

# Infrastructure

We manage a range of funds investing principally in mid-market economic infrastructure and operational projects in Europe and North America. Infrastructure is a defensive asset class that provides a good source of income and fund management fees for the Group, enhancing the returns on our proprietary capital.

Our Infrastructure portfolio generated a GIR of £99 million or 7% on the opening portfolio value (2023: £86 million, 6%), driven primarily by an increase in the share price of our quoted stake in 3iN, good value growth from our US infrastructure portfolio and dividend income. 3iN's underlying portfolio continues to perform strongly, and it completed follow-on investments in three portfolio companies, two self-funded bolt-on acquisitions and disposed of one asset in the year.

We completed the final close of our North American Infrastructure Fund, and the Fund made one new investment and three bolt-on acquisitions for its existing portfolio companies in the year.

## At a glance

### Gross investment return

**£99m  
or 7%**

(2023: £86m or 6%)

### AUM

**£6.7bn**

(2023: £6.4bn)

### Cash income

**£113m**

(2023: £107m)

**Table 5: Gross investment return for the year to 31 March**

Investment basis	2024 £m	2023 £m
Realised losses over value on the disposal of investments	(4)	–
Unrealised profits on the revaluation of investments	72	23
Dividends	35	33
Interest income from investment portfolio	11	14
Fees payable	(6)	–
Foreign exchange on investments	(9)	16
<b>Gross investment return</b>	<b>99</b>	<b>86</b>
<b>Gross investment return as a % of opening portfolio value</b>	<b>7%</b>	<b>6%</b>

Infrastructure continued

## Infrastructure acquisitions



 New investment: North American Infrastructure Fund


### Amwaste

Amwaste, founded in 2010, is a provider of non-hazardous solid waste disposal services in the southeastern US with operations in Alabama, Georgia and Louisiana. It operates eight landfill sites, eight transfer stations and one materials recovery facility.

The company's service offering includes residential and commercial waste collection, landfill and post-collection operations. It serves over 300,000 customers per week including individual homeowners and some of the highest profile industrial, commercial and municipal customers in the southeastern US.

The North American waste and recycling industry generates c.\$75 billion in annual revenue with c.456 million tonnes of waste produced per annum in the US alone. Amwaste's vertically integrated platform enables it to efficiently capture and internalise waste volumes, driving margin enhancement and providing a launch pad for future expansion. It has a strong track record of organic growth and significant white space opportunity.

3i invested £32 million in Amwaste in FY2024, as it continues to develop its North American Infrastructure Fund.

 For more information  
[www.amwaste.net](http://www.amwaste.net)

## Infrastructure continued

## Fund management

## 3iN

3iN generated a total return on opening NAV of 11.4% for the year to 31 March 2024, exceeding its total return target of 8% to 10% per annum, and delivered its dividend target of 11.9 pence per share, a 6.7% increase on last year.

This result was underpinned by the strong performance of 3iN's portfolio companies, as they continued to benefit from long-term sustainable growth trends. **TCR** outperformed our expectations for the year due to a number of contract wins, further increasing its global presence and strong utilisation rates of its fleet as air traffic levels continue to grow post the pandemic. **Tampnet** traded well in the year, driven by the outperformance of its fixed and mobile units and by the delivery of new installations across the North Sea and the Gulf of Mexico. **Valorem** saw revenues from electricity generation ahead of expectations driven by favourable wind conditions. Other notable contributors include **Infinis**, **Joulz**, **ESVAGT** and **Global Cloud Xchange**. **DNS:NET** continues to face challenges with its fibre network roll out in Germany resulting in weaker performance in the year.

During the year, 3iN completed the realisation of **Attero** for proceeds of €214 million, a 31% uplift on opening value. 3iN also completed follow on investments in **Future Biogas**, **DNS:NET** and **Ionisos** and a bolt-on acquisition for both TCR and Tampnet, both of which required no further investment.

As investment manager to 3iN, in FY2024, we recognised a management and support services fee of £51 million (2023: £49 million) and a NAV-based performance fee of £41 million (2023: £35 million). This performance fee comprised a third of the potential performance fee for each of FY2024, FY2023 and FY2022, after the performance hurdle was met in each year. In addition, we received a performance fee of £21 million on the realisation of Attero from managed funds that invested alongside 3iN.

