attractive supply/demand dynamics and an increased focus on security of supply in Europe.

Joulz performed ahead of expectations due to strong growth in the order book, including for its large integrated Energy Transition Solutions. The business made considerable progress diversifying its supplier base to mitigate the risk of delays previously experienced in completing new installations, primarily due to key hardware suppliers struggling to keep up with rising demand.

The company's long-term contracts are directly linked to inflation, and this provided good protection for higher operating and capital costs.

In December 2022, Joulz successfully raised debt financing, which was utilised to replenish its revolving credit facility, supporting the funding of further growth opportunities. As part of a planned transition, a new CEO joined the business in March 2023.

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

Tampnet performed well in the year, increasing in value by £52 million, driven by higher forecast revenues due to the signing of new private network contracts, identification of new potential growth opportunities and extended life assumptions resulting from higher energy prices and the increased focus on security of energy supply by governments in Europe and the US. It exceeded budgeted revenue and EBITDA targets due to increased offshore activity on the back of improved sentiment in the energy markets and stronger demand for bandwidth upgrades.

Portfolio review continued

Tampnet is progressing a number of new fibre projects in the North Sea and the Gulf of Mexico and signed a number of important new contracts in both regions. The company is also in discussions with several carbon capture and storage projects in the North Sea which are located within Tampnet's existing network. The digitisation proposition offered by Tampnet (combining low-latency connectivity with services such as Private Networks) is continuing to prove popular with customers, and we expect to see an acceleration of the short-term penetration of digitisation projects.

GCX had a good year with strong growth in lease revenues, although indefeasible right of use sales are behind schedule. The business secured a significant managed services contract during the year and is experiencing increasing demand for bandwidth capacity across its network. The business is evaluating a number of opportunities to expand its subsea network as well as the development of terrestrial assets. GCX and Tampnet announced a strategically important partnership which supports the increasing network connectivity demands of the data centre market in the Nordics.

DNS:NET continues to experience delays in the roll out of its fibre network in the Berlin area and specifically in connecting and activating customers. We have updated the forecasts to reflect more conservative roll-out assumptions, which has led to a £54 million value decrease in the year.

Operational performance was below expectations as delays to connect and activate new homes persist, which we see as an industry-wide challenge. The delivery of a network built by a local authority to be transferred to DNS:NET under concession contract is also running behind schedule.

During the year, we invested a further £15 million to support the business's roll out and have worked with the company to optimise its business model and strengthen the management team in order to minimise and recover the roll out delays. A new CFO was appointed in January 2023. He is overseeing the implementation of a new ERP system and other initiatives. Hiring to further strengthen the management team is also underway, aimed at providing the bandwidth and experience to accelerate the network roll out.

Ionisos delivered meaningful growth against prior year due to strong volume growth, notably in the medical and pharmaceutical segments, resulting in a £43 million gain in value.

In order to meet growing demand, Ionisos progressed various expansion opportunities, including extending existing sterilisation facilities, acquiring the Daniken E-Beam plant in Switzerland, and a new greenfield EO plant in Kleve, Germany, which became operational in January 2023. In a capacity constrained market, these initiatives will increase Ionisos's ability to address and meet strong underlying demand growth for sterilisation, whilst diversifying its technology mix and expanding the geographic footprint from which it will service its medical and pharmaceutical client base.

Oystercatcher performed well in the year. ADS's customer activity levels were high and all available capacity was let. This was despite a backdrop of a backwardation market structure for petroleum products. Our positive medium-term outlook remains unchanged given the terminal is the premier gasoline blending terminal in Singapore and the wider region.

A strategic transition to some green fuel storage is progressing well. In 2022, a first agreement was signed with a customer to start storing and blending sustainable aviation fuel ('SAF') at ADS. The project to convert existing storage to accommodate SAF is on track and is expected to be operational in mid-2023. We believe this gives ADS a first mover advantage for SAF-related business in Singapore.

SRL performed broadly in line with plan during the financial year. Whilst higher than in the previous year, activity levels were slightly lower than expected due to delays in capital expenditure programmes in the public sector and construction sectors resulting in fewer days on hire than forecast. The Investment Manager is working closely with management to professionalise account management processes and optimise fleet utilisation and build.

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.

Inflation in the UK and Europe has risen sharply which has put pressure on supply chain and employee costs.

The portfolio is positively correlated to inflation, but the ability to pass cost inflation to customers varies by portfolio company so we take a granular approach to modelling the effects of inflation.

Higher longer-term power prices have positively affected the valuation of our energy generating portfolio companies, although the majority of our power price exposure was 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. Recently introduced 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 2023, £m)

Value movement component	Value movement in the year	Description
Planned growth	**175**	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	**99**	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	**(6)**	Value movement relating to changes in the discount rate applied to the portfolio cash flows.
Macroeconomic assumptions	**52**	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	**320**	
Foreign exchange retranslation	**19**	Movement in value due to currency translation to year-end date.
Total value movement	**339**	

Portfolio review continued

TCR operates in the aviation sector, which has been severely affected by travel restrictions over the past three years.

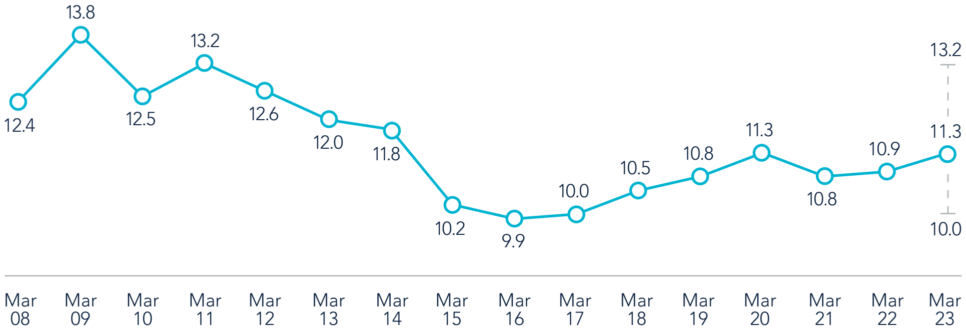
The value of TCR assumes a full recovery in air traffic to pre-Covid-19 levels in 2024, consistent with the assumptions made in the prior year.

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.

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



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.

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 March 2023. The weighted average discount rate increased over the course of FY23 due to the evolution of the portfolio mix following the realisation of the European Projects portfolio and the completion of the GCX and Future Biogas acquisitions.

The range of discount rates used in individual valuations at 31 March 2023 is also shown, which is broadly consistent with the prior year.

During the year, we witnessed an increase in risk-free rates across Europe as central banks took action in response to higher inflation. Given the significant risk premium included in our long-term discount rates and the continued appetite for high-quality infrastructure businesses, rising risk-free rates did not impact the discount rates used to value our portfolio companies at 31 March 2023.

Portfolio review continued

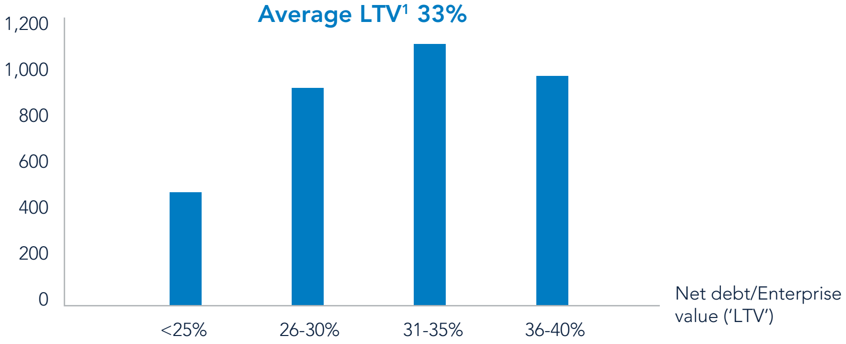
Portfolio company debt

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 2023 (2022: none).

In recent years, the Investment Manager 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 loan-to-value levels. The average loan-to-value ratio is 33% (2022: 34%) with all portfolio companies below a ratio of 40% at 31 March 2023 (2022: below 45%).

Chart 4: Portfolio company leverage* (3iN value at 31 March 2023, £m)



1 LTV is calculated as the aggregate Net Debt to Enterprise Value ratio of the individual portfolio companies.
* This analysis excludes Future Biogas, which was acquired in February 2023, and 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 a 19% 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.

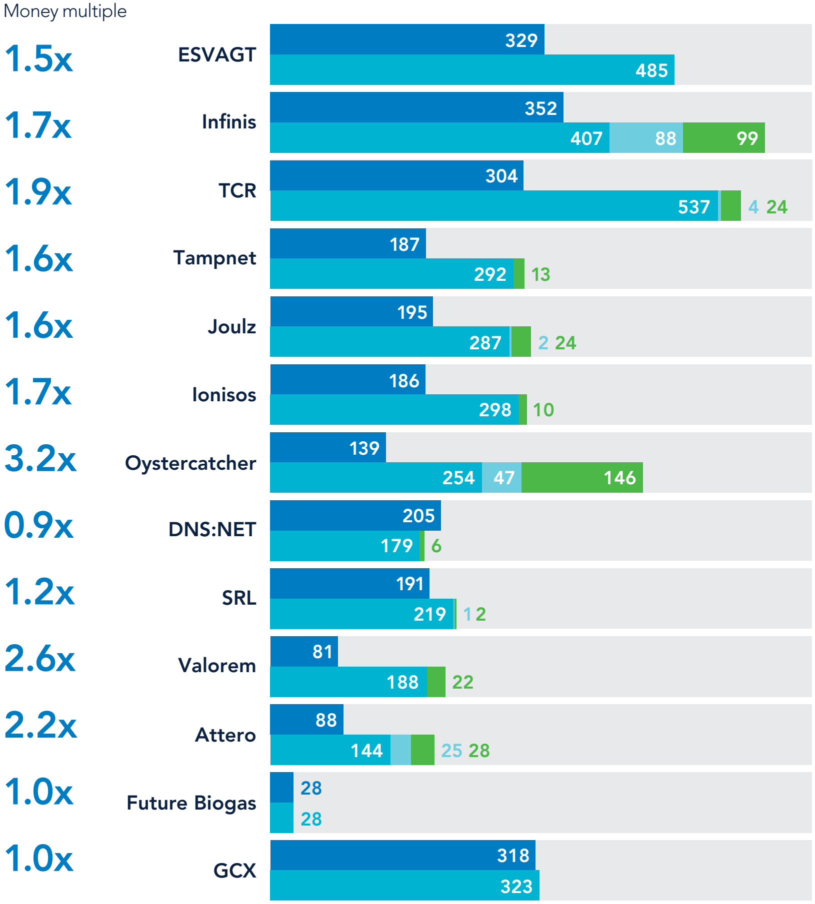
While the Company is structured to hold investments over the long term, it has sold assets where compelling offers will generate additional shareholder value.

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

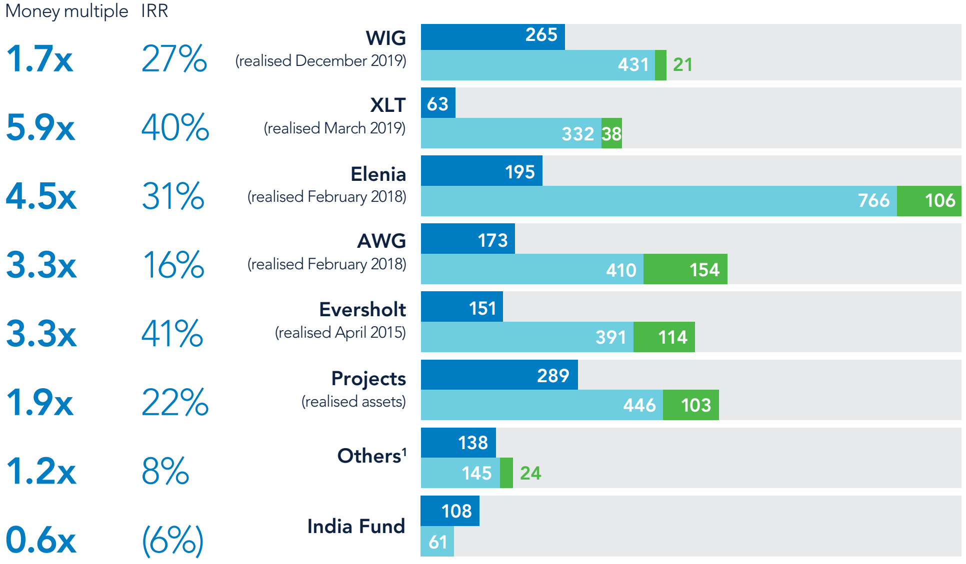
Portfolio review continued

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

Existing portfolio (Total return)



Realised assets (Total return)



Asset IRR to 31 March 2023

19%

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. Dates of asset realisations refer to completion dates.

1 Others includes junior debt portfolio, T2C and Novera.

Sustainability report

Sustainability report

The Company made a step change in its approach to sustainability in FY23 with a dedicated team now in place.

In FY23 the Investment Manager created a dedicated ESG team with specialist sustainability resource. This has improved the rigour of our assessment of sustainability factors in our investment process and throughout the holding period, enhanced the quality of our engagement with our portfolio companies on sustainability issues, and accelerated the implementation of a range of sustainability initiatives across our investment team and portfolio.

This new team also provides the Company with updates on new regulations and emerging themes around sustainability.

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. We operate with high standards of stewardship.

We see a strong link between companies with good ESG performance and those that can achieve long-term sustainable business growth and we believe that a responsible approach to investment adds value to our portfolio.

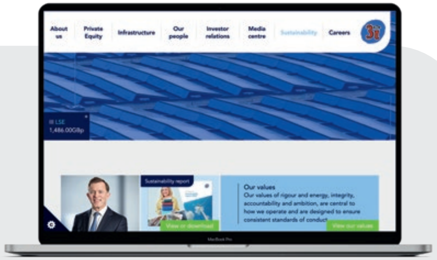
We invest selectively in a small number of businesses every year, giving consideration to the sustainability aspects of investee companies' activities, opportunities and challenges before deploying capital. For example, the decision to invest in Future Biogas considered the UK net zero strategy, biomethane demand, and links to regenerative farming.

Responsible investing

The Investment Manager has been a signatory to the UN Principles for Responsible Investment since 2011. Responsibility starts when we first consider investing in a company.

We screen investment opportunities against 3i's Responsible Investment policy. The policy sets out the type of businesses in which the Company will not invest, as well as minimum standards in relation to ESG matters which we expect new portfolio companies to either meet or commit to meeting over a reasonable time period. The Responsible Investment policy applies to all investments, irrespective of their country or sector.

The Company embeds an assessment of ESG risks and opportunities at all stages of the investment, portfolio management and value creation processes. We seek to identify material ESG risks and opportunities at the point we invest, and we put in place appropriate and robust plans to mitigate the risks or capitalise on the opportunities during ownership and exit.



The Board is responsible for overseeing the Company's Sustainability strategy with day-to-day accountability resting with the Investment Manager.

The Board has reviewed the Responsible Investment and other sustainability policies of the Investment Manager and is satisfied that the adoption of these policies meets the Company's objectives in this area.

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 report continued

We proactively engage with our portfolio to create value

The Company seeks to leverage value creation opportunities presented by sustainability considerations, and does not view sustainability in isolation from investment performance.

The ESG performance of the portfolio is discussed periodically by the Investment Manager and the Board. We held a dedicated annual ESG review of the portfolio, which provided a portfolio-level view of ESG performance, emerging trends, priorities and actions.

The ESG review focused on ESG-related levers that can positively influence our ability to realise revenue opportunities and growth, cost optimisation, and value at exit. We also consider reputational and specific ESG risks for each company including health and safety, climate change and cyber security during our ownership.

We see a number of common sustainability-related themes and challenges faced by our portfolio. We facilitate the sharing of best practices, innovation and solutions across our portfolio through ad-hoc connections and through workshops.

We remain focused on the climate agenda

Climate change continues to be a topic of increasing urgency for government, regulators and other stakeholders and will be key to protecting and creating value in our portfolio.

Therefore, this year, our focus has remained on GHG emissions and climate-related risks and opportunities.

69%
of the portfolio have dedicated ESG resources

62%
have a Sustainability strategy

38%
produce a Sustainability report

92%
report on Scope 1 and 2 GHG emissions

Sustainability pathway

We use our influence to encourage our portfolio companies to mature their approach to ESG under our ownership, and we support them via regular interactions that leverage knowledge and best practices across the portfolio.

- Implement full suite of governance policies
- Identify appropriate senior individuals to lead on ESG topics
- Measure GHG emissions and develop decarbonisation roadmap
- Develop a Sustainability strategy sponsored by the CEO
- Fully embed sustainability objectives in the organisation

The Company is embarking on its decarbonisation journey

We supported our portfolio companies to implement a GHG emissions inventory covering Scopes 1 and 2. Next year, we plan to encourage our portfolio companies to obtain third-party assurance for their carbon footprint and to measure Scope 3 GHG emissions.

We asked our portfolio companies to identify GHG emissions reduction initiatives and to develop a five-year decarbonisation plan for Scope 1 and 2 GHG emissions.

With support from a specialist consultancy, we undertook an initial assessment of each portfolio company's GHG emissions and decarbonisation pathway in relation to the Science Based Target initiative ('SBTi'). This assessment highlighted which companies are positioned to set science based targets ('SBTs') for either the near or long term, and the extent of further work required to apply for appropriate accreditation.

Interactive workshops were held to train the Investment Manager's team on the SBTi framework, giving them confidence to engage with portfolio companies on setting decarbonisation strategies and SBTs.

Similar training sessions were also conducted with a subset of portfolio companies this year.

Developing our approach to climate-related risks and opportunities

The assessment of both the risk and financial impact of climate change over the short, medium and long term, promotes more informed investment and strategic decisions.

Following an initial, top-down climate scenario analysis, the Investment Manager has engaged a specialist consultancy to help it design and carry out a second phase of this work. The objective in this second phase will be to perform a more detailed, bottom-up analysis on a number of our portfolio companies to inform our engagement with them on climate-related factors. As best practice and modelling tools evolve, the work in this area will be iterative in nature and develop over time. Please refer to our voluntary climate-related disclosures for more information.

Key actions taken by the Investment Manager this year

Category	Outcome
Governance and resources	The new ESG team supported each portfolio company on its sustainability journey and consideration of the Company's objectives at portfolio company level. The team also led the ESG reporting for the Company and delivered the annual ESG review of the portfolio.
Portfolio data collection and management	The Investment Manager improved the quality of the sustainability and GHG emissions data collected from the portfolio by refining the ESG questionnaires completed by portfolio companies. The Investment Manager selected a new software tool which will be used to gather, organise and analyse ESG data from the portfolio with better consistency. This tool will be rolled out during the next financial year.
GHG emissions	For the second year, the Investment Manager worked with our portfolio companies to measure, refine and report Scope 1 and Scope 2 GHG emissions. We made progress in the collection of Scope 3 data from the portfolio. We worked with a third-party specialist firm to review data collection governance and controls at each portfolio company and suggest areas for improvement.
Transition plans and targets	We worked with portfolio companies to consider and implement opportunities to reduce their Scope 1 and 2 GHG emissions over time, where possible developing decarbonisation plans. With support from a consultancy, we assessed the ability of portfolio companies to set near-term targets aligned with the objectives of the Paris Agreement. On 5 April 2023, the Investment Manager wrote to the SBTi to indicate its commitment to set up science-based targets. That commitment will require the Company's portfolio companies to set SBTs over time.
Climate scenario analysis	This year, the Investment Manager carried out its initial, top-down scenario analysis to model the impact of climate change on our portfolio companies, in line with TCFD recommendations. It is currently refining and improving its approach to scenario analysis to better understand climate physical and transition risks in our portfolio.

Contributing to a low-carbon future

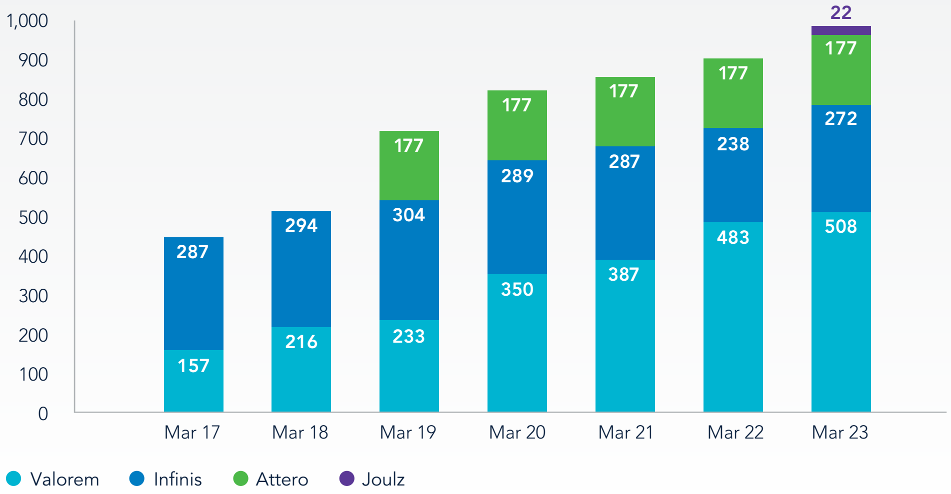
The Company has invested in several businesses that support the transition towards a low-carbon economy in different ways.

The Company has invested in businesses which contribute directly to the energy transition through the production of renewable and low-carbon energy.

More recently this includes Joulz, which has broadened its service offering to include rooftop solar development and operations.

The total renewable energy installed capacity across these businesses is now 979MW, enough to power almost two-thirds of the households in London.

Renewable energy installed capacity (at 31 March, MW)



The chart below shows the growth in our portfolio companies' renewable energy generating capacity over the past seven financial years.

We invest in businesses that can be agents of change within their own industries by addressing the decarbonisation challenges of their customers through innovation and the provision of low and zero-emission infrastructure assets.

For example, in the maritime sector, ESVAGT is pioneering the transition to green support operation vessels in partnership with renewable energy company Ørsted.

We also support our businesses in transitioning towards more resilient and future-proof business models, for example, diversifying from oil and gas and building tomorrow's low-carbon infrastructure. For example, Tampnet is increasingly serving offshore wind customers and ADS is moving into storage and blending of sustainable aviation fuel.

VALOREM
opérateur en énergies vertes

Valorem has grown its operational renewable assets base from 157MW at acquisition in 2016 to 508MW, with a further 270MW under construction. This includes onshore wind, solar and hydro-electric generation. The business is also making investments into green hydrogen, battery storage, and floating offshore wind.

Sustainability report continued
Sustainability in action continued

Supporting safety and good health

A number of the businesses we invest in contribute to a healthy and safe society through the provision of safe services and, for one business, Ionisos, through direct support of the medical and pharmaceutical industries.

For most of our businesses, safety is key to their social licence to operate. Many of our businesses facilitate safe operations for their customers through the provision of appropriate equipment and services.

Through our influence on the portfolio company boards, we support all of our businesses in upholding high health and safety standards in their operations to protect their employees, contractors and customers.

IONISOS

The business supports public health by providing essential services to the medical and pharmaceutical industries through cold sterilisation. This ensures medical devices are safe for all to use. In 2022, 65% of its revenues were derived from customers in these industries.

ESVAGT

Making the sea a safe place to work has been ESVAGT's mission from day one. The business has a strong track record of health and safety supported by a comprehensive programme of initiatives for employees and customers. In 2022, the business experienced zero lost time incidents – a significant achievement.

SRL traffic systems

Its temporary traffic solutions enable greater segregation and control of traffic flows, in turn improving safety and reducing congestion around roadworks. On a congested junction, SRL's system reduces average journey times by up to 22%. This improves satisfaction for road users and local communities, enabling more sustainable cities.

Sustainability report continued
Sustainability in action continued

Fostering inclusive growth

Our businesses often support economic growth where they operate, for example through job creation and increased investment. In 2022, our portfolio companies collectively employed over 5,400 people.

We expect our businesses to have high governance standards in place with policies that protect employees, promoting safety, fairness and appropriate working conditions.

Many of our portfolio companies have identified being an employer of choice as a key pillar of their sustainability strategies, promoting an inclusive culture and engagement with local communities.

We facilitate the sharing of best practices and support our businesses in pursuing continuous improvements to become more inclusive.

VALOREM
opérateur en énergies vertes

The business is a mission-driven company that aims to support local and inclusive economic growth and job creation, with a particular focus on the long-term unemployed with a certain number of on-site working hours reserved for them each year. In 2022, 12% of working hours on Valorem's solar PV sites were reserved for the long-term unemployed.

tampnet

The company has launched a "Women in Tech" programme dedicated to attracting female employees, and has public targets to improve the representation of female employees across its business and in management by 2025.

TCR

TCR operates across 180 airports in over 20 countries. Its workforce comprises over 56 nationalities and speaks over 48 languages. English has been adopted as TCR's working language.

Sustainability report continued
2023 voluntary climate-related disclosures

This section of the Annual report sets out how we incorporate climate-related risks and opportunities into our governance, strategy, risk management, metrics and targets, and is guided by, but is not intended to comply with, the recommendations of the TCFD.

The Company continues to make good progress in its voluntary climate-related financial disclosures as recommended by the TCFD. For a listed investment company, these are not required by the UK Listing Rules, but will be a disclosure responsibility of the Investment Manager.

We have cross-referenced the relevant sections under each of the headings below. For an investment company, the majority of the disclosures relate to the Company's portfolio of investments rather than to the Company itself.

We expect that the Company's reporting of TCFD disclosures will continue to evolve over time, consistent with the requirement for the Investment Manager to publish a TCFD product report in respect of the Company by June 2024.

The following should be read in conjunction with the rest of the Annual report and accounts and 3i Group's disclosures under the TCFD framework, available in their annual reports.

Governance

The management of climate-related risks and opportunities is embedded throughout the Company's processes and operations, including investment and portfolio management activities, with clear oversight by the Board and delegated authority to the Investment Manager. In determining the Company's strategy and approach to climate change, both the Board and the Managing Partners, assisted by a number of committees and the ESG team, take into account the laws and regulations of the countries in which the Company and its portfolio companies operate, as well as the perspectives of the different stakeholders involved.

The Board's oversight of climate-related risks and opportunities

The Board is responsible for overseeing the Company's overall approach to sustainability and related policies. The Board has adopted the Responsible Investment policy of the Investment Manager. It delegates day-to-day accountability for sustainability, including climate change-related issues, to the Investment Manager.

The Board receives a formal update on the Company's performance on relevant ESG risk matters, including climate change, once a year as part of the annual ESG portfolio review. In addition, the Investment Manager regularly updates the Board on the Company's ESG approach and progress towards agreed sustainability objectives for the year.

The Board discharges its responsibilities for overseeing and monitoring policies and procedures and to address issues if they arise through the Company's Audit and Risk Committee. The Audit and Risk Committee is responsible for:

- overseeing and reviewing internal controls and risk management by the Investment Manager, including the appropriate assessment and management of ESG risks and opportunities in the portfolio;
- ensuring compliance with applicable ESG legislation and regulation; and
- reviewing and approving the Company's voluntary disclosures under the TCFD framework.

The Board receives frequent updates on ESG matters and climate-related issues from the Managing Partners and the ESG team as they become relevant and material. Further detail on risk governance can be found in the Risk report on page 68.

The Investment Manager's role in assessing and managing climate-related risks and opportunities

The Investment Committee of the Investment Manager is responsible for the implementation of the Responsible Investment policy, as well as for making decisions concerning the acquisition, management, ongoing monitoring and sale of investments, and for making decisions concerning major investments made by our portfolio companies.

Sustainability report continued
2023 voluntary climate-related disclosures continued

In evaluating new and existing investments, the Investment Manager takes account of certain climate-related risks and opportunities where relevant.

This may include the impact of climate change on the markets each company serves and demand for its services, the climate change resilience of each company's assets, and, in the case of GHG emissions-intensive industries, the feasibility and potential cost of GHG emissions abatement. The Investment Manager is informed about climate-related risks and opportunities via its regular interactions with each portfolio company and portfolio company board updates throughout the year.

The 3i Group Risk Committee oversees the Investment Manager's risk management framework. The 3i Group ESG Committee advises the Group CEO, directly through the Group Risk Committee and the Investment Committee, on ESG-related matters.

Participation in Industry Working Groups

In July 2022, the Investment Manager joined the Initiative Climat International ('iCI'), a global, practitioner-led community of over 200 private markets firms and investors representing over US$3.2 trillion in assets under management that seeks to improve the understanding and management of the risks associated with climate change.

Since joining the group, the Investment Manager has contributed feedback towards the guide published by iCI and the British Private Equity & Venture Capital Association ('BVCA') on the implementation of TCFD and the working group in relation to developing the guidance for the calculation of the Scope 3 GHG emissions of portfolio companies and on the development of decarbonisation strategies.

Please refer to the 3i Group's TCFD disclosures for more information on the Investment Manager's governance framework and further participation in working groups.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term and the impact on businesses, strategy, and financial planning

Our investment strategy is to make a limited number of new investments each year, selected within our target sectors and geographies on the basis of their compatibility with our return targets and fit with the existing portfolio. The Company does not operate a sustainability-driven investment strategy. However, it seeks to identify investments that benefit from long-term trends, many of which link to environmental sustainability themes, including circularity and the transition to a low-carbon economy.

As set out earlier in this report, the Company, through its Investment Manager, screens all investments against the requirements of 3i Group's Responsible Investment policy, and embeds an assessment of ESG factors, including climate-related factors, at all stages of the investment and value creation journey. We can screen out opportunities that have an unsustainable impact on the environment and societies in which they operate, inconsistent with generating long-term value.

Once invested, we use our influence at portfolio companies to encourage the monitoring of climate-related risks and opportunities.

We are continuously evolving our approach as a responsible investor to improve our assessment of climate risks and opportunities within our investment and portfolio management processes.

During the year, portfolio companies continued to measure their GHG emissions and, where possible, to develop a decarbonisation plan. We are now working with portfolio companies to refine these plans and develop science-based GHG emissions reduction targets where feasible.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

As a company that invests over the medium to long term in infrastructure assets that, by definition, provide essential and long-term services to society, we recognise the importance of investing in the energy transition and that this will ultimately impact all the sectors in which we invest.

Early in FY23, the Investment Manager carried out its first climate scenario analysis on its Private Equity portfolio and Economic infrastructure assets, including those owned by the Company, with the help of an external consultant.

This high level top-down analysis suggested that the Company's portfolio has limited exposure to material climate-related risks, and also highlighted that the Company's portfolio is exposed to the energy transition and thus may stand to benefit in both an orderly and a disorderly net zero scenario.

Sustainability report continued
2023 voluntary climate-related disclosures continued

The Investment Manager has now engaged a specialist consultancy to help design and carry out a second phase of climate scenario analysis, which it expects to complete in FY24. Its objective will be to perform a deeper dive, bottom-up analysis on a number of the portfolio companies to inform engagement with the portfolio on climate-related factors. Please refer to the 3i Group's TCFD disclosures for more details.

We also assess the potential financial impact of climate change on the Company through our annual viability assessment (see pages 79 and 80). Our analysis shows that the Company remains viable over the medium term from a climate change stress scenario on our portfolio.

Risk management

The Company has a comprehensive risk governance framework and compliance processes and procedures to ensure that all risks, including ESG and climate-related risks, are monitored and managed with due care and diligence and that the Company is fully compliant with all applicable environmental legislation. This is further described in the Risk report on pages 68 to 70.

Processes for identifying and assessing climate-related risks

The Investment Manager monitors relevant portfolio risks, including climate-related risks and changing consumer preferences in response to environmental issues, notably carbon taxes and the risk of stranded assets due to the energy transition, through its investment assessment and portfolio monitoring processes. This is critical to protecting and enhancing the value of our assets and is at the core of our investment management process.

The Investment Manager undertakes ESG due diligence where appropriate, including environmental due diligence, before making new investments and monitors ESG risks throughout the life of our investments. If appropriate this includes the engagement of specialist external firms to provide advice on specific sectors or topics. This process is supported by the new specialist ESG team. During the year, the Investment Manager further developed the ESG assessment that is incorporated into the investment process, to provide a more detailed view of each company's ESG performance.

We continue to develop our governance and risk management framework to ensure that sustainability-related risks and particularly climate-related risks are treated as a priority by our portfolio company management teams.

Processes for managing climate-related risks and integration into overall risk management

The Audit and Risk Committee ensures that the processes for managing climate-related risks are appropriate. This includes the development and integration of the data, tools and capabilities needed to support disclosure, risk identification and monitoring for ESG-related risks, including climate-related risks, across the whole portfolio.

This year the Investment Manager created a dedicated ESG team with specialist sustainability resource. This has improved the rigour of our assessment of sustainability factors in our investment process and throughout the holding period, enhanced the quality of our engagement with our portfolio companies on sustainability issues, and accelerated the implementation of a range of sustainability initiatives across our investment team and portfolio.

To improve data consistency and comparability, the Investment Manager selected a new software tool which will be used to gather, organise and analyse ESG data from the portfolio with better automation and consistency. This tool, which will improve significantly on existing systems, will be rolled out during the course of FY24.

3i Infrastructure itself is not exposed to material environmental risks. The Company has no employees.

The business of the Company is conducted through the Investment Manager and Jersey administrator, which do not have any office locations dedicated to the Company. As the regulatory environment is constantly evolving, the Investment Manager actively considers and monitors existing and emerging regulatory requirements related to climate change (eg. limits on GHG emissions and carbon taxes) as these requirements may affect both the Company and our portfolio companies.

Sustainability report continued
2023 voluntary climate-related disclosures continued

Metrics and targets

Metrics used to assess climate-related risks and opportunities

We monitor the environmental sustainability of each portfolio company as we would any other critical business activity, in an integrated and consistent manner. The Investment Manager monitors the environmental performance of our portfolio companies on an annual basis, and uses its influence as an investor to promote a commitment in our portfolio companies to minimise their environmental footprint, invest in the mitigation of their environmental impact and implement energy efficiency measures. This is an important part not only of our portfolio risk management procedures, but also of the value creation plan for each of our investments.

During the year, the Investment Manager worked with our portfolio company management teams to continue to measure and report their GHG footprint.

	2021		2022	
Company	Scope 1	Scope 2	Scope 1	Scope 2
Attero	792,245	37,729[1]	792,669	14,192[2]
ESVAGT	99,248	331[2]	120,847	272[1]
Infinis	66,591	2,822[1]	102,167	2,502[1]
Ionisos	3,502	1,952[1]	2,221	3,418[2]
TCR	1,656	2,031[1]	1,921	1,830[2]
SRL	–	–	1,793	151[2]
DNS:NET	418	1,880[1]	530	1,916[2]
Joulz	533	98[1]	436	86[2]
Tampnet	31	103[1]	47	341[2]
Oystercatcher	14	1,717[1]	36	3,101[1]
Valorem	13	106[2]	14	77[1]
GCX	–	–	0	701[1]

1 Location-based, using grid-average GHG emissions factors.
2 Market-based, using contract-specific GHG emissions factors.

There is a legal requirement for UK listed companies and UK large unquoted companies to provide certain climate-related disclosures, including in relation to GHG emissions. This applies to Infinis, which provides this reporting as part of its own annual report and accounts, which can be found on **www.infinis.com**.

Our portfolio companies aim to include objectives for reducing GHG emissions or intensity (depending on the sector) in their sustainability strategies. The objectives for each portfolio company will differ depending on the sector in which they operate.

On 5 April 2023, the Investment Manager wrote to the SBTi to indicate its commitment to set SBTs that will affect the Company. The Investment Manager is now working to formulate its targets, with the intention to submit these to SBTi for validation during the course of FY24. Its SBTs will cover its direct Scope 1 and 2 GHG emissions and the Scope 3 GHG emissions associated with its portfolio, including the Company's portfolio, and will be formulated in line with the guidance published by SBTi for the Private Equity sector.

GHG emissions reporting

As noted above, the Company itself has a very limited direct impact on the environment and is not a significant producer of GHG emissions. The Company consumed less than 40 megawatt hours of energy in the financial year and is therefore exempt from the UK Streamlined Energy and Carbon Reporting disclosure requirements.

We report Scope 1 and Scope 2 GHG emissions for our portfolio companies for the second time in this report. These are being disclosed voluntarily in order to provide a useful view on GHG emissions across our portfolio.

We supported portfolio companies with implementing GHG emissions reporting and worked with a third-party specialist firm during the year to review controls and governance associated with GHG data collection at each portfolio company. This will allow us to improve the consistency and quality of the methodology and GHG emissions data in the next financial year. Two companies have GHG emissions certified by a third party and we will encourage the companies across our portfolio to do this.

Sustainability report continued
2023 voluntary climate-related disclosures continued

We will continue to work with portfolio company management teams to refine their data collection and calculation methodologies over time, including the calculation of Scope 3 GHG emissions.

The work performed to collect Scope 1 and Scope 2 GHG emissions helped identify several potential opportunities for reduction across the portfolio. We are continuing to work with the portfolio companies to consider and implement GHG emissions reduction initiatives over time.

GHG emissions data for calendar year 2022 have been collected for all portfolio companies, excluding Future Biogas, which was acquired in February 2023.

The most significant sources of Scopes 1 and 2 GHG emissions across the portfolio relate to specific operations that support the essential nature of the businesses in our portfolio.

- Attero continues to be the largest direct emitter in the portfolio, with GHG emissions primarily resulting from its waste processing activities and its owned and operated landfills. Since 2019, Attero has fully offset its GHG emissions by the volume of emissions avoided. It is committed to increasing its avoided emissions to one million tonnes of CO_2 by 2025 by increasing the production of renewable energy and recycled materials. Attero is working to develop Carbon Capture and Storage capabilities, which would enable a significant reduction in GHG emissions
- ESVAGT's Scope 1 GHG emissions relate to the fuels used in its vessels, which it aims to transition to renewable sources of fuel and electrical power. ESVAGT has set itself an environmental goal to become operationally carbon neutral by 2035 and to have zero carbon emissions by 2050. To help achieve this, ESVAGT has several innovations in progress. ESVAGT increasingly supports the offshore wind industry through its operations
- Infinis's Scope 1 GHG emissions primarily relate to the natural gas used in its Power Response business, which provides highly responsive power during times of peak demand. This is a critical activity to help overcome the current gaps in the UK's electricity supply from renewable power sources and has been particularly important to meet UK energy demand following the Ukraine conflict and resulting impact on UK gas supplies in 2022. Infinis has begun developing battery projects that will allow renewable energy to be stored to meet peaks in demand. This will lessen reliance on natural gas to fill gaps in supply. Infinis also generates renewable energy through solar energy parks, which does not contribute any GHG emissions. In addition, Infinis's captured landfill methane and captured mineral methane operations contributed to the capture of 230,000 tonnes of methane in FY23, equivalent to preventing the emission of 5,700,000 tonnes of CO_2, more than 55 times the company's Scope 1 GHG emissions

This year the Investment Manager developed its GHG emissions and ESG data collection method further. The annual questionnaire was distributed to all the portfolio companies, requesting data across a broad range of emissions, health and safety, governance, compliance and other ESG topics for calendar year 2022.

The GHG emissions data was subsequently reviewed by a specialist consultancy which performed an assessment of the governance and processes surrounding GHG emissions data collection at each portfolio company.

The review also provided guidance on improving GHG emissions data collection robustness going forward. Improvements include third-party review of all collected data, provision of formal GHG emissions training for portfolio company employees responsible for data collection, and separation of data preparation and data review.

Across the portfolio, seven companies calculated Scope 3 GHG emissions for 2022, with a range of in-house or consultant-led methods. A range of Scope 3 categories were considered based on materiality for each portfolio company. We will continue working with the portfolio companies throughout FY24 to expand this reporting and align on key categories.

Financial review and Risk report

Financial review

The Company delivered strong NAV growth and continues to grow its dividend per share.

Key financial measures (year to 31 March)	**2023**	2022
Total return[1]	**£394m**	£404m
NAV	**£3,101m**	£2,704m
NAV per share	**336.2p**	303.3p
Total income	**£158m**	£133m
Total income and non-income cash	**£202m**	£143m
Portfolio asset value	**£3,641m**	£2,873m
Cash balances	**£5m**	£17m
Total liquidity[2]	**£404m**	£786m

1 IFRS Total comprehensive income for the year.
2 Includes cash balances of £5 million (2022: £17 million) and £399 million (2022: £769 million) undrawn balances available under the Company's total revolving credit facility of £900 million.

> **We continued to deliver on our objectives, with strong NAV growth and an increased dividend."**

James Dawes
CFO, Infrastructure

Financial review continued

The Company delivered another year of outperformance, with the portfolio generating strong capital growth and income materially higher than the prior year. The dividend was well covered by net income this year. The target dividend for FY24 of 11.90 pence per share is an increase of 6.7% over FY23.

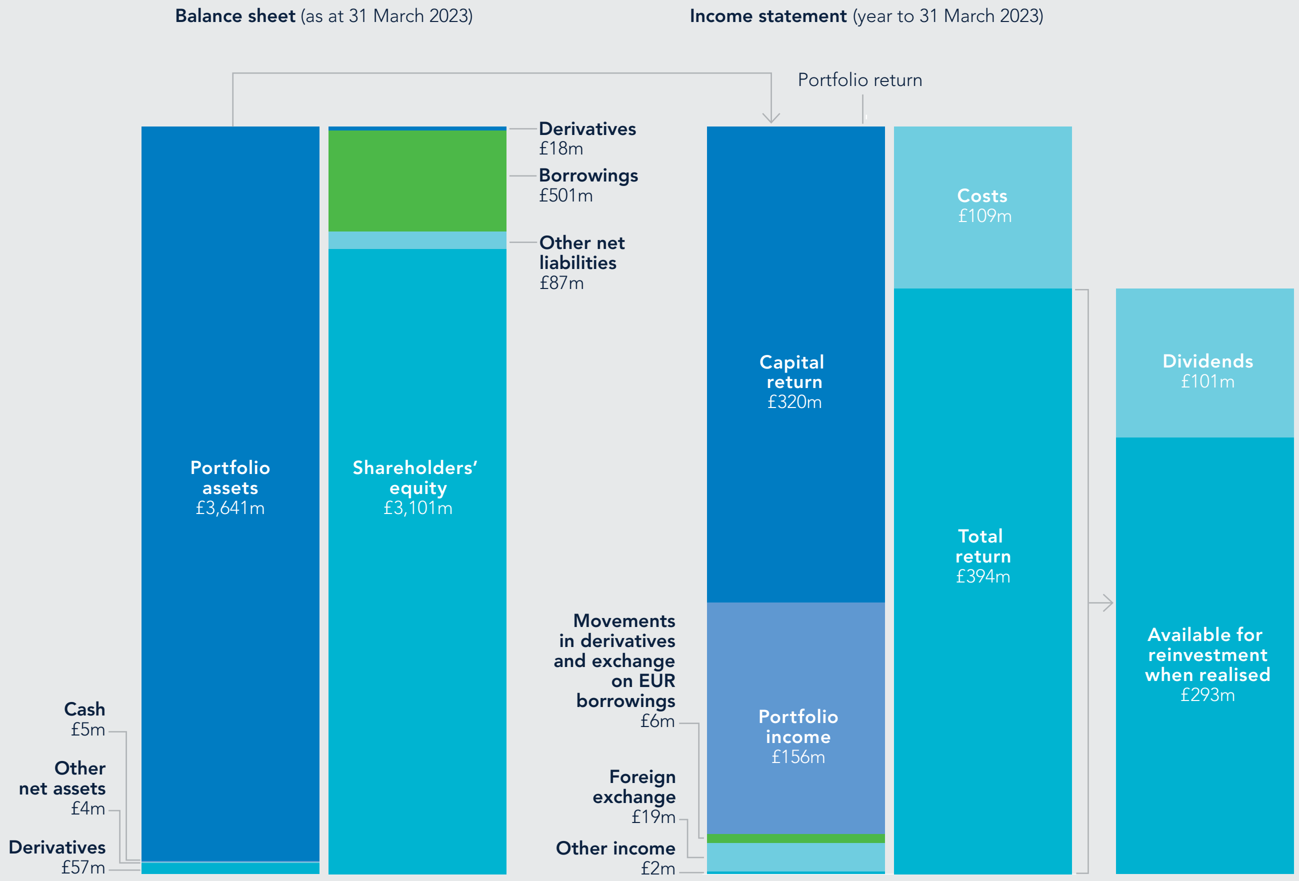
Total net investment in the year was £452 million, including the closing of the investments in GCX, TCR and Future Biogas, the syndication of a portion of the investments in ESVAGT and TCR and further investments in DNS:NET and Infinis. The Company maintained low levels of uninvested cash throughout the year and actively managed its liquidity position through its £900 million RCF facility and a £100 million capital raise in February 2023.

Returns

Total return

The Company generated a total return for the year of £394 million, representing a 14.7% return on time-weighted opening NAV and equity issued net of the prior year final dividend (2022: £404 million, 17.2%). This performance is significantly 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 2023)



Financial review continued

This outperformance was driven by strong performance across the portfolio, particularly from TCR, Tampnet, Valorem, Attero and Ionisos, 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. The investment cases of our portfolio companies reflected in the valuations at 31 March 2023 are fully funded, with the exception of the DNS:NET fibre roll out. Our companies continue to generate discretionary growth opportunities that are accretive to our investment cases.

Total income and non-income cash of £202 million in the year was significantly higher than last year, due to income from new investments in GCX, ESVAGT, TCR and SRL (2022: £143 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.

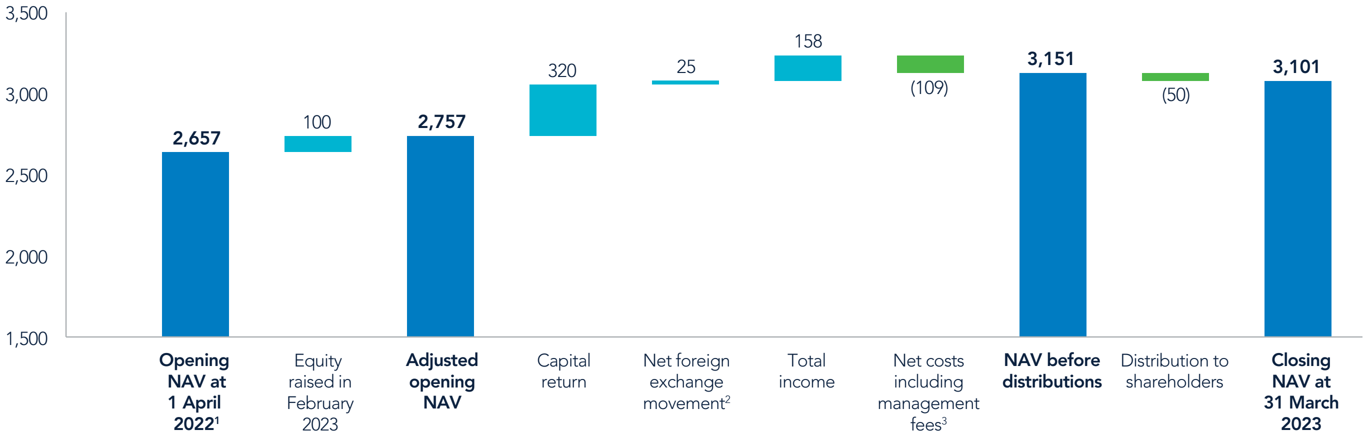
An analysis of the elements of the total return for the year is shown in Table 3.

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

	2023	2022
Capital return (excluding exchange)	**320**	375
Foreign exchange movement in portfolio	**19**	9
Capital return (including exchange)	**339**	384
Movement in fair value of derivatives and exchange on EUR borrowings	**6**	(2)
Net capital return	**345**	382
Total income	**158**	133
Costs[1]	**(109)**	(111)
Total return	**394**	404

1 Includes non-portfolio related exchange gain of £2 million (2022: loss of £3 million).

Chart 6: Reconciliation of the movement in NAV (year to 31 March 2023, £m)



1 Opening NAV of £2,704 million net of final dividend of £47 million for the prior year.
2 Foreign exchange movements are described in Chart 8.
3 Includes non-portfolio related exchange gain of £2 million.

Capital return

The capital return is the largest element of the total return. The portfolio generated a value gain of £320 million in the year to 31 March 2023 (2022: £375 million), as shown in Chart 6. There was a positive contribution across the majority of the portfolio and the largest contributors were TCR (£86 million), Infinis (£52 million) and Tampnet (£52 million). The only negative contribution was from DNS:NET (£54 million). These value movements are described in the Portfolio review section.

Income

The portfolio generated income of £156 million in the year (2022: £127 million). Of this amount, £1 million was through dividends (2022: £24 million) and £155 million through interest on shareholder loans (2022: £103 million). An additional £2 million of interest was accrued on the vendor loan notes issued in lieu of WIG proceeds (2022: £6 million) together with a further £0.5 million of interest receivable on deposits (2022: £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)

	2023	2022
Total income	158	133
Non-income cash	44	10
Total	**202**	143

A strong income contribution from the new investments in GCX and SRL and higher non-income cash receipts, particularly from Attero, offset the reduction in income from the divestment of the European Projects portfolio. A breakdown of portfolio income is provided in Chart 9 on page 62, together with an explanation of the change from prior year.

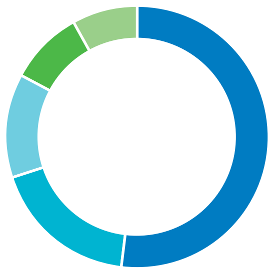
Interest income from the portfolio was significantly higher than prior year due to the new investments in GCX, SRL, TCR and ESVAGT. Dividend income was lower than prior year due to a high level of dividend income from Tampnet in the prior year as liquidity preserved during the pandemic was released.

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 £25 million (2022: increased by £7 million).

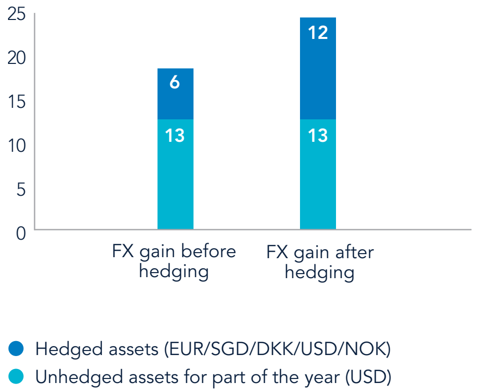
Chart 7: Portfolio value by currency
(at 31 March 2023)



EUR	52%
GBP	18%
DKK	13%
USD	9%
NOK	8%

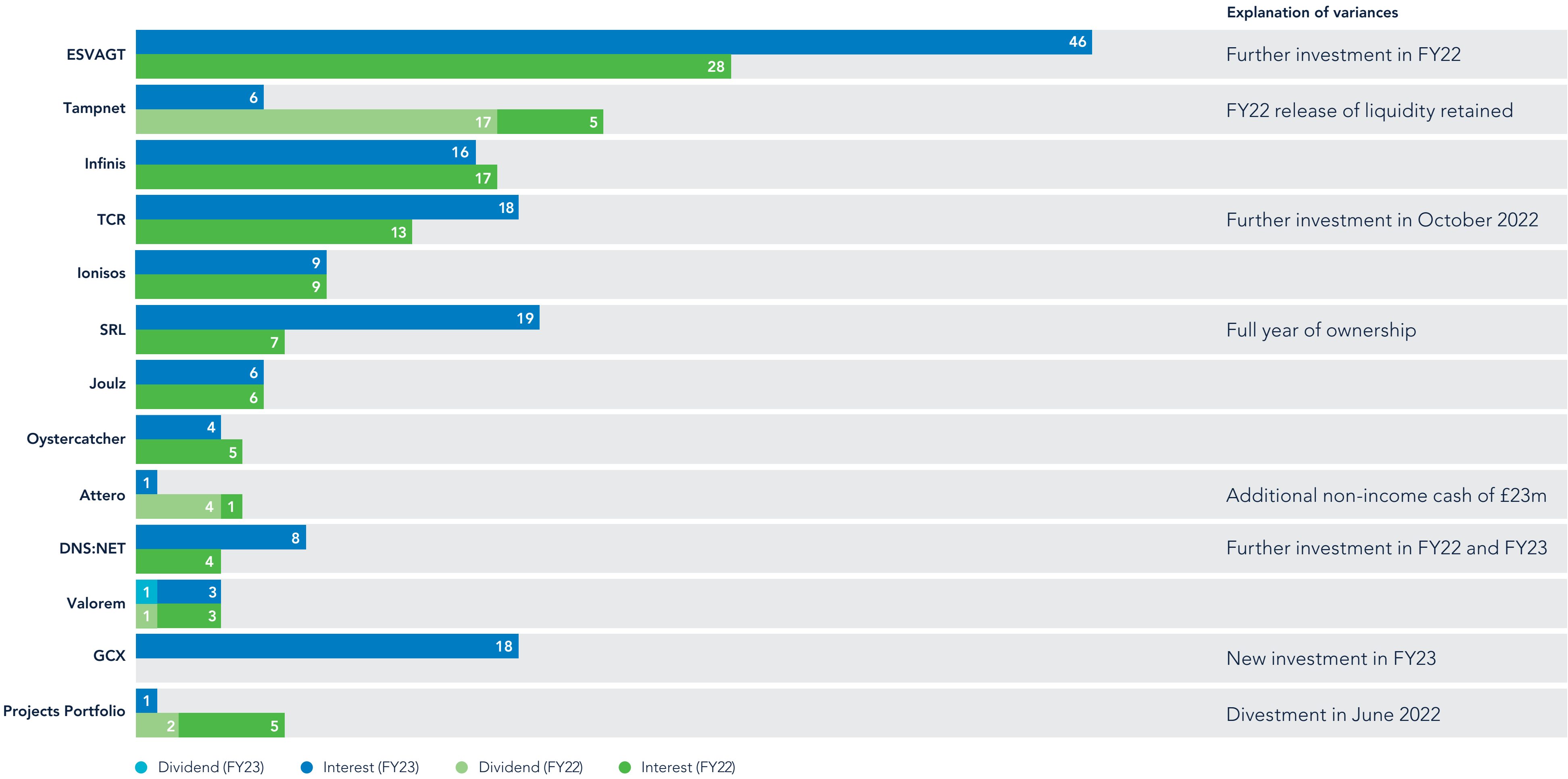
As shown in Chart 8, the reported foreign exchange gain on investments of £19 million (2022: £9 million) included a gain of £13 million from the Company's exposure to the US dollar, largely through Tampnet, which was not hedged in the first half of the year. This was accompanied by a £6 million gain on the hedging programme (2022: loss of £2 million). The positive hedge benefit resulted from favourable interest rate differentials on the euro hedging programme.

Chart 8: Impact of foreign exchange ('FX') movements on portfolio value
(year to 31 March 2023, £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 2023, the Company incurred management fees of £47 million (2022: £43 million), including transaction fees of £3 million (2022: £10 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 2023, resulting in a performance fee payable to 3i plc in respect of the year ended 31 March 2023 of £45 million (2022: £54 million).

The first instalment, of £15 million, will be paid in May 2023 along with the second instalment of £18 million relating to the previous year's performance fee and the third instalment of £2 million relating to the FY21 performance fee.

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

Fees payable

Fees payable on investment activities include costs for transactions that did not reach, or have yet to reach, completion and the reversal of costs for transactions that have successfully reached completion and were subsequently borne by the portfolio company. For the year to 31 March 2023, fees payable totalled less than £1 million (2022: £3 million).

Other operating and finance costs

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £3 million in the year (2022: £3 million).

Finance costs of £16 million (2022: £5 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 FY22 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 1.64% for the year to 31 March 2023 (2022: 1.41%). The ongoing charges ratio is higher in periods where new investment levels are high 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 3.19% (2022: 3.52%). The total return of 14.7% for the year is after deducting this performance fee and ongoing charges.

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

	2023	2022
Investment Manager's fee	**44.6**	32.6
Auditor's fee	**0.8**	0.6
Directors' fees and expenses	**0.5**	0.5
Other ongoing costs	**1.9**	2.4
Total ongoing charges	**47.7**	36.1
Ongoing charges ratio	**1.64%**	1.41%

Financial review continued

Balance sheet

The NAV at 31 March 2023 was £3,101 million (2022: £2,704 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 2023, the Company's net assets after the deduction of the proposed final dividend were £3,050 million (2022: £2,657 million).

Cash and other assets

Cash balances at 31 March 2023 totalled £5 million (2022: £17 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 £83 million (2022: £64 million), including amounts relating to prior year fees.

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

	2023	2022
Portfolio assets	**3,641**	2,873
Cash balances	**5**	17
Derivative financial instruments	**39**	8
Borrowings	**(501)**	(231)
Other net (liabilities)/assets	**(83)**	37
NAV	**3,101**	2,704

The movement from March 2022 is due to an increase in the performance fee payable of £45 million, following the outperformance in the period. £26 million of prior year performance fees were paid during the period. The vendor loan note of £98 million, included as an asset within other net assets at March 2022, was redeemed in July 2022.

Borrowings

The Company increased the commitments under its RCF in July 2022 from £700 million to £900 million 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 2025. A further one-year extension option is available under the facility agreement. At 31 March 2023, the total amount drawn was £501 million.

An additional credit facility of £300 million available at the beginning of this financial year, with a maturity of less than one year, was cancelled in July 2022 at the same time as the commitments under the RCF were increased.

Capital raise

In February 2023, the Company successfully completed a capital raise, with net proceeds of £100 million, by way of a placing of ordinary shares in the capital of the Company at 330 pence per share. The placing price represented a discount of approximately 3.4% to the share price immediately prior to the announcement of the placing. A total of 30,915,990 new ordinary shares were admitted to trading on the London Stock Exchange main market for listed securities on 14 February 2023. The Company now has a total of 922,350,000 shares in issue, an increase of 3.5%. Soft pre-emption was followed where possible in allocating the shares.

NAV per share

The total NAV per share at 31 March 2023 was 336.2 pence (2022: 303.3 pence). This reduces to 330.6 pence (2022: 298.1 pence) after the payment of the final dividend of 5.575 pence (2022: 5.225 pence). There are no dilutive securities in issue.

Dividend and dividend cover

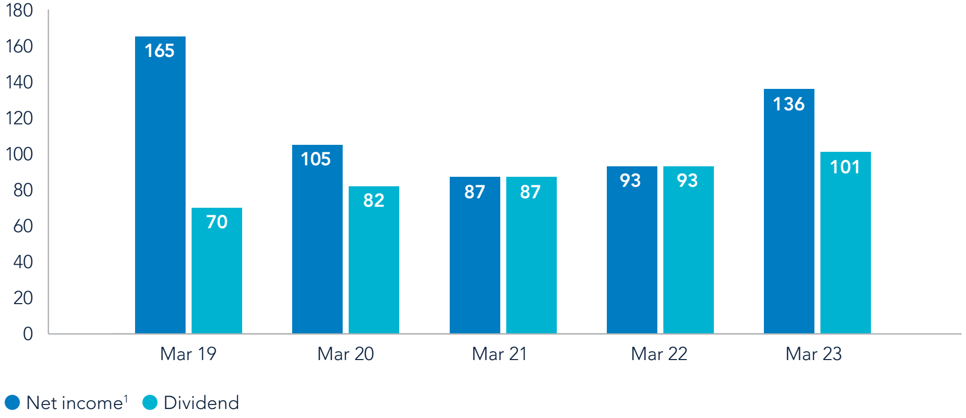
The Board has proposed a dividend for the year of 11.15 pence per share, or £101 million in aggregate (2022: 10.45 pence; £93 million). This is in line with the Company's target announced in May last year.

Financial review continued

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

	2023	2022
Total income, other income and non-income cash	**202**	143
Operating costs, including management fees	**(66)**	(50)
Dividends paid and proposed	**(101)**	(93)
Dividend surplus for the year	**35**	–
Dividend reserves brought forward from prior year	**794**	868
Realised gain/(loss) over cost on disposed assets	**30**	(20)
Performance fees	**(45)**	(54)
Dividend reserves carried forward	**814**	794

Chart 10: Dividend cover (five years to 31 March 2023, £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 £35 million (2022: no surplus).

The retained amount available for distribution, following the payment of the final dividend, the realised profit over cost relating to the sale of the European Projects portfolio and the performance fee will be £814 million (2022: £794 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 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 on page 66 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.

Financial review continued

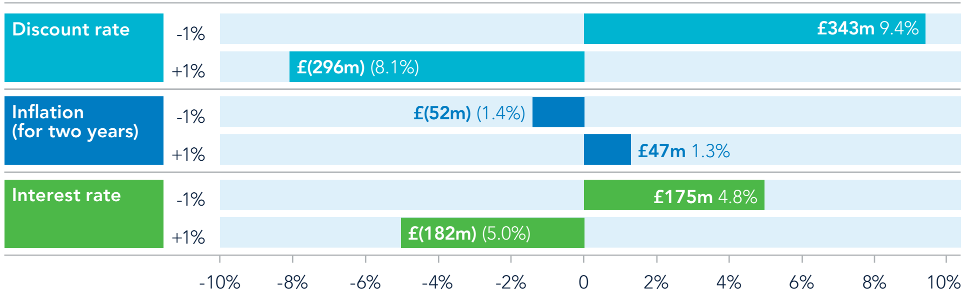
Alternative Performance Measures ('APMs')

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 of 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 but this year we have added two new APMs, Total liquidity and Portfolio debt to enterprise value. The Directors monitor total liquidity to assess the Company's ability to make further investments, the efficiency of the balance sheet, and short-term viability. Portfolio debt to enterprise value is monitored to assess the underlying gearing of portfolio companies, the consequential risk in the forecast cashflows of those companies and the ability of portfolio companies to fund capital expenditure from their own resources.

- 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

Chart 11: Portfolio sensitivities (year to 31 March 2023)



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 £394 million, as shown in the Statement of comprehensive income, as a percentage of the opening NAV of £2,704 million net of the final dividend for the previous year of £47 million, adjusted on a time-weighted basis for the receipt of the £100 million capital raise on 14 February 2023. An adjustment to increase the opening NAV by £13 million is required for this time weighting.	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, are 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 2023, 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 £501 million, as shown in Table 1, as a percentage of the sum of the opening value of the portfolio and investments less amounts syndicated in the year (excluding capitalised interest) of £3,325 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 revolving credit facility of £399 million.	The calculation uses the cash balance, which is an IFRS measure and undrawn balances available under the Company's revolving credit facility, which are 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.

"

Thoughtful risk management is a cornerstone of our risk governance framework."

Wendy Dorman
Chair, Audit and Risk Committee

This was the second year of a three-year cycle of risk reviews, whereby the Audit and Risk Committee (the 'Committee'), alongside the Investment Manager, conducted a thorough review to identify and consider the impact and likelihood of the key, principal and emerging risks facing the Company today.

Against the backdrop of the current geopolitical and macroeconomic environment, the Company has continued to perform strongly, supported by our risk management framework and process, which enables appropriate and responsive decision making.

The following sections explain how we identify and manage risks to the Company. We outline the key risks, our assessment of their potential impact on the Company and our portfolio in the context of the current environment and how we seek to mitigate them.

Our risk review process follows a three-year cycle, whereby once every three years we carry out a detailed review involving each Director independently assessing the risks facing the Company, then collating and comparing the results, which we refer to as the 'blank sheet of paper exercise'. This was performed last year as it was the first year of the cycle.

This year, a number of risks were reassessed to reflect developments in the year, and the list of emerging risks was refreshed. The Committee updated the risk register and risk matrix as a result of the analysis conducted during the year, and considered the alignment of the principal risks identified to the Company's strategic objectives.

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

Approach to risk governance

The Board is ultimately responsible for the risk management of the Company. It seeks to achieve an appropriate balance between mitigating risk and generating long-term sustainable risk-adjusted returns for shareholders. Integrity, objectivity and accountability are embedded in the Company's approach to risk management.

The Board exercises oversight of the risk framework, methodology and process through the Committee. The risk framework is designed to provide a structured and consistent process for identifying, assessing and responding to risks. The Committee ensures that there is a consistent approach to risk across the Company's strategy, business objectives, policies and procedures.

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 operations of each portfolio company.

The Board manages risks through reports from the Investment Manager and other service providers and through representation on all portfolio companies' boards by the Investment Manager's team members.

There were no significant changes to the overall approach to risk governance or its operation in FY23, but we continued to refine our framework for risk management where appropriate.

Risk appetite

The Committee discusses the Company's risk appetite annually and this year concluded that it remained broadly stable. As an investment company, the Company seeks to take investment risk. The appetite for investment risk is described previously in the Our business model section, and in the Investment policy towards the end of this document. Investments are made subject to the Investment Manager's Responsible Investment policy, which addresses an important element of our appetite for investment risk. Given the strong competition for new investments, investment discipline remains a key consideration.

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, including our recent new investments.

It is expected that, as the portfolio expands, the range of expected returns in individual investment cases may also expand to include higher risk/return 'value add' cases and lower risk/return 'core' investments. We recognise that this has the potential to result in greater volatility in returns on an individual asset basis.

The benefits of diversification across sectors, countries and types of underlying economic risk will mitigate this volatility, and the Company has sought to build a diverse portfolio while considering carefully the underlying risks to which our portfolio companies are exposed. The Committee concluded that the risk appetite of the Company for core-plus infrastructure investments has not changed, and remains appropriate for our investment mandate and target returns. The Covid-19 pandemic provided a severe test of the appropriateness of the Company's risk appetite, and its attractiveness to investors. The portfolio overall has been resilient, and benefitted from diversification across infrastructure subsectors and types of underlying risks.

Risk report continued

The key tools used by the Committee to define the Company's risk appetite and to determine 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. Beyond the appetite for investment risk discussed above, the Company seeks to limit or manage exposure to other risks to acceptable levels.

Risk review process

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 2023, 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 emerging and key risks, and to evaluate changes in risks over time. The framework is designed to manage rather than eliminate the risk of failure to achieve objectives and breaches of risk appetite. Developments during the year in the more significant key risks or 'principal risks' are discussed later in this document. These are risks that the Committee considers to have the potential to materially impact the delivery of our strategic objectives.

The Committee evaluates the probability of each identified risk materialising and the impact it may have, with reference to the Company's strategy and business model.

The review process assesses the likelihood and impact of each risk over two timeframes, within three years and beyond three years. The evaluation of these key risks is then presented on a risk matrix. Mitigating controls have been developed for each risk and the adequacy of the mitigation is then assessed and, if necessary, additional controls are implemented and reviewed by the Committee at a subsequent meeting.

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.

The Committee considers the identified principal risks in greater detail in the assessment of the Company's viability.

A number of scenarios have been developed to reflect plausible outcomes should the principal risks be experienced, as well as consideration of stressed scenarios that could result in the Company ceasing to be viable.

As the Company is an investment company, the stressed scenarios reflect reduced cash flows from the Company's investment portfolio, such that debt covenants are breached 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 assessment of viability is included in this Risk report.

Review during the year

In October 2022, the Committee reassessed the identified key risks and considered any update to the list of emerging risks currently facing the Company. This involved a 'blank sheet of paper' exercise where each Director, and several members of the Investment Manager's team, identified the top emerging risks facing the Company, and discussed changes to the impact and likelihood of the principal risks.

In December 2022, the Investment Manager analysed the data collected and identified the emerging and principal risks facing the Company, scoring the principal risks for impact and likelihood (within a three-year period and beyond a three-year period). In January 2023, the results of the principal risk scoring were considered and assessed by the Committee and additional changes made. In April 2023, the Committee reviewed the updated risk register and risk matrix and the Company's appetite for each of the key risks.

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 may continue the evolution of risk in the portfolio in line with our strategy and allow the Company to manage its exposure to more sensitive assets, or to take account of where the risk profile of an asset has changed over time.

We are confident that the portfolio remains defensive and resilient, and in a position to benefit from accretive but discretionary growth opportunities as highlighted in the Investment Manager's review. We believe the current appetite for risk is appropriate.

Emerging risks

The Company is a long-term investor and therefore needs to consider the impact of both identified key risks, as detailed below, and risks that are considered emerging or longer-term.

Risk categorisation, including the definition of emerging risk, is shown on page 70.

The Board and the Investment Manager consider these factors when reviewing the performance of the portfolio and when evaluating new investments, seeking to identify which factors present a potential risk and can either be mitigated or converted into opportunities.

As part of the ongoing risk identification and management of the Company, the Committee considers whether these emerging risks should be added to the Company's risk register. The risk register is a 'live' document that is reviewed and updated regularly by the Committee as new risks emerge and existing risks change. Examples of emerging risks that were considered during the year include the impact of energy price caps, UK political change, escalation of the conflict in Ukraine, divergence between the UK and the EU regulation increasing friction over trade in goods and services, and escalating regulatory reporting requirements, including climate-related reporting requirements. In some cases, emerging risks may already be considered within a broader identified key risk, such as market and economic risk.

Risk register review process

October 2022
Directors identify potential emerging or new key risks facing the Company

December 2022
Analysis and interpretation of responses

April 2023
Risk register and risk matrix updated

January 2023
Impact and likelihood of the identified risks considered

Risk report continued

Key risks

Key risks are mapped by impact and likelihood on a risk matrix. During the year, the Committee considered the development of all the key risks in detail. Within the category of key risks, the principal risks identified by the Committee in the financial year are set out in the Principal risks and mitigation table on pages 73 to 75 alongside how the Company seeks to mitigate these risks.

The risk review showed a high level of consistency with the prior year, with a small number of changes in the key risks identified. The assessment of likelihood and impact of the key risks resulted in some changes to the principal risks facing the Company.

Market and economic risk was considered the top risk facing the Company and was considered to have increased during the year. This includes the consequences of sanctions on Russia and Russian companies, increased commodity and energy prices, rising inflation and interest rates, supply chain constraints and a heightened risk of recession.

Following the high level of new investment, the management of liquidity risk is considered to have increased.

The risk of an inappropriate rate of investment and loss of senior Investment Manager staff is considered to have increased this year, given this liquidity risk.

These changes are reflected in the Principal risks and mitigations table.

Fraud and cyber risk

We remain vigilant to cyber- and other IT-related issues which could result in disruption to the Company, loss of data and/or reputational damage. The Investment Manager has a robust fraud risk assessment and anti-fraud programme in place. The latter includes fraud prevention work by their Internal Audit team, mandatory training to maintain vigilance and awareness, and provision of an independent reporting service or 'hotline' accessible by all staff. The Investment Manager's cyber security programme also aims to identify and mitigate the risks of third-party frauds, for example ransomware and phishing attacks, through the use of IT security tools and regular staff training. There is also a detailed business continuity and disaster recovery plan, should a significant event occur. The Company asks its service providers to inform it of any significant cyber events that they experience.

Environmental sustainability and climate risk

Environmental sustainability and ESG are an increasingly important focus amongst our shareholders and in the wider market.

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). Failure to identify and mitigate risks at this stage could result in a reduction in the attractiveness of our assets, reputational damage and a reduction in value of our portfolio in the future.

Although there is still much uncertainty around the extent and timing of the impact of climate change, government and societal action, and future regulations, we recognise that climate-related risk is a key risk as well as an investment theme for the Company. We have separated climate-related risk into two distinct but related risks.

Climate regulation risk addresses the regulatory risk to the Company and the portfolio associated with the transition to a low-carbon economy. Climate risk addresses the physical and transition risks from climate change on the portfolio.

ESG and sustainability is increasingly important in the context of our strategic and investment objectives. Further information on work done in relation to ESG reporting, including climate-related disclosures, and our approach to climate-related risk and opportunities can be found in our Sustainability report on pages 46 to 56. All of the companies in our portfolio recognise the importance of considering climate change and of evolving a sustainable business model. As discussed in the Sustainability report, the physical and transition climate-related risks are also seen as opportunities for all companies in our portfolio.

There are no acute physical nor transition risks identified in the portfolio that would suggest that climate risk is a principal risk, although an example of the impact of a transition risk is the introduction of a tax on imported waste or a carbon tax in the Netherlands, which impacts Attero, and the risk of early decommissioning of oil and gas assets, which impacts some customers of Tampnet and ESVAGT.

We consider that the mitigating controls at the Company and the Investment Manager over climate regulation risk prevent this from being a principal risk at the moment.

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
Market/economic **Risk exposure movement in the year** Increased **Link to Strategic priorities** Manage portfolio intensively	• Macroeconomic or market volatility, such as may arise from the consequences of the conflict in Ukraine and from the effects on economies of post-pandemic demand and supply imbalances, 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
Competition **Risk exposure movement in the year** No significant change **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
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

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

Principal risk	Risk description	Risk mitigation
Loss of senior Investment Manager staff **Risk exposure movement in the year** Increased **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

Strategic

Principal risk	Risk description	Risk mitigation
Management of liquidity **Risk exposure movement in the year** Increased **Link to Strategic priorities** Disciplined approach	• 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
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

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
Security of assets **Risk exposure movement in the year** No significant change **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
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 • Experience of the Investment Manager's team in preparing for and executing realisations of investments

Development of significant key risks in the year

The disclosures in the Risk report are not an exhaustive list of risks and uncertainties faced by the Company, but rather a summary of significant key risks which are under active review by the Board. These significant key risks have the potential to affect materially the achievement of the Company's strategic objectives and impact its financial performance. This disclosure shows developments in these significant key risks for the year. The risks that have been identified as principal risks are described in more detail in the Principal risks and mitigations table.

External risks – market and competition

In the face of rising interest rates and macroeconomic uncertainty, infrastructure assets have proven relatively resilient when compared to the dislocation in other markets, but a difficult GDP environment remains a key risk for the Company. Infrastructure's fundamental characteristics as an asset class anchored by predictable, long-term revenue streams that are often linked to inflation have positioned the sector well to withstand recessionary risk and volatile markets.

The urgency of tackling climate change has also made investment in some sectors, such as those with a focus on energy transition, relatively insulated from macro headwinds. As a result, the European infrastructure market continues to experience strong demand for new investments. Private funds with a core-plus infrastructure focused mandate have significant amounts of dry powder and these are the Company's primary competition for new investment. Fundraising has increased at a faster pace than the number of funds raised, resulting in larger fund sizes creating intense competition for suitable infrastructure targets. There remains a risk that pricing does change for core-plus infrastructure in the medium term, but at this point we are not seeing any upward pressure on discount rates for core-plus infrastructure investments as these tend to have greater discount rate headroom to risk-free rates and strong inflation protection features. In this environment, the Investment Manager continues to leverage its network and skills to look for investments that can deliver attractive and sustainable risk-adjusted returns to the Company's shareholders.

Inflation in the UK and Europe has risen sharply in the year, driven by rising energy costs, supply chain bottlenecks, labour and raw material shortages and the reopening of economies from pandemic-related lockdowns. The portfolio is positively correlated to inflation as most portfolio companies have revenues at least partially linked to inflation, although higher inflation may also result in increased costs and supply chain disruption and, should it persist, is generally bad for economies as a whole. Sensitivities to macroeconomic assumptions are discussed in the Financial review and in Note 7 to the accounts.

Central bank base rates increased during the year in response to higher inflation and, although there is evidence, particularly in Europe, that this is bringing inflation back towards target levels, there is a risk that inflation will return to a level either above or below our long-term assumptions. There are no material refinancing requirements in the portfolio until 2026 and over 95% of long-term debt facilities are either hedged or fixed rate at 31 March 2023. This mitigates the risk from further near-term interest rate rises.

The Company is exposed to movements in sterling exchange rates against a number of currencies, most significantly the euro.

The Company operates a hedging programme which substantially offsets volatility in returns from exchange rate movements. The Board monitors the effectiveness of the Company's hedging policy on a regular basis.

The valuation of our portfolio companies that generate electricity is affected by the evolution of long-term power price forecasts and by fluctuations in the spot power price. Medium-term power price forecasts have also increased considerably during the year, driven by gas supply concerns, record carbon prices, low wind levels and higher commodity prices, particularly for gas. This has benefitted those portfolio companies that generate electricity and typically sell it on a forward basis in order to avoid spot market volatility: Infinis, Attero and Valorem.

Sanctions on Russia and Russian companies, together with the recovery from the Covid-19 pandemic, led to an increase in oil prices, peaking in June 2022.

Risk report continued

Since then prices have come down, due to a softer economic environment and reduced trans-shipment volumes, but the market continues to be backwardated. For Oystercatcher, this may maintain some short-term downward pressure on pricing of contract renewals.

Ionisos is a provider of cold sterilisation and ionising radiation treatment services to the medical, pharmaceutical, plastics and cosmetics industries. Gamma radiation, one of the three methods of cold sterilisation used, relies on the radioactive decay of Cobalt-60, a scarce resource. Although a worldwide shortage of Cobalt-60 is expected until 2028, resulting from increased demand and the permanent closure of a large Russian reactor, Ionisos is in a good position to maintain its capacity as it has recently expanded its supplier base and is in advanced discussions with one supplier for a five-year supply agreement.

During the past three years, TCR was affected by air traffic movements and passenger numbers being substantially below the levels seen before the Covid-19 pandemic.

We are pleased with the performance of TCR over the duration of the pandemic and the strong performance this year and we have maintained our assumption of a return to pre-pandemic levels of air travel by 2024.

DNS:NET is being affected by the industry-wide challenge of rolling out a FTTH network in Germany due to the complexity of the construction process and difficulty in obtaining permits for construction, alongside cost inflation. The German government is planning to accelerate the roll out through a simpler and digitalised approval process.

External risks – regulatory and tax

The Company's investments in Infinis, Valorem and Attero are exposed to electricity market regulation risk in their respective countries. On 1 January 2023, the UK government introduced a levy or price cap on extraordinary returns from electricity generation (the 'EGL').

The EGL is an exceptional and time-limited measure that is due to expire in 2028.

The French and Dutch governments introduced taxes on merchant revenues above a price cap for 2023. The effect of current and proposed legislation is reflected in the valuations of these portfolio companies.

Strategic risks

The Company manages its balance sheet and liquidity position actively, seeking to maintain adequate liquidity to pursue new investment opportunities, while not diluting shareholder returns by holding surplus cash balances. At 31 March 2023 there was £5 million available in cash, with drawings of £501 million under the RCF. During the year the Company raised a further £100 million through an equity placing and extended the maturity of its RCF facility to November 2025.

The portfolio is diversified across sector and geography, with no investment above 15% of portfolio value.

Investment risks

As part of our investment due diligence and active portfolio management, the Investment Manager uses specialist cyber security advisers to ensure that our companies remain vigilant and continue to focus on effective operations of controls against possible cyber-attacks. Some of our portfolio companies do experience fraud attempts, some of which are successful, but none have had a material impact on any of our companies.

Operational risks

The key areas of operational risk include attracting and retaining key personnel at the Investment Manager, and whether the Investment Manager's team can continue to support the delivery of the Company's objectives. The team has strength and depth, and the transition in senior management has been carefully managed. The Board monitors the performance of the Investment Manager through the Management Engagement Committee. It also monitors the performance of key service providers, receiving reports of any significant control breaches.

Risk report continued

Resilience statement

Our resilience comes from the effective implementation of our business model, described on pages 9 to 13. 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 20.

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 111.

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. The Directors approved the issue of new equity during the year, raising £100 million net of issue costs, and the extension of the RCF to £900 million of commitments. Further discussion on the RCF can be found in the Financial review on page 64.

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 2023. 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 2023, liquidity remained strong at £404 million (2022: £786 million). Liquidity comprised cash and deposits of £5 million (2022: £17 million) and undrawn facilities of £399 million (2022: £769 million). The £900 million revolving credit facility matures beyond 12 months of the date of this report.

The Company had no contracted investment commitment at 31 March 2023. However, the Company expects to make follow-on investments in portfolio companies to fund growth opportunities.

The Company had ongoing charges of £48 million in the year to 31 March 2023, detailed in Table 5 in the Financial review, which are indicative of the ongoing run rate in the short term. In addition, the FY23 performance fee of £45 million (2022: £54 million) is due in three equal instalments with the first instalment payable in the next 12 months along with the second instalment of FY22's performance fee and the third instalment of FY21's performance fee, and a proposed final dividend for FY23 of £51 million which is expected to be paid in July.

Although not a commitment, the Company has announced a dividend target for FY24 of 11.90 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 2023. 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 2026 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 2026. The Directors have taken account of the current position of the Company, including its liquidity position, with £5 million of cash and £399 million of undrawn credit facilities, and the principal risks it faces, which are documented in this Risk report on pages 73 to 75.

Risk report continued

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 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 including the accordion, 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 2026.

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 we look for in infrastructure investments, described on page 11, support the long-term resilience of the Company. The performance of the portfolio through the Covid-19 pandemic provided good evidence of this.

The underlying megatrends supporting the longer-term resilience of each portfolio company are identified in the Our approach section on page 15.

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 on 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 key 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 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, communities in which the Company operates, lenders, and government and regulatory bodies.

Under Jersey Law, the Directors are obliged 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.

Pursuant to s172, a Director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

The likely consequences of any decisions in the long term

Our purpose and strategy, combined with the responsible investment approach of the Investment Manager, focus on sustainable returns and outcomes.

Read more
Pages 5, 20 and 46

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 51

Directors' duties continued
Section 172 statement continued

The need to foster the Company's business relationships with suppliers, customers and others

We engage with all our stakeholders either directly or through the Investment Manager.

Read more
Pages 95 to 98

The desirability of the Company maintaining a reputation for high standards of business conduct

Our success relies on maintaining a strong reputation, and our values and ethics are aligned to our purpose, our strategy and our ways of working.

Read more
Page 13

The impact of the Company's operations on the community and environment

We use our influence to promote a commitment in our portfolio companies to mitigate any adverse environmental and social impacts, and to enhance positive effects on their communities and the environment.

Read more
Pages 46 to 56

The need to act fairly between members of the Company

The Board actively engages with its shareholders and considers their interests when implementing our strategy.

Read more
Pages 95 to 98

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.

Throughout this Annual report we provide examples of how the Directors promote the success of the Company for the benefit of its members in line with our purpose and our strategy, while taking into account the likely consequences of decisions in the long term, the need to build relationships with stakeholders, and ensuring that business is conducted responsibly. In particular, pages 95 to 98 set out the Company's stakeholders and how the Board considered matters under s172 during its deliberations.

Our purpose
Page 1

Our strategy
Pages 20 and 21

This Strategic report, on pages 1 to 82, is approved by order of the Board.

Authorised signatory
3i plc
Company Secretary
9 May 2023

Governance

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 2023. Given the current global macro environment, having a strong governance framework has never been as important; our effective governance processes have ensured the continued implementation of our strategy whilst mitigating risks.

"Robust corporate governance practices are integral to creating long-term value and success for the benefit of our shareholders."

Richard Laing
Chair, 3i Infrastructure plc

Introduction to Governance continued

Both the Covid-19 pandemic and the current volatile market environment have reinforced the importance of established governance principles, along with having a clear purpose and values aligned with our strategy.

The following pages of this report provide an insight into the activities of the Board and Committees over the year and how corporate governance underpins and supports our business and the decisions we make. Market conditions, including economic and political uncertainty, are challenging, but the Board is well-positioned to support the Investment Manager in generating value for the Company from its portfolio.

I am grateful to my fellow Board members for their continued support and commitment and to the Investment Manager for implementing our effective corporate governance framework and working on executing our purpose.

Richard Laing
Chair, 3i Infrastructure plc

Compliance with the AIC Code

The Board has considered the principles and provisions of the AIC Code of Corporate Governance (the 'AIC Code'), which addresses 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, therefore, provides more appropriate information to 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), in so far 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 of investing responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive influence on our portfolio companies and their stakeholders.

Read more
Pages 86 to 98

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, supported by both strong governance arrangements and the work of the Investment Manager.

Read more
Page 99

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 100 to 105

Audit, Risk and Internal Control

The Audit and Risk Committee, supported by the Investment Manager and other key stakeholders, identifies potential risks and how best to mitigate them. The Audit and Risk Committee is appointed to oversee this process on behalf of the Board.

Read more
Pages 106 to 112

Remuneration

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

Read more
Page 115

Board leadership and purpose
Board of Directors

Richard Laing

Paul Masterton

Wendy Dorman

Doug Bannister

Samantha Hoe-Richardson

Ian Lobley

Stephanie Hazell

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
- Non-executive Director of JP Morgan Emerging Markets Investment Trust plc
- Trustee and Deputy Chair of Leeds Castle Foundation

Past roles
- 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 (‘PwC’)

Independent non-executive Directors

Paul Masterton

Senior Independent Director

Appointed April 2013. Chair of the Remuneration Committee and member of the Audit and Risk, Management Engagement, Nomination, and Disclosure Committees. Jersey resident.

Skills and experience contributing to the Board
- Extensive experience in leading and developing large companies, and of mergers and acquisitions
- Particularly experienced from an international business perspective, having worked in the USA, Europe and Asia
- Knowledge of digital technology through chairing and leading the formation of Digital Jersey
- Deep experience as a non-executive director, including board governance and remuneration
- Leadership and team development, including coaching and mentoring
- Focus on corporate social responsibility

Current roles
- Chair of Insurance Corporation CI
- Chair of States of Jersey Development Company
- Senior Independent Director of Jersey Competition & Regulatory Authority
- Trustee of Digital Jersey
- Chair of Governors for Jersey College of Higher Education and University of Jersey

Past roles
- Over 25 years at RR Donnelley, including as president of company’s businesses in Europe, Russia and India
- Chief Executive of Durrell Wildlife Conservation Trust

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’ 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

Board leadership and purpose continued
Board of Directors continued

Independent non-executive 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' 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

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

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' 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 Kew Soda Ltd

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

Stephanie Hazell

Appointed September 2022. Member of the Audit and Risk, Management Engagement, Remuneration, 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 Atlasconnect Limited
- Non-executive Director of Neos Networks Limited
- Non-executive Director of North Sea Midstream Partners Limited (Jersey)
- Non-executive Director of NNXYZ Limited
- Non-executive Director of Open Utility Limited (Piclo)
- Non-executive Director of Renew Holdings plc
- Advisory Board Member for Shell New Energy

Past roles
- Director, Strategy and Corporate Development, ExCo Member of National Grid
- Principal Consultant, Telecoms and Media at PwC
- Various senior positions at Virgin Management
- Various senior positions at Orange Group

Non-executive Director

Ian Lobley

Appointed May 2014 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 the portfolio
- Extensive knowledge of ESG matters
- Experienced non-executive Director across sectors, continents and ownership models
- Significant experience, as an investor and engineer, of disruptive technologies across multiple end markets

Current roles
- 3i Group Managing Partner – Asset Management
- Non-executive Director of AES Engineering Ltd
- Non-executive Director of Cirtec Medical Holdco LLC
- Senior Independent Director of BSI Group
- Non-executive Director of Tato Holdings Ltd

Past roles
- Long-term member of 3i Group plc Investment Committee
- Active investor and experienced board member in a variety of companies across Europe, Asia and the USA
- Leadership of technology investing and portfolio management activities
- Engineer at BOC Speciality Gases
- Non-executive Director of Boketto Holdco Limited (Audley Travel)

Board leadership and purpose continued
Investment Management team

Scott Moseley

Bernardo Sottomayor

James Dawes

John Cavill

Aaron Church

Anna Dellis

Thomas Fodor

Stéphane Grandguillaume

Tim Short

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 experience in European infrastructure, spanning utilities, transportation and social infrastructure
- Investments include GCX, Tampnet, ESVAGT, Elenia, CrossLondon Trains 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
- Various roles within 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 and 3i board observer at Attero and Joulz

Past roles
- Over 20 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

Board leadership and purpose continued
Investment Management team continued

Partners

John Cavill

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

Current roles
- Non-executive Director of SRL Traffic Systems
- Leads the assets management activity for the Projects portfolio
- Responsible for setting the strategy oversight of asset management activities
- Overseas the implementation of value protection and enhancement activities, and performance reporting

Past roles
- Non-executive Director of WIG and XLT
- Director at Barclays Infrastructure, St Modwen Properties plc, Land Securities Trillium and Vinci Investments

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 the Oystercatcher European terminals
- Non-executive Director of Joulz, Attero and Advario Singapore

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

Anna Dellis

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

Current roles
- Leads asset management for the portfolio of economic infrastructure investments
- Led the successful exit of Oystercatcher's investments in Advario terminals in Amsterdam, Terneuzen, Ghent and Malta
- Non-executive Director of Advario Singapore
- Focused on new deals over the period 2006–2017, prior to assuming current portfolio focus

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 relation and fundraising efforts 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

Stéphane Grandguillaume

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

Current roles
- Leads 3i's Infrastructure business in France
- Responsible for origination, execution and fundraising in relation to project opportunities across Europe
- Non-executive Director of Valorem and Ionisos

Past roles
- Headed Barclays Infrastructure in Paris
- Headed Egis Investment Partners

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 and WIG
- Non-executive Director of Infinis

Past roles
- Financial restructuring at Houlihan Lokey

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. This 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 are understood and met. It is mindful of its responsibility to act as a good steward of its portfolio and of the influence that the Company can have on society, the communities in which it operates and the environment.

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 Board is also responsible for overseeing the implementation of the Company's strategy of maintaining a balanced portfolio of infrastructure investments delivering an attractive mix of income yield and capital appreciation to shareholders. See pages 95 to 98 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 of Integrity, Accountability, Objectivity and Legacy 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 Paul Masterton	**Paul Masterton (Chair)** Doug Bannister Wendy Dorman Stephanie Hazell Samantha Hoe-Richardson Richard Laing	**Richard Laing (Chair)** Wendy Dorman Paul Masterton	**Richard Laing (Chair)** Doug Bannister Wendy Dorman Stephanie Hazell Samantha Hoe-Richardson Paul Masterton	**Richard Laing (Chair)** Doug Bannister Wendy Dorman Stephanie Hazell Samantha Hoe-Richardson Paul Masterton

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 seven additional ad-hoc Board meetings arranged at short notice to consider time-critical matters such as the refinancing of the Company's RCF and the equity issuance completed in February 2023.

The Board also held a Strategy Day (in addition to strategic matters which are considered at every Board meeting) where the Board worked with the Investment Manager to consider in more detail matters of a strategic or wide-ranging nature. The Board also has regular update calls with the Investment Manager in order to stay informed of the activities of the Investment Manager between Board meetings.

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)	3 (3)	2 (2)
Doug Bannister	6 (6)	2 (3)	1 (1)	–	2 (2)
Wendy Dorman	6 (6)	3 (3)	1 (1)	3 (3)	2 (2)
Stephanie Hazell**	3 (3)	2 (2)	1(1)	–	1(1)
Samantha Hoe-Richardson	6 (6)	3 (3)	1 (1)	–	2 (2)
Ian Lobley	5 (6)	*	–	–	–
Paul Masterton	6 (6)	3 (3)	1 (1)	3 (3)	2 (2)

* Richard Laing and Ian Lobley attend the Audit and Risk Committee meetings by invitation.
** Stephanie Hazell was appointed effective 29 September 2022.

The table above indicates the number of meetings attended and, in brackets, the number of meetings the Director was eligible to attend. Non-attendance at meetings was due to unavoidable prior commitments or illness. 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. This was particularly the case during the non pre-emptive capital raise when careful consideration was given at all appropriate moments as to whether the Company was in possession of price-sensitive information and if so, what steps should be taken.

Board leadership and purpose continued

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, communities in which the Company operates, 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 recognises the importance of keeping the interests of the Company's stakeholders central in its key decision making.

The Board has limited direct engagement with certain stakeholders as most engagement takes place through the Investment Manager. Where there is no direct engagement at Board level, the Investment Manager regularly reports to the Board on key areas and stakeholder views to ensure that Board decisions are well informed.

The Board carefully considers the interests of all of its stakeholders as well as the other factors referred to in s172 of the Companies Act 2006 in deciding what actions would be likely to promote the success of the Company for the benefit of its members as a whole. See pages 81 and 82 for our s172 statement. 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.

Board leadership and purpose continued

Who and why?	How?	Key decisions and areas of focus affecting stakeholders	Outcomes
Shareholders Understanding the views of investors enables the Company to take account of such views when developing future strategy. It is vital for the success of the Company to have the support of its shareholders.	The Investment Manager and the Company's brokers complete a programme of investor relations activities throughout the year, including an annual Capital Markets Event. This programme provides existing and potential investors with relevant information to enable them to understand the Company's activities, strategy and financial performance. An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with updates on any investor engagement activities or direct/indirect communication with investors. Reports from the Company's brokers are submitted to the Board on investor sentiment and industry issues. The Chair and the Chairs of all Committees are available to meet with investors when requested. The Capital Markets Event provides an additional opportunity for the Chair and Chair of the Audit and Risk Committee to engage with shareholders. The Company uses its AGM as an opportunity to communicate with its shareholders and all Directors are available to answer questions from shareholders. The Company's website provides details of forthcoming events for shareholders and analysts. In addition, videos of results presentations, presentations from the Capital Markets Event and portfolio activities are on the Company's website, which all shareholders can access and view. Individual shareholders are encouraged to engage with the Company and provide feedback through the Investor Relations team, who can be contacted at Thomas.fodor@3i.com or by telephone on +44 (0)20 7975 3469.	Liquidity management, including refinancing the RCF. Approval of the non pre-emptive capital raise. Approval of Financial statements. Approval of interim and final dividend. Strategy in the context of the external economic and political environment.	The Board balances the desire for consistent shareholder returns against the financial needs of the Company to promote long-term sustainable growth. See the Chair's statement on page 5 for further discussion on our commitment to our shareholders to deliver long-term sustainable returns. The Board considered the Company's overall balance sheet strategy along with the terms of the RCF and the additional credit facility. Having appropriate levels of liquidity available supports the Company in delivering on its purpose for the benefit of all stakeholders. Further discussion on the RCF can be found in the Financial review on page 64. The Board considered that it was appropriate to raise capital in the market in order to pay down RCF drawings and provide liquidity to fund potential pipeline investments to support further growth of the Company. For further details of the results of the capital raise, please see page 64 of the Financial Review. Ensuring that the presentation of the Financial statements provides shareholders with a fair and balanced view of the Company's performance, strategy and operations. Oversight of risk management, the principal risks and mitigations and the internal control framework operates to protect shareholder investment. See the Risk Report on page 68 and the Audit and Risk Committee report on page 106 for further information on risk management and controls.

Board leadership and purpose continued

Who and why?	How?	Key decisions and areas of focus affecting stakeholders	Outcomes
Investment Manager The Company's principal supplier 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.	At each Board and Audit and Risk Committee meeting, representatives from the Investment Manager present verbal and written reports covering their activity, portfolio and investment performance over the preceding period. The Board also has regular scheduled update calls with the Investment Manager between Board meetings. The Board and the Investment Manager operate in a supportive, co-operative and open environment. The relationship with, and the performance of, the Investment Manager is monitored by the Management Engagement Committee. For further details see pages 113 and 114.	Assessed the performance of, and considered the continued appointment of, the Investment Manager.	A mutually beneficial relationship promotes the long-term success of the Company. Engagement with the Company's Investment Manager is necessary to evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present. 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 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. This interaction provides an environment where issues can be dealt with efficiently. On an annual basis, the Board reviews both the arrangements that are in place with all key third-party service providers and monitors their performance. In particular, the Audit and Risk Committee reviews the performance and services provided by the external auditor and the Jersey administrator. 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. The Investment Manager meets regularly with the brokers who keep them up to date on both wider financial market-related matters. This year the brokers have provided specific advice to the Board and the Investment Manager on the Company's access to liquidity. The Jersey administrator attends one Audit and Risk Committee meeting per year in person (the rest are attended via video conference) and presents its compliance report at each such Committee meeting. See the Audit and Risk Committee report on page 106 for further discussion on the annual review of professional service providers, including the Jersey administrator.	Performed an annual review of the performance, 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. The Board appointed a new Jersey administrator following a review of service levels and requirements.	The work of the key professional advisers and third-party service providers ensures compliance by the Company with its legal and regulatory obligations in addition to the maintenance of the Company's reputation and high standards of business conduct. The brokers promote the Company as an attractive investment trust and work to ensure liquidity in the Company's shares. The Company's Jersey administrator provides effective Jersey compliance services through the provision of a dedicated Money Laundering Reporting Officer, Money Laundering Compliance Officer and Compliance Officer.

Board leadership and purpose continued

Who and why?	How?	Key decisions and areas of focus affecting stakeholders	Outcomes
Portfolio companies The companies in which we invest are the source of returns to shareholders. We drive value though our engaged asset management approach as detailed in our Business model (see pages 9 to 13).	The principal engagement with portfolio companies is through the Investment Manager's team. One or more of its 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 also the Risk report on page 68 for further information on the Board's oversight of the risks and opportunities affecting portfolio companies.	The engagement enhances the value of the portfolio companies for the benefit of their, and our, stakeholders.
Government and regulatory bodies Being a UK listed and Jersey registered Company, the Board views compliance with regulations as of the utmost importance.	The Company works in a regulated environment and, through the Jersey administrator, the Company engages with the Jersey regulators to ensure compliance with Jersey law and regulation. In addition, the Company adheres to the AIC Code and so engages with the AIC on matters related to corporate governance. As a UK listed company the Company Secretary ensures ongoing compliance with the FCA's Listing Rules and Disclosure Guidance and Transparency Rules. Through the Investment Manager, the Company responds to government consultations on issues relevant to its business.	The Board considers reports from the Company Secretary, advisers, the Jersey administrator and the Investment Manager on legal and regulatory developments affecting the Company. In this context the Board undertakes an annual review and approval process for its Schedule of Matters Reserved for the Board and the Terms of Reference of its Committees to ensure that they remain fit for purpose and adhere to best practice.	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 Company requires access to bank borrowing to maintain its financial structure and liquidity.	The Investment Manager's treasury team manages the engagement with the lenders in the Company's RCF and the Company's hedge counterparties. This year, with the support of its lenders, the Company was able to refinance and extend its existing RCF on favourable terms to support the acquisition pipeline. For further details see page 118.	The Board held two ad-hoc meetings to discuss in detail the refinancing of the RCF prior to providing its approval. Foreign exchange hedging is discussed at the annual treasury update given to the Board.	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. Access to hedge counterparties allows the Company to mitigate foreign exchange risk.
Communities The Company is committed to contributing positively to the communities in which it operates and details of this are contained in the Sustainability report on pages 46 to 56.	Engagement is primarily via the Investment Manager. One or more of its 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.	Strong sustainable performance by portfolio companies benefits their stakeholders and the communities in which they operate. During the year, the Board discussed ESG reporting requirements including those under the TCFD framework. For further details see the Sustainability report on page 46.	By investing in, developing and actively managing infrastructure assets, we foster growth and aim to provide a positive benefit to the communities in which our portfolio companies operate and the customers they serve. We are able to use our position as a shareholder in the businesses we own to influence and support management to operate responsibly.

Division of responsibilities

The Board is the principal decision-making body of the Company with authority for specific matters being delegated to Committees of the Board. 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. Each Committee Chair provides regular reports to the Board on the matters covered at each Committee meeting. The Terms of Reference clearly set out the remit and decision-making powers for each of the Board's Committees, are reviewed annually by the Board and are available to view on the Company's website. Matters and decisions that require Board approval and which cannot be delegated are set out in a formal Schedule of Matters Reserved to the Board, which is reviewed annually.

To ensure 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, Paul Masterton: • 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 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 re-election of all current Directors will be proposed at the forthcoming 2023 AGM.

The Company's policy on Director tenure is that a Director should normally serve no longer than nine years on the Board but, where it is in the best interests of the Company, its shareholders and stakeholders, the Board may approve a Director serving for a longer tenure. In such instances the Board will provide a clear explanation in the Annual report as to their reasoning. For further information see the Nomination Committee report on pages 102 to 105.

Composition, succession and evaluation

Composition and succession

The Board currently consists of seven members, comprising the Chair, five independent non-executive Directors and one non-executive Director who is the 3i nominated Director and not considered to be independent. Biographies of the Directors are set out on pages 87 and 88. The Board considers that there is an appropriate balance of skills, experience and independence on the Board to enable it to discharge its duties.

The Nomination Committee oversees the process of appointments and succession planning of non-executive Directors. 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. Further information is set out in the Nomination Committee report on pages 102 to 105.

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 Ian Lobley, 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 103 of the Nominations Committee report for further information.

Ian Lobley, 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 himself when matters in which 3i Group has an interest are discussed. Ian Lobley is not a member of the Management Engagement Committee and so 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 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, the Audit and Risk Committee and the Chair was conducted with the support of the Company Secretary following the externally facilitated review of 2022.

As an action from the external review of FY22, the Board held a workshop led by Satori, the external facilitator, to further articulate and consider the Board's purpose and values in the context of the Company's strategic objectives. This year's evaluation included a review of the effectiveness of the workshop and the outcome of the previous year's evaluation. Satori has no connection with the Company.

Composition, succession and evaluation continued

All Directors and the Investment Manager completed a confidential questionnaire, which was similar to questionnaires used in the past to ensure a comprehensive review and provide assurance on progress against actions. Anonymised reports were subsequently prepared by the Company Secretary and presented to the Board for consideration. The Board had an extensive discussion to identify progress made and further actions to be taken. Each of the Chair and Audit Committee Chair excused themselves from the meeting when their performance was discussed.

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

Progress since 2022 evaluation	• The Board participated in a workshop on Board purpose and Board values • The Board is devoting more time to strategic matters during meetings and prioritising strategic topics on meeting agendas • The succession of the Investment Manager's Managing Partners and the relationship with the new Managing Partners were managed effectively by the Chair and the Board as a whole
Actions for the coming year	• Funding and liquidity planning would continue being an area of focus • The Nomination Committee and the Board should focus on succession planning, especially in relation to ethnic diversity on the Board • Refreshing the training and development framework for Directors

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, the Company's policies, meetings with the wider Investment Management team, external advisers, briefings and reading materials.

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, such as the Company's auditors, 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, tax matters, fund raising, 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. Furthermore, training and development needs are reviewed annually as part of the Board evaluation process.

Composition, succession and evaluation continued
Nomination Committee report

"During the year we continued our focus on succession planning for our non-executive Directors, keeping in mind the skills and experience required to support the Company's strategic objectives."

Richard Laing
Chair, Nomination Committee

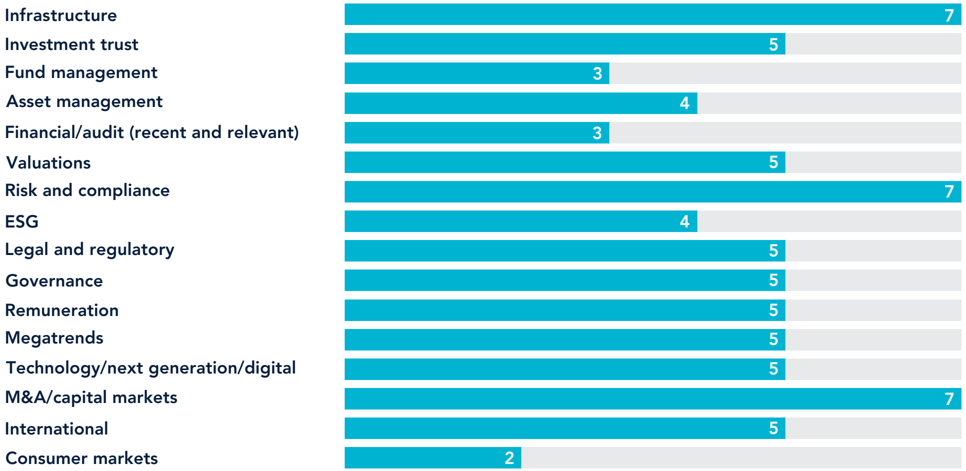
Role of the Committee

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 which 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.

Details of each of the Director's skills and experience which contribute to the effective functioning of the Board and the success of the Company can be found in their biographies on pages 87 and 88 and in the Skills Matrix below.

Directors' Skills Matrix (Number of Directors)



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 perceived current and future challenges facing the Company and the tenure of all Directors. The review identified that it would be in the interest of the Company to appoint an additional independent non-executive Director with broad industry experience to the Board. The Committee appointed Odgers Berndtson, an independent executive search and leadership consulting firm with no connection to the Company or any of its Directors, to support the search for candidates. Following an extensive search, Odgers Berndtson proposed candidates from as diverse a pool of candidates as possible given the nature, responsibilities and skills required for the role. The Board was delighted that the exercise resulted in the appointment of Stephanie Hazell, who joined the Board in September 2022.

In order to facilitate the succession planning process, the Nomination Committee recommended the Directors' appointment letters be updated to incorporate provisions 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.

Composition, succession and evaluation continued
Nomination Committee report continued

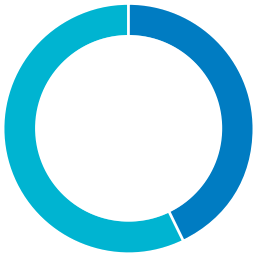
The Board has agreed a maximum term for any Director of nine years, subject to any exceptional circumstances that might arise at the relevant time.

Given that the Company was considering moving its domicile to the UK, as reported last year, the Board had asked Paul Masterton to remain on the Board for an additional year whilst it awaited the outcome of the UK government's consultation on UK Corporate Redomiciliation.

In considering Paul's status as an independent non-executive Director, the Committee concluded that there were no circumstances which were likely to impact, or could appear to impact, his independence and he was considered to remain an independent director.

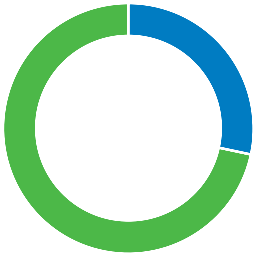
The Committee has started the process to recruit a successor for Paul. In addition, 3i Group will, in accordance with the terms of the relationship agreement between 3i Group and the Company, nominate a successor to Ian Lobley (who has now served on the Board for nine years) later in 2023.

Board members by gender



Female (43%)	3
Male (57%)	4

Non-executive Directors' tenure



0–3 years	2
4–6 years	0
7+ years	5

Diversity

The Board has adopted 3i Group's Equal Opportunities and Diversity policy in so far 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 graph below, this commitment has led to improved gender diversity on the Board and has already achieved the target set by the FTSE Women Leaders Review of having 40% of FTSE 350 board roles filled by women by 2025.

The Board supports the targets set by the Parker Review for FTSE 250 Boards to have at least one Board member from an ethnic minority background by 2024 and is working towards achieving this target despite the complexities that it has faced in this regard. The Board is disappointed that it does not yet meet the Parker Review target, however, this does not fairly reflect the Board's commitment to diversity.

The Board, with the Committee's support, continues to take practical and purposeful steps towards enhancing the Board's diversity.

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 would be required to fulfil on Committees. This presents a particular challenging and sometimes conflicting set of requirements to adhere to and which the Board has been working towards overcoming.

In November 2022, the Association of Investment Companies published an article setting out the significant challenges faced by Jersey registered, UK Listed companies due to the Jersey law requirement of having two Jersey-resident Directors on its boards.

The limited diverse candidate pool for Jersey resident directors and the ongoing issues on overboarding mean that there is a conflict between the Jersey and UK regulatory expectations, especially in relation to the UK Listing Rule requirements for reporting on diversity.

Composition, succession and evaluation continued
Nomination Committee report continued

The Company has been in discussion with the Jersey Financial Services Commission ('JFSC') regarding its succession plans and the challenges it faces in satisfying the requirement for two Jersey resident directors. During FY24 the Board will formally request the JFSC to grant the Company a variance to the requirement of having two Jersey resident Directors on the Board. If granted, this would allow the Nomination Committee to conduct future searches for directors in a geographically wider area, leading to a more diverse pool of candidates from which to select.

The Parker Review update report published in March 2023 also noted that many investment trusts are based outside mainland Great Britain (eg. in the Channel Islands) where there are fewer residents from ethnic minorities and their boards often have fewer directors on them than other companies.

Unless the JFSC requirement for two Jersey resident directors is changed or a variance is granted, the Company has only four independent non-executive Director roles that it could use to fulfil the UK diversity requirements. The maximum number of Directors allowed under the Articles is seven, which is generally considered to be a high number for an investment trust with no employees.

In addition, the Board has no influence over the choice of candidates for the appointment of the 3i Group nominated Director.

Furthermore, 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 government's proposal includes a regime to allow overseas registered companies to become UK registered companies in a simpler and more cost-effective process.

Should the Company decide to transfer its domicile it would no longer require two Jersey resident directors, which would allow any future directors to be sought from a much wider candidate pool. Unfortunately there has been no further update from the UK government 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 page 105 set out details of the diversity of the individuals on the Board and Executive Committee 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, who 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". As an externally managed investment company, 3i Infrastructure plc does not have a CEO or CFO and therefore, as allowed by the Rules, does not need to report against this target. The Board does, however, consider the role of the Chair of any of its permanent Committees to be senior positions on the Board.

Wendy Dorman is the Chair of the Audit and Risk Committee and, in the Board's view, it therefore complies with the target of having at least one senior Board position held by a woman.

Composition, succession and evaluation continued
Nomination Committee report continued

Gender identity or sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	4	57%	2
Women	3	43%	1
Not specified/ prefer not to say	–	–	–

Ethnic background*	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
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.

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.

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 on such candidate 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 existing balance of knowledge, experience and diversity.

Richard Laing
Chair, Nomination Committee
9 May 2023

Audit, Risk and Internal Control
Audit and Risk Committee report

"The Committee plays a key role, overseeing the integrity of the Company's financial reporting, audit processes, and risk management and internal controls."

Wendy Dorman
Chair, Audit and Risk Committee

Membership and meetings

All the members of the Audit and Risk Committee are independent non-executive Directors who collectively have the necessary range of financial, risk, internal control and commercial experience required to fulfil the Committee's remit. The Audit and Risk Committee Chair, Wendy Dorman, is a Chartered Accountant, and the Board is satisfied that she has recent and relevant financial experience. The Chair of the Board is not a member of the Committee but attends meetings by invitation.

The Committee held three scheduled meetings this year, aligned with the Company's reporting cycle. Meetings follow an annual workplan developed from the Committee's Terms of Reference in addition to any specific business requirements.

Regular attendees at meetings are the Board Chair, Ian Lobley, members of the Investment Manager's team, the external auditor, Deloitte LLP ('Deloitte') and the Company's Jersey administrator, Aztec Financial Services (Jersey) Limited ('Aztec') (Apex Financial Services (Alternative Funds) Limited ('Apex') was previously the Company's Jersey administrator, until December 2022).

In addition to the scheduled Committee meetings, the Committee Chair has regular discussions and meetings with the Investment Manager, external auditor and the Company's Jersey administrator.

The Committee Chair provides a formal update on the Committee's work to the Board at each scheduled Board meeting. The performance of the Committee and its Chair is evaluated annually as part of the overall evaluation of the Board and the Board Committees as further disclosed on page 100. Overall the Committee continued to perform well and was effective in discharging its responsibilities.

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

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 108.

Internal audit

The Committee annually reviews the need for an internal audit function and is satisfied that the systems, processes and procedures of the Company and the Investment Manager provide sufficient assurance that an appropriate level of risk management and internal control is maintained. The Committee has therefore concluded that an internal audit function specific to the Company is currently not necessary.

Financial and narrative reporting

The Company, through the Investment Manager, has in place internal control and risk management arrangements to support the financial and narrative reporting process and to provide assurance that the Company's Half-yearly report and Annual report and accounts are prepared in accordance with applicable standards. The Committee reviewed and made recommendations to the Board regarding significant accounting matters and the accounting disclosures in the Half-yearly report and Annual report and accounts of the Company.

Fair, balanced and understandable ('FBU') reporting

The Committee considered the requirements of the AIC Code and specifically reviewed this Annual report and accounts to conclude whether the financial reporting is fair, balanced, understandable, comprehensive and consistent with how the Board assesses the performance of the Company's business during the financial year.

As part of this review, the Committee considered whether the Annual report and accounts provided the information necessary to shareholders to assess the Company's position, performance, strategy and business model and reviewed the description of the Company's Key Performance Indicators.

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 set out on page 108. After receiving reports on the significant estimates and matters of judgement from the Investment Manager, and after considering the report on the audit from Deloitte, the Committee agreed that the judgements made were appropriate and correctly reflected and presented in the Annual report and accounts. More detailed information on the Company's accounting policies can be found on pages 140 to 147.

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

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 have been valued on a discounted cash flow ('DCF') basis with the exception of the 3i India Infrastructure Fund where the valuation is taken as the Company's share of the Fund's net assets. Within the India Fund, the remaining investment in Supreme Infrastructure is valued at nil. The WADR of the portfolio was slightly higher at 11.3% (10.9% at March 2022), primarily due to the evolution of the portfolio mix following the completion of the new investments in GCX and Future Biogas and the realisation of the European Projects portfolio. The Committee considered the effect 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 are reflected in the cash flow projections of the portfolio companies. The appropriateness of the discount rates in relation to these cash flow projections was also considered. The Investment Manager, as the Company's Alternative Investment Fund Manager, is responsible for providing a valuation of the investment portfolio that has been prepared properly and independently challenged. The Committee noted that 3i Investments plc's infrastructure valuations committee is considered independent of the Investment Manager's fund management activity and that it had approved the investment portfolio valuation as at 31 March 2023. The Committee discussed in detail the portfolio company valuations with the Investment Manager and the external auditor, including the external auditor's valuation expert, and considered that the principles of valuation applied by the Investment Manager to the investment portfolio had been applied correctly and consistently and recommended the valuations to the Board for 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 5.4 pence of the 5.575 pence interim dividend payable as an interest distribution. The Annual report and accounts have been prepared on the assumption that the Company will not designate any of its final dividend as interest.
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.

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;
- 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 presented its conclusions on the above areas to the Board and advised the Board that it considered the Annual report and accounts, taken as a whole, to be fair, balanced and understandable. The Committee further advised 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 that 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, the external auditor, including assessing annually its performance, effectiveness and independence. Shareholders approved the re-appointment of Deloitte as external auditor for the year ended 31 March 2023 at the Company's July 2022 AGM following a competitive external auditor selection process in 2017. Stephen Craig has been the audit partner for Deloitte since the conclusion of the 2022 audit. The Committee reviewed and monitored Deloitte's execution of the audit plan and also considered Deloitte's report on its review of the half-yearly results and its report on the FY22 audit. It discussed all significant matters identified in Deloitte's final report on the FY22 audit, including key accounting judgements taken by the Investment Manager and the Investment Manager's responses to any audit findings.

External auditor effectiveness

The Audit and Risk Committee reviewed the effectiveness of the FY22 external audit process, considering performance, objectivity, independence and relevant experience demonstrated by reports and presentations from the external audit team and discussion with the Investment Manager. The Committee monitors the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements, the quality of the audit process, and the use of Deloitte's valuation practice to support the audit of the portfolio valuations, the technical knowledge of the team and staff turnover within the Deloitte audit team. The Committee considered a memorandum from the Investment Manager regarding the external auditor's effectiveness, independence and objectivity. The Committee considered the Financial Reporting Council's ('FRC') 2016 guidance to Audit Committees when assessing the effectiveness of the whole audit process.

The Committee noted the following in respect of the external auditor:

Assessment against the audit plan

- there were no areas where the Investment Manager or Company's views of the accounting treatment differed from that of the external auditor;
- the level of engagement from the audit partner was high throughout the audit process;
- the auditors met the agreed audit plan and undertook work to address the risks identified in their plan and any subsequent risks identified;
- continuity of the audit team was retained into the audit of the Company's subsidiaries; and
- the audit matched the process set out in the audit plan.

Evaluation of audit quality

Following the FRC's Practice Aid for audit committees on audit quality (2019) the Committee considered the four key elements that are necessary to support the auditor in making sound judgement – (i) Judgement, (ii) Mindset and Culture, (iii) Skills, Character and Knowledge, and (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. A significant amount of time was spent on testing inflation linkage within each asset model;
- the detailed audit work completed on the calculation of the management and performance fees;
- the review of disclosures required for the new resilience statement and additional disclosure in the key estimation uncertainties section such as cash flow and terminal value assumptions;
- the use of data analytic tools to support the conduct of the audit;
- 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 was presented based on a good understanding of the Company's business and included granularity around the valuation assumptions.

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

Non-audit services and external auditor independence

The Company's Non-audit services policy is reviewed annually to ensure that the provision of such services by the external auditor does not impair the external auditor's independence or objectivity. In order to safeguard external auditor objectivity and independence, the chair of the Audit and Risk Committee is required to approve in advance all non-audit work undertaken by the external auditor for the Company and its subsidiaries, and as a general rule the external auditor will not be engaged on investment-related work. However, exceptions to this may be permitted if the work is (i) for an affiliate of the Company and an indirect service to the Company or (ii) reporting accountant work, for example in the case of a capital raise. In addition to the Company's policy, in accordance with Deloitte internal controls, the audit partner must also approve any non-audit services provided by Deloitte to their audit client.

Deloitte and their associates provided non-audit services to the Company for fees totalling £95,891 for the year to 31 March 2023 (2022: £104,635). This related to agreed-upon procedures on the management and performance fees (£8,316), agreed-upon procedures work in respect of sustainability KPIs for the RCF reporting (£27,000) and a review of the interim financial statements (£60,575). In this financial year, in line with the Company's policy, Deloitte provided non-audit services in relation to certain non-consolidated 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.

In assessing the external auditor's independence, the Committee reviews the total amount of fees paid to the external auditor in accordance with the Non-audit services policy, regardless of whether they are borne by the Company or by the investee companies. 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 2023 AGM.

Risk management and internal control

The Board has overall responsibility for the Company's risk management and internal control framework, including the determination of the nature and extent of the principal risks it is willing to take to achieve its strategic objectives. The Company's overall risk management and internal control process is regularly reviewed by the Audit and Risk Committee and complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council.

During the year, the Committee reviewed the Company's risk management processes primarily based on the Company's assessment of its principal risks and uncertainties as set out in the Risk report on pages 73 to 75.

As part of this the Committee:

- carried out a full review of the risk register as part of the three-year risk review cycle with the objectives of (i) identifying the principal, key and emerging risks facing the Company; (ii) considering the impact and likelihood of these risks; (iii) ensuring that risks identified were linked to the Company's strategic objectives; and (iv) updating the risk register and risk matrix as appropriate;
- conducted risk reviews as detailed in the Risk report on pages 70 to 72;
- carried out horizon scanning to identify new and emerging risks;
- reviewed the risk log at each Committee meeting, and discussed the management of risks noted on the log with the Investment Manager;
- considered the presentation of risk-related matters in the Annual report and accounts; and
- considered the resilience, viability statement and the reverse stress test analysis (for more detail see pages 78 to 80).

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

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 is dependent on investment management, financial and treasury, administrative and other support services being provided by third parties (the 'Service providers') and those Service Providers are subject to their own operational risk management and controls. Independent monitoring is carried out by the Service providers' internal audit teams and the Company receives copies of Service provider reports on their own internal controls as follows:

- annual independent review of the Company's business line operations by the Investment Manager's Internal Audit and Group Compliance functions.

  In particular, for the year under review the Committee discussed reports in relation to the internal audit of the Investment Manager's Information and Communication Technology ('ICT') framework which focused on 3i's cyber maturity and general ICT security.
- the nature of 3i's business means there are no ICT critical dependencies in terms of day-to-day operations. Since the last review, 3i's IT governance, infrastructure and operations have all remained stable and systems performance and stability have been good with no outages or cyber security incidents reported. The Company is reliant on its Service providers for disclosing significant cyber attacks and whether the Company's information had been compromised or not;
- the Committee also considered a report on the findings of a review of the European infrastructure team. The scope of the review included the ongoing application of the investment procedures and portfolio management processes, progress on sustainability objectives and implementation of sustainability strategies and GHG emissions reporting and management of the Company's operating structure, including monitoring of its investment trust status and AIFMD related obligations. The overall opinion on the control environment was unqualified with no material issues or urgent actions noted;
- during the year a review of 3i's treasury processes was also considered and no material findings were reported. Other service areas, such as tax, are reviewed on a two- to three-year rotation basis;
- the Company's Registrar provides an annual independent report on its internal controls, which covers the registrar services to the Company. This is completed in accordance with Technical Release AAF 01/20. The report is reviewed by the Board, the Company Secretary and Investment Manager and for the year under review showed no weakness in controls;
- the Company's Jersey administrator provides an annual report detailing their internal control framework to demonstrate their approach to internal controls and their risk management processes. The Jersey administrator is regulated by the JFSC and must provide a copy of their annual directors' declaration to the JFSC of 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.

  For the year under review, Aztec had received an unqualified ISAE 3402 report and had recently been re-certified under ISO 27001. ISAE 3402 and ISO 27001 are the global assurance standards for internal control and information security, which provides assurance to clients over the robustness of the design and application of Aztec's internal controls. During the year the Company's previous Jersey administrator, Apex, also provided an internal control annual confirmation for the period up to December 2022 detailing the internal control framework that Apex adheres to as a Fund Services Business under the Financial Services (Jersey) Law 1998; and
- Deloitte provides an audit update report which includes an assessment of the design and implementation of controls Deloitte identified as key controls.

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

Other internal control measures

Aztec succeeded Apex as 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. She presents a compliance report at every Audit and Risk Committee meeting and the Committee is responsible for the assessment and evaluation of these reports in the context of the delegated investment management and support services and for monitoring the effectiveness of those internal controls.

Aztec maintains an annual Compliance Monitoring Plan and reports to the Committee on the results of its tests on the Company, the Directors, the Investment Manager and the Company's suppliers, amongst others. Aztec and Apex did not identify any areas of concern during the course of the year.

On the recommendation of the Compliance Officer and the Money Laundering Compliance Officer, the Board approved further updates to its Conduct of Business Manual, Anti-Money Laundering Manual, Business Risk Assessment and customer due diligence processes during the year.

In addition, as part of the internal control framework, the Company Secretary reports to the Board on updates to those policies which do not form part of the Conduct of Business Manual and Anti-Money Laundering Manual, namely the Non-audit services policy, the Whistleblowing policy, Treasury policy and 3i Group's Equal Opportunities and Diversity policy (in so far as this particular policy applies to the Directors of the Company).

The Chair of the Audit and Risk Committee meets with the Compliance Officer, and the Investment Manager's Head of Internal Audit and Head of Compliance periodically to receive updates on the internal audit and compliance processes and procedures of the Investment Manager.

As a result of the above 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 in view of its responsibility for oversight of ESG reporting; and
- the Company's compliance with its regulatory obligations in the UK as a listed entity and in Jersey where it is registered.

Wendy Dorman
Chair, Audit and Risk Committee
9 May 2023

Relationship with Investment Manager
Management Engagement Committee report

"The Committee continues to monitor and review the performance of the Investment Manager and ensures that the terms of the Investment Management Agreement are competitive, fair and reasonable for shareholders."

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, 3i Investments plc, is responsible for the implementation of the agreed Investment policy and for investment or divestment decisions, subject to the investments or divestments remaining below an agreed threshold.

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.

The IMA includes an exclusivity arrangement in respect of investment opportunities within the Company's Investment policy.

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 168 and 169.

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 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 168 and 169 is in the interest of the Company and its shareholders as a whole.

Richard Laing
Chair, Management Engagement Committee
9 May 2023

Remuneration
Remuneration Committee report

"The fee structure for non-executive Directors should be transparent and reflect the increasing complexity of the Company, along with the skill set and time commitment required of non-executive Directors."

Paul Masterton
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 his or her services as a Director of the Company.

The Remuneration Committee reviewed the current level of the Directors' fees, taking account of the challenges in the global macro environment, 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 external benchmarking reports on Director remuneration for both FTSE 250 companies and, in particular, investment trusts.

After careful consideration 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, and this was subsequently approved by the Board to take effect from 1 April 2023.

The Directors' fees for the financial year to 31 March 2023 and fee increases from 1 April 2023 are as follows:

Directors' fees	Amount per annum to be paid from 1 April 2023 £	**Amount paid in the year ended 31 March 2023 £**	Amount paid in the year ended 31 March 2022 £
Richard Laing	130,000	**124,000**	120,000
Doug Bannister	50,000	**47,500**	46,000
Wendy Dorman	62,000	**58,500**	56,000
Stephanie Hazell[1]	50,000	**23,750**	0
Samantha Hoe-Richardson	50,000	**47,500**	46,000
Ian Lobley[2]	50,000	**47,500**	46,000
Paul Masterton	58,000	**55,000**	53,000

1 Appointed with effect from 29 September 2022.
2 Fee payable to 3i plc.

Paul Masterton
Chair, Remuneration Committee
9 May 2023

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 170 to 177.

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 Association of Investment Companies (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 2023. See page 85 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 pages 81 and 82.

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 himself or herself 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 stand for election or re-election at the next AGM to be held on 6 July 2023. The Board regularly considers the independence of non-executive Directors as detailed on page 100.

The Directors' letters of appointment were updated this year as further detailed in the Nomination Committee report on page 102.

Board's responsibilities and processes

The composition of the Board and its Committees, as well as the Board's key responsibilities and the way in which it and its Committees work, are described on pages 92 to 94.

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 93.

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 Financial Conduct Authority (the 'FCA') for the purposes of the Regulations and is the Company's AIFM. The Depositary is currently 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 2020. Details of the Remuneration policy are set out in the 3i Group Annual report and accounts for 2022.

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 5.575 pence per share (2022: 5.225 pence per share) be paid in respect of the year to 31 March 2023 to shareholders on the register at the close of business on 16 June 2023. The Company has chosen not to designate any 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 FY24 of 11.90 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 113 and 114.

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 168 and 169.

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

During the year, the Company extended its existing Revolving Credit Facility ('RCF') from £700 million to £900 million and cancelled an additional £300 million facility available at the beginning of the financial year, with a maturity of less than one year. The RCF has a maturity date of November 2025 and has one remaining one-year extension option. The RCF has a margin of 1.50% 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

On 14 February 2023, following a non pre-emptive capital raise, 30,915,990 new ordinary shares of the Company were admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market. See page 64 of the Financial Review for further details of the capital raise.

The issued share capital of the Company as at 31 March 2023 was 922,350,000 ordinary shares (2022: 891,434,010). The Company does not hold any ordinary shares in treasury.

Major interests in ordinary shares

As at 31 March 2023 and 30 April 2023, 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 2023	% of issued share capital	Number of ordinary shares[1] as at 30 April 2023	% of issued share capital
3i Group plc (and subsidiaries)	**269,242,685**	29.19%	**269,242,685**	29.19%
Schroders plc	**49,118,773**	5.33%	**51,367,262**	5.57%

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 2023* are shown in the table below.

Directors' interests and beneficial interests	Ordinary shares at 31 March 2023	Ordinary shares at 31 March 2022
Richard Laing	**35,000**	35,000
Doug Bannister	**20,000**	20,000
Wendy Dorman	**28,294**	21,947
Stephanie Hazell	**6,420**	0
Samantha Hoe-Richardson	**2,839**	1,339
Ian Lobley	**0**	0
Paul Masterton	**29,194**	29,194

* There have been no changes in Directors' shareholding and share interests since 31 March 2023.

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 2023 AGM. The Company will seek to renew such authority until the end of the AGM in 2024, 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 2023 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 82 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; GHG emissions; and the s172 statement. The Directors' Resilience statement is also shown in the Strategic report on page 78.

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 ('IFRSs') which have been adopted by the United Kingdom.

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 which are sufficient to show and explain the Company's transactions and are such as to 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 include 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 87 and 88 and pages 92 and 93 and page 99.

The Directors have acknowledged their responsibilities in relation to the Financial statements for the year to 31 March 2023.

By order of the Board

Authorised signatory

3i plc
Company Secretary
9 May 2023

Registered Office:
11-15 Seaton Place
St. Helier
Jersey JE4 0QH
Channel Islands

Accounts and other information

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 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 Statement of 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 United Kingdom 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. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the Financial statements was £31 million which was determined on the basis of approximately 1% of the Company's net assets. A lower materiality threshold of £3.1 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.
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 £399 million undrawn on the £900 million revolving credit facility, which matures beyond 12 months;
- review of the Directors' liquidity 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'; and
- 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.

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 2023, the Company held investments totalling £3,641 million (2022: £2,873 million) in unquoted companies which are measured at fair value through profit and loss. These investments are classified at Level 3 within the IFRS fair value hierarchy and, for Economic Infrastructure investments, their valuation requires significant judgement and estimation.

Certain assumptions used in the determination of fair value are a key source of estimation uncertainty, which is why we consider there to be a significant risk of material misstatement as well as a potential fraud risk. 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.

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

- discount rates – the determination of the appropriate discount rate for Economic Infrastructure investments 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
- forecasted 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 108 in the Audit and Risk Committee report and disclosed in the significant accounting policies as a key source of estimation uncertainty on pages 142 and 143 and in the portfolio valuation methodology on pages 41 and 42.

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 forecasted 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 audit analytics 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 investments to be within an acceptable range, and therefore have concluded that the fair value of the Company's investments as at 31 March 2023 is appropriate.

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

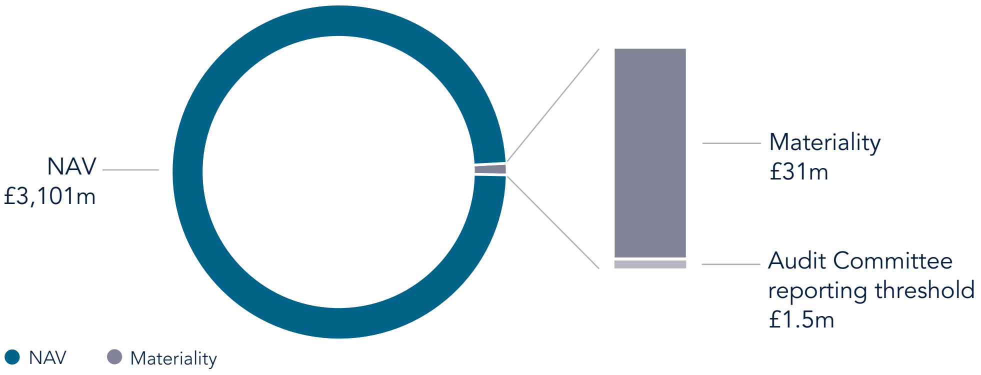
6 Our application of materiality

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	£31 million (2022: £25.9 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 £3.1 million (2022: £2.4 million) based on approximately 2% (2022: 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 2023 audit (2022: 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 £1.5 million (2022: £1.3 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.

7.2 Our consideration of the control environment

The Audit and Risk Committee report beginning on page 106 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 financial reporting. This has included the control environment and relevant controls operating at the Investment Manager as a key service provider to the Company.

We have also tested 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 72. 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.

In preparing the valuations, the Company has considered the impact of climate change. 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, except to the extent otherwise explicitly stated in our report, 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;
- 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 Financial Conduct Authority.

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 Financial Conduct Authority; 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 78 and 79;
- 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 79;
- the Directors' statement on fair, balanced and understandable set out on page 120;
- 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 110 and 111; and
- the section describing the work of the Audit and Risk committee set out on pages 106 to 112.

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 reappointments of the firm is six years, covering the years ending 31 March 2018 to 31 March 2023.

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.

Stephen Craig, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
London, United Kingdom
9 May 2023

Statement of comprehensive income
For the year to 31 March

	Notes	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Net gains on investments	7	339	384
Investment income	7	156	127
Fees payable on investment activities		–	(3)
Interest receivable		2	6
Investment return		**497**	514
Movement in the fair value of derivative financial instruments	5	18	(2)
Management and performance fees payable	2	(92)	(97)
Operating expenses	3	(3)	(3)
Finance costs	4	(16)	(5)
Exchange movements		(10)	(3)
Profit before tax		**394**	404
Income taxes	6	–	–
Profit after tax and profit for the year		**394**	404
Total comprehensive income for the year		**394**	404
Earnings per share			
Basic and diluted (pence)	14	44.0	45.3

Statement of changes in equity
For the year to 31 March

For the year to 31 March 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**

For the year to 31 March 2022	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 2021		779	1,282	330	(1)	2,390
Total comprehensive income for the year		–	–	324	80	404
Dividends paid to shareholders of the Company during the year	15	–	–	(11)	(79)	(90)
Closing balance at 31 March 2022		779	1,282	643	–	2,704

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	2023 £m	2022 £m
Assets			
Non-current assets			
Investments at fair value through profit or loss	7	**3,641**	2,873
Derivative financial instruments	10	**29**	6
Total non-current assets		**3,670**	2,879
Current assets			
Derivative financial instruments	10	**28**	20
Trade and other receivables	8	**4**	104
Cash and cash equivalents		**5**	17
Total current assets		**37**	141
Total assets		**3,707**	3,020
Liabilities			
Non-current liabilities			
Derivative financial instruments	10	**(10)**	(6)
Trade and other payables	12	**(48)**	(38)
Loans and borrowings	11	**(501)**	(231)
Total non-current liabilities		**(559)**	(275)
Current liabilities			
Derivative financial instruments	10	**(8)**	(12)
Trade and other payables	12	**(39)**	(29)
Total current liabilities		**(47)**	(41)
Total liabilities		**(606)**	(316)
Net assets		**3,101**	2,704

Balance sheet continued

	Notes	2023 £m	2022 £m
Equity			
Stated capital account	13	**879**	779
Retained reserves		**1,282**	1,282
Capital reserve		**940**	643
Revenue reserve		**–**	–
Total equity		**3,101**	2,704
Net asset value per share			
Basic and diluted (pence)	14	**336.2**	303.3

The Financial statements and related Notes were approved and authorised for issue by the Board of Directors on 9 May 2023 and signed on its behalf by:

Richard Laing
Chair

Cash flow statement
For the year to 31 March

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Cash flow from operating activities		
Purchase of investments	**(729)**	(761)
Proceeds from other financial assets	**98**	12
Proceeds from partial realisations of investments	**322**	140
Proceeds from full realisations of investments	**104**	8
Investment income[1]	**30**	54
Fees rebated/(paid) on investment activities	**1**	(4)
Operating expenses paid	**(3)**	(4)
Interest received	**3**	–
Management and performance fees paid	**(72)**	(50)
Amounts (paid)/received on the settlement of derivative contracts	**(13)**	27
Net cash flow from operating activities	**(259)**	(578)
Cash flow from financing activities		
Fees and interest paid on financing activities	**(16)**	(6)
Proceeds from issue of share capital	**102**	–
Share issue expenses	**(2)**	–
Dividends paid	**(97)**	(90)
Drawdown of revolving credit facility	**2,188**	955
Repayment of revolving credit facility	**(1,918)**	(724)
Net cash flow from financing activities	**257**	135
Change in cash and cash equivalents	**(2)**	(443)
Cash and cash equivalents at the beginning of the year	**17**	462
Effect of exchange rate movement	**(10)**	(2)
Cash and cash equivalents at the end of the year	**5**	17

1 Investment income includes dividends of £1 million (2022: £24 million) and interest of £29 million (2022: £30 million).

Reconciliation of net cash flow to movement in net debt
For the year to 31 March

	Notes	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Change in cash and cash equivalents		(2)	(443)
Drawdown of revolving credit facility	11	(2,188)	(955)
Repayment of revolving credit facility	11	1,918	724
Change in net debt resulting from cash flows		(272)	(674)
Movement in net debt		(272)	(674)
Net (debt)/cash at the beginning of the year		(214)	462
Effect of exchange rate movement		(10)	(2)
Net debt at the end of the year		(496)	(214)

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 2023 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 9 May 2023.

Statement of compliance

These Financial statements have been prepared in accordance with United Kingdom 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 2023, liquidity remained strong at £404 million (2022: £786 million). Liquidity comprised cash and deposits of £5 million (2022: £17 million) and undrawn revolving credit facilities of £399 million (2022: £769 million) with a maturity date of November 2025. 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 2023 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 increasing inflationary pressures, rising 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

Significant accounting policies continued

- the Company's financial commitments. The Company had no investment commitments at 31 March 2023. The Company had ongoing charges of £48 million in the year to 31 March 2023, detailed in Table 5 in the Financial review, which are indicative of the ongoing run rate in the short term. The Company has a FY23 performance fee accrual of £45 million, a third of which is payable within the next 12 months. The Company has a FY22 performance fee accrual of £36 million relating to the second and third instalments of the FY22 fee, the second instalment being due within the next 12 months, an accrual of £2 million relating to the third instalment of the FY21 fee due within the next 12 months and a proposed final dividend for FY23 of £51 million. In addition, while not a commitment at 31 March 2023, the Company has a dividend target for FY24 of 11.90 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
- 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.

Significant accounting policies continued

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.

During the year, the Company set up three wholly owned subsidiary entities for the new investment in Future Biogas. The Directors have assessed whether any of these entities provide investment-related services and have concluded that they should not be consolidated and that they should all be held at fair value through profit or loss.

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 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 2023 range from 10.0% to 13.2% (2022: 10.0% to 13.2%) and the weighted average discount rate applied to the investment portfolio is 11.3% (2022: 10.9%). The increase in the year is due to the evolution of the portfolio mix following the realisation of the European Projects portfolio and the completion of the GCX and Future Biogas acquisitions. In the prior year, the Projects portfolio was valued on a sales basis and was removed from the discount rate range.

Significant accounting policies continued

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 41 and 42 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 earlier in this document 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 2022 are listed below:

Amendments to IFRS 17 Insurance contracts (1 January 2023)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (1 January 2023)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (1 January 2023)

Annual Improvement to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (1 January 2023)

Amendments to IAS 8 Accounting Policies,Changes in Accounting Estimates and Errors (1 January 2023)

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts (1 January 2022)

Amendments to IFRS 3 Business Combinations (1 January 2022)

Standards and amendments issued but not yet effective

As at 31 March 2023, the following new or amended standards, 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:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1 January 2024)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (1 January 2024)

Non-current Liabilities with Covenants (Amendments to IAS 1) (1 January 2024)

Significant accounting policies continued

The Company intends to adopt these standards when they become effective, but does not currently anticipate the 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.

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.

Significant accounting policies continued

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-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.

Significant accounting policies continued

(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, 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, 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 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.

Significant accounting policies continued

The Directors have exercised their judgement in applying the AIC SORP and a summary of these judgements are 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.

(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 and then from the Capital reserve if required.

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 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.

1 Operating segments

The Directors review information on a regular basis that is analysed by portfolio segment; being Economic infrastructure businesses, the Projects portfolio and the India Fund. In prior years they also analysed the portfolio by geography. Since the India Fund reached the end of its life and moved into liquidation and because some of the investments such as GCX, TCR, ESVAGT and Tampnet operate in multiple jurisdictions, this geographic distinction is no longer relevant and is therefore no longer reported. These segments are reviewed for the purpose of resource allocation and the assessment of their performance. In accordance with IFRS 8, the segmental information provided below uses these segments for the analysis of results as it is the most closely aligned with IFRS reporting requirements. The Company is an investment holding company and does not consider itself to have any customers.

The following is an analysis of the Company's investment return, profit before tax, assets, liabilities and net assets by portfolio segment:

For the year to 31 March 2023	Economic infrastructure businesses £m	Projects portfolio £m	India Fund £m	Unallocated[1] £m	Total £m
Investment return	**492**	**3**	**–**	**2**	**497**
Profit/(loss) before tax	**511**	**2**	**–**	**(119)**	**394**
For the year to 31 March 2022					
Investment return	486	18	5	5	514
Profit/(loss) before tax	483	19	5	(103)	404
As at 31 March 2023					
Assets	**3,698**	**–**	**–**	**9**	**3,707**
Liabilities	**(18)**	**–**	**–**	**(588)**	**(606)**
Net assets/(liabilities)	**3,680**	**–**	**–**	**(579)**	**3,101**
As at 31 March 2022					
Assets	2,796	105	–	119	3,020
Liabilities	(18)	(1)	–	(297)	(316)
Net assets/(liabilities)	2,778	104	–	(178)	2,704

1 Unallocated includes cash, management and performance fees payable, RCF drawn and other payables and receivables (including vendor loan notes) which are not directly attributable to the investment portfolio.

During the year, the Company generated 99% (2022: 95%) of its investment return from investments in Economic infrastructure businesses, 1% (2022: 4%) from investments in Projects and none (2021: 1%) from its investment in the India Fund. 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 2023.

2 Management and performance fees payable

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Management fee	**47**	43
Performance fee	**45**	54
	92	97

Total management and performance fees payable by the Company for the year to 31 March 2023 were £92 million (2022: £97 million). Note 18 provides further details on the calculation of the management fee and performance fee.

3 Operating expenses

Operating expenses include the following amounts:

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Audit fees	**0.6**	0.6
Directors' fees and expenses	**0.5**	0.5

In addition to the fees described above, audit fees of £0.05 million (2022: £0.05 million) are payable by unconsolidated subsidiary entities for the year to 31 March 2023 to the Company's auditor.

3 Operating expenses (continued)

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		Year to 31 March 2023 £m	Year to 31 March 2022 £m
Statutory audit[1]	Company	**0.52**	0.40
	UK and Jersey unconsolidated subsidiaries[2]	**0.05**	0.05
		0.57	0.45

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 £95,891 for the year to 31 March 2023 (2022: £104,635). This related to agreed-upon procedures work in respect of the management and performance fees £8,316 (2022: £7,560), agreed-upon procedures work in respect of Sustainability KPIs for the RCF reporting £27,000 (2022: £27,000) and the review of the interim financial statements £60,575 (2022: £55,575). 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 of the Annual report and accounts.

Notes to the accounts continued

4 Finance costs

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Finance costs associated with the debt facilities	**14**	3
Professional fees payable associated with the arrangement of debt financing	**2**	2
	16	5

The finance costs associated with the debt facilities have increased for the year to 31 March 2023 as a result of higher average drawings, increased SONIA and EURIBOR rates and increases in the total available facilities. The average monthly drawn position during the year was £368 million (2022: £80 million) and the average monthly total available facilities was £562 million (2022: £508 million).

5 Movement in the fair value of derivative financial instruments

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Movement in the fair value of forward foreign exchange contracts	**18**	(2)

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 2023 £m	Year to 31 March 2022 £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 19% (2022: 19%), and the differences are explained below:

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Profit before tax	**394**	404
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2022: 19%)	**75**	77
Effects of:		
Non-taxable capital profits due to UK approved investment trust company status	**(67)**	(70)
Non-taxable dividend income	**–**	(5)
Dividends designated as interest distributions	**(9)**	(3)
Temporary differences on which deferred tax is not recognised	**1**	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.

Under the UK Finance Act 2021, the UK corporation tax rate will increase for large companies from the current rate of 19% to 25% with effect from 1 April 2023. Should the Company recognise any deferred tax assets and liabilities, a rate of 19% or 25% would be used depending on when the assets and liabilities are expected to be crystallised.

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 154 shows the classification of financial instruments held at fair value into the fair value hierarchy at 31 March 2023. For all other assets and liabilities, their carrying value approximates to fair value. During the year ended 31 March 2023, there were no transfers of financial instruments between levels of the fair value hierarchy (2022: none).

Trade and other receivables in the Balance sheet includes £4 million of deferred finance costs relating to the arrangement fee for the revolving credit facility and additional facilities (2022: £2 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 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)**

	As at 31 March 2022			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Investments at fair value through profit or loss	–	–	2,873	2,873
Trade and other receivables	–	102	–	102
Derivative financial instruments	–	26	–	26
	–	128	2,873	3,001
Financial liabilities				
Derivative financial instruments	–	(18)	–	(18)
	–	(18)	–	(18)

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 2023 £m	As at 31 March 2022 £m
Opening fair value	**2,873**	1,804
Additions	**824**	816
Disposal proceeds and repayment	**(426)**	(148)
Movement in accrued income	**31**	17
Fair value movement (including exchange movements)	**339**	384
Closing fair value	**3,641**	2,873

The fair value movement (including exchange movements) is equal to the Net gains on investments showing 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 £156 million (2022: £127 million) comprises dividend income of £1 million (2022: £24 million) and interest of £155 million (2022: £103 million).

Unquoted investments

The Company invests in private companies which are not quoted on an active market. These are measured in accordance with the International Private Equity Valuation 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 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 2023, the fair value of unquoted investments was £3,641 million (2022: £2,873 million). Individual portfolio asset valuations are shown in the Portfolio summary on page 36.

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 £296 million (2022: £258 million). Decreasing the discount rate used in the valuation of each asset by 1% would increase the value of the portfolio by £343 million (2022: £297 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% (2022: 2.0%). The long-term RPI assumption for the UK is 2.5% (2022: 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 £47 million (2022: £43 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 £52 million (2022: £46 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 £182 million (2022: £158 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 £175 million (2022: £156 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

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Current assets		
Vendor loan notes	**–**	100
Other receivables including prepayments	**–**	2
Capitalised finance costs	**4**	2
	4	104

Notes to the accounts continued

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 2023, the Company had no loans or receivables or debt investments considered past due (2022: 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 2023, 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 (2022: 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.

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)
Financial commitments[2]	–	–	–	–	–
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.
2 Financial commitments are described in Note 16 and are not recognised in the Balance sheet.

2022	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]	–	(7)	(5)	(234)	(246)
Trade and other payables	(4)	(26)	(20)	(18)	(68)
Derivative contracts	–	(12)	(3)	(3)	(18)
Financial commitments[2]	(302)	–	–	–	(302)
Total undiscounted financial liabilities	(306)	(45)	(28)	(255)	(634)

1 Loans and borrowings include undrawn commitment fees and interest payable on the RCF and additional facilities referred to in Note 11.
2 Financial commitments are described in Note 16 and are not recognised in the Balance sheet.

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 (2022: 100 basis points) would lead to an approximate decrease in net assets and net profit of the Company of £5 million (2022: £2 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 £29 million (2022: £269 million) and the weighted-average interest earned was 1.62% (2022: 0.04%).

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 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, NOK, DKK 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.

9 Financial risk management (continued)

	As at 31 March 2022					
	Sterling[1] £m	Euro £m	NOK £m	DKK £m	US dollar £m	Total £m
Net assets	456	1,457	243	548	–	2,704
Sensitivity analysis						
Assuming a 10% appreciation in sterling against the euro, NOK, DKK and US dollar exchange rates:						
Impact of exchange movements on net profit and net assets	139	(132)	(22)	(50)	–	(65)

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.

	As at 31 March 2023 Investments at fair value £m	As at 31 March 2022 Investments at fair value £m
Increase in net profit and net assets	**364**	287

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 Portfolio valuation methodology section and in Note 7. The fair values of the remaining financial assets and liabilities approximate to their carrying values (2022: 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 (2022: same).

10 Derivative financial instruments

	As at 31 March 2023 £m	As at 31 March 2022 £m
Non-current assets		
Forward foreign exchange contracts	**29**	6
Current assets		
Forward foreign exchange contracts	**28**	20
Non-current liabilities		
Forward foreign exchange contracts	**(10)**	(6)
Current liabilities		
Forward foreign exchange contracts	**(8)**	(12)

Forward foreign exchange contracts

The Company uses forward foreign exchange 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 2023, the notional amount of the forward foreign exchange contracts held by the Company was £1,982 million (2022: £1,555 million).

Notes to the accounts continued

11 Loans and borrowings

The Company increased the commitments under its revolving credit facility ('RCF') in July 2022 from £700 million to £900 million. An additional facility of £300 million available at the beginning of the financial year, with a maturity of less than one year, was cancelled in July 2022. In September 2022, the maturity of the RCF was extended to 3 November 2025. The Company has the right to extend the RCF by a further year provided that existing lenders consent.

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 2023, the Company had £501 million of drawings under the RCF (March 2022: £231 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

	Year to 31 March 2023 £m	Year to 31 March 2022 £m
Non-current liabilities		
Performance fee	**48**	38
Current liabilities		
Management and performance fees	**37**	27
Accruals and other creditors	**2**	2
	87	67

The carrying value of all liabilities is representative of fair value (2022: same).

13 Issued capital

	As at 31 March 2023		As at 31 March 2022	
	Number	£m	Number	£m
Authorised, issued and fully paid				
Opening balance	**891,434,010**	**1,496**	891,434,010	1,496
Issue of ordinary shares	**30,915,990**	**102**	–	–
Closing balance	**922,350,000**	**1,598**	891,434,010	1,496

Reconciliation to Stated capital account

	As at 31 March 2023	As at 31 March 2022
	£m	£m
Proceeds from issue of ordinary shares	**1,598**	1,496
Transfer to retained reserves on 20 December 2007	**(693)**	(693)
Cost of issue of ordinary shares	**(26)**	(24)
Stated capital account closing balance	**879**	779

On 14 February 2023, 30.9 million shares were admitted for trading further to the equity placing at an issue price of 330.0 pence per share or an aggregate amount of £102 million. Issue costs of £2 million arising from this offer have been offset against the stated capital account. Therefore, as at 31 March 2023, the residual value on the stated capital account was £879 million (2022: £779 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 2023 £m	Year to 31 March 2022 £m
Earnings per share (pence)		
Basic and diluted	**44.0**	45.3
Earnings (£m)		
Profit after tax for the year	**394**	404
Number of shares (million)		
Weighted average number of shares in issue	**895.2**	891.4
Number of shares at the end of the year	**922.4**	891.4

	As at 31 March 2023	As at 31 March 2022
Net asset value per share (pence)		
Basic and diluted	**336.2**	303.3
Net assets (£m)		
Net assets	**3,101**	2,704

15 Dividends

	Year to 31 March 2023		Year to 31 March 2022	
Declared and paid during the year	**Pence per share**	**£m**	Pence per share	£m
Interim dividend paid on ordinary shares	**5.575**	**50**	5.225	46
Prior year final dividend paid on ordinary shares	**5.225**	**47**	4.900	44
	10.800	**97**	10.125	90

The Company proposes paying a final dividend of 5.575 pence per share (2022: 5.225 pence) which will be payable to those shareholders that are on the register on 16 June 2023. On the basis of the shares in issue at year end, this would equate to a total final dividend of £51 million (2022: £47 million).

The final dividend is subject to approval by shareholders at the AGM in July 2023 and has therefore not been accrued in these Financial statements.

16 Commitments

	As at 31 March 2023 £m	As at 31 March 2022 £m
Unquoted investments	**–**	302

During the year, the Company invested in GCX and, as a result, the prior year commitment of US$398 million (£302 million) was extinguished.

17 Contingent liabilities

As at 31 March 2023, the Company had no contingent liabilities (2022: nil).

18 Related parties

Transactions between 3i Infrastructure and 3i Group

3i Group plc ('3i Group') holds 29.2% (2022: 30.2%) 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 £29 million (2022: £27 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 (2022: 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 2023, £47 million (2022: £43 million) was payable, including one-off transaction fees payable in respect of new investments, and advance payments of £45 million were made resulting in an amount due to 3i plc of £2 million at 31 March 2023 (2022: £1 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 2023 was £1 million (2022: £1 million). There was no outstanding balance payable as at 31 March 2023 (2022: 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 2023 and therefore a performance fee of £45 million was recognised (2022: £54 million). The outstanding balance payable as at 31 March 2023 was £83 million (2022: £64 million), which includes the second instalment of the FY22 fee and the third instalment of the FY21 fee.

Year	Performance fee (£m)	Outstanding balance at 31 March (£m)	Payable in FY24 (£m)
FY23	45	45	15
FY22	54	36	18
FY21	7	2	2

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, but subject to a minimum term of four years from 15 October 2018, unless 3i Investments plc has previously 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 two months of a change of control of the Company.

Regulatory information relating to fees

3i Investments plc acts as the Alternative Investment Fund Manager ('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.
- **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 (formerly 3i LFG Topco Limited)	Jersey	100%
3i Infrastructure (Luxembourg) S.à r.l.	Luxembourg	100%
3i Infrastructure (Luxembourg) Holdings S.à r.l.	Luxembourg	100%
3i India Infrastructure Fund A LP	UK	100%
3i ERRV Denmark Limited (Dissolved in the year)	Jersey	100%
ERRV Luxembourg Holdings S.à r.l. (Dissolved in the year)	Luxembourg	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%
ESVAGT Holdings Ltd	UK	83%
ESVAGT UK Ltd	UK	83%
Future Biogas Group:		
Future Biogas Holdco Limited	UK	81%

19 Unconsolidated subsidiaries and related undertakings (continued)

Name	Place of incorporation and operation	Ownership interest
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%
F3B Limited	UK	81%
Moor Bio-Energy Limited	UK	81%
Fern Farming Limited	UK	81%
FB Feedstocks 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%
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%

19 Unconsolidated subsidiaries and related undertakings (continued)

Name	Place of incorporation and operation	Ownership interest
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%
Vanco (Shanghai) Co. Ltd	China	98%
Vanco Japan KK	Japan	98%
Vanco Australasia Pty Limited	Australia	98%

19 **Unconsolidated subsidiaries and related undertakings** (continued)

Name	Place of incorporation and operation	Ownership interest
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%
Novera Energy Generation No. 3 Limited	UK	100%
Mayton Wood Energy Limited	UK	100%
Costessey Energy Limited	UK	100%
Infinis Alternative Energies Limited	UK	100%
Infinis Energy Services Limited	UK	100%
Novera Energy Services UK Limited	UK	100%
Infinis China (Investments) Limited	UK	100%

19 Unconsolidated subsidiaries and related undertakings (continued)

Name	Place of incorporation and operation	Ownership interest
Infinis Energy Storage Limited	UK	100%
Infinis (Shoreside) 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%

Notes to the accounts continued

19 **Unconsolidated subsidiaries and related undertakings** (continued)

Name	Place of incorporation and operation	Ownership interest
Ionisos GmbH	Germany	96%
Ionmed Esterilizacion SA	Spain	96%
Scandinavian Clinics Estonia OÜ	Estonia	96%
Steril Milano Srl	Italy	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%
Zonel Energy Group Holding B.V.	The Netherlands	99%
Zonel Energy Systems B.V.	The Netherlands	99%
Zonel Energy West B.V.	The Netherlands	99%
Zonel Energy Services B.V.	The Netherlands	99%
ZonWind Administration and Development Company 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%
Oystercatcher Group:		
Oystercatcher Holdco Limited	UK	100%
Oystercatcher Luxco 1 S.à r.l.	Luxembourg	100%
Oystercatcher Luxco 2 S.à r.l.	Luxembourg	100%
SRL Traffic Systems Group:		
Amalthea Holdco Limited	UK	92%
Amalthea Midco Limited	UK	92%

19 Unconsolidated subsidiaries and related undertakings (continued)

Name	Place of incorporation and operation	Ownership interest
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:		
3i Envol Limited	Jersey	72%
Envol Holdings Limited	Jersey	69%
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%

19 Unconsolidated subsidiaries and related undertakings (continued)

Name	Place of incorporation and operation	Ownership interest
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%
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 2023.

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 (2022: none). No such financial or other support was provided during the year (2022: 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.

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.

Portfolio valuation methodology (unaudited) continued

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	15 June 2023
Record date for final dividend	16 June 2023
Annual General Meeting	6 July 2023
Final dividend expected to be paid	10 July 2023
Half-yearly results	November 2023

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 not designating any of the 5.575 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 personal information about certain investors who hold shares in investment trusts to HMRC. As an investment trust company, 3i Infrastructure plc is therefore 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 the 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 to exchange financial account information.

Certain shareholders have been and will in future be sent a certification form for the purposes of collecting 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 have become aware of what appears to be an increase in calls to current and former 3i Infrastructure plc shareholders.

The Financial Conduct Authority ('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
PO Box 532
St. Helier
Jersey JE4 5UW
Channel Islands

If you have any queries relating to your 3i Infrastructure plc shareholding you should contact the Registrar as follows:

Online

www.signalshares.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
Central Square
29 Wellington Street
Leeds LS1 4DL

* Calls from outside the United Kingdom 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
11-15 Seaton Place
St. Helier
Jersey JE4 0QH
Channel Islands
www.3i-infrastructure.com

Glossary

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 Investments plc.

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 2023 is 19% (2022: 19%). This calculation incorporates the cost of each investment, cash income, proceeds on disposal, capital returns, valuation as at 31 March 2023, 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.

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.

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.

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, FY18, FY19, FY21, FY22, FY23, FY24 refers to the financial years to 31 March 2015, 31 March 2018, 31 March 2019, 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024, respectively.

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.

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.

Glossary continued

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.

Money multiple is calculated as the cumulative distributions or realisation proceeds plus any residual value divided by invested or paid-in capital.

Net annualised return is the annualised growth rate in NAV per share to 31 March 2023, including ordinary and special dividends paid. The net annualised return since the inception of the Company to 31 March 2023 was 14% (2022: 14%) and since the change in strategy in FY16 to 31 March 2023 was 19% (2022: 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 2025.

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:
11-15 Seaton Place
St. Helier
Jersey JE4 0QH
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