## North American Infrastructure Fund

Our **North American Infrastructure Fund** completed its final close in December 2023, with final commitments of \$739 million. As part of this process, we received further external commitments during the year, which resulted in a pro-rata rebalancing of existing fund holdings, resulting in proceeds to 3i of £22 million.

The Fund completed a £32 million new investment in **Amwaste**, a provider of non-hazardous solid waste disposal services in the southeastern region of the US. **Regional Rail** continued its growth via new customer additions and bolt-on activity, with the acquisitions of Indiana Eastern Railroad, Ohio South Central Railroad and Clinton Terminal Railroad, adding over 100 miles of freight rail to the platform. Freight load traffic across Regional Rail's existing railroads continued to grow. **EC Waste** saw good performance from its landfill and transfer stations and, the business completed the acquisition of a further landfill site in Puerto Rico in the year.

## Assets under management

Infrastructure AUM increased to £6.7 billion (2023: £6.4 billion), principally due to an increase in the share price of 3iN and good performance across our US infrastructure portfolio and 3i Managed Infrastructure Acquisitions Fund ("3i MIA").

During the year, we agreed to sell our operational projects infrastructure fund capability, comprising the management of the **BIIF** and **3i EOPF** funds, to certain members of the 3i Infrastructure team, with the aim of simplifying 3i's Infrastructure business and facilitating its focus on core-plus infrastructure. At 31 March 2024, this represented total AUM of £796 million. The sale is expected to complete shortly. There is no material impact to 3i Group's net assets or return from this transaction.

Table 6: Assets under management as at 31 March 2024

Fund/strategy	Close date	Fund size	3i commitment/share	Remaining 3i commitment	% invested <sup>3</sup> at 31 March 2024	AUM £m	Fee income earned in 2024 £m
3iN <sup>1</sup>	Mar-07	n/a	£879m	n/a	n/a	3,011	51
3i Managed Infrastructure Acquisitions LP	Jun-17	£698m	£35m	£5m	87%	1,399	4
3i managed accounts	various	n/a	n/a	n/a	n/a	689	4
BIIF <sup>4</sup>	May-08	£680m	n/a	n/a	91%	437	3
3i North American Infrastructure Fund	Dec-23 <sup>2</sup>	US\$739m	US\$300m	US\$85m	75%	541	3
3i European Operational Projects Fund <sup>4</sup>	Apr-18	€456m	€40m	€4m	87%	359	3
US Infrastructure	Nov-17	n/a	n/a	n/a	n/a	306	–
3i India Infrastructure Fund	Mar-08	US\$1,195m	US\$250m	n/a	73%	–	–
<b>Total</b>						<b>6,742</b>	<b>68</b>

1 AUM based on the share price at 31 March 2024.

2 First close completed in March 2022. Final close completed in December 2023.

3 % invested is the capital deployed into investments against the total Fund commitment.

4 Fee income earned is non-recurring.

## Infrastructure continued

**3i's proprietary capital infrastructure portfolio**

The Group's proprietary capital infrastructure portfolio consists of its 29% quoted stake in 3iN, its investment in **Smarte Carte** and direct stakes in other managed funds.

**Quoted stake in 3iN**

Our 29% stake in 3iN (31 March 2023: 29%) was valued at £879 million (31 March 2023: £841 million) at 31 March 2024, as its share price increased by 4% year-on-year to 327 pence (31 March 2023: 313 pence). As a result, we recognised an unrealised gain of £38 million (2023: unrealised loss of £93 million) and £31 million of dividend income (2023: £29 million).

**North American Infrastructure proprietary capital**

Smarte Carte traded well in 2023 across most of its business lines, supported by favourable economics and new contract wins. The business continues to grow its international presence, recently signing a new carts contract at London Heathrow Airport, one of the largest cart operations in the world with over 14,000 trolleys. At 31 March 2024, Smarte Carte was valued at £306 million on a DCF basis (31 March 2023: £300 million).

**Table 7: Infrastructure portfolio movement for the year to 31 March 2024**

Investment	Valuation	Opening value at 1 April 2023 £m	Investment £m	Disposals at opening book value £m	Unrealised profit £m	Other movements <sup>1</sup> £m	Closing value at 31 March 2024 £m
3iN	Quoted	841	–	–	38	–	<b>879</b>
Smarte Carte	DCF	300	–	–	7	(1)	<b>306</b>
North American Infrastructure Fund <sup>2</sup>	DCF	171	36	(26)	20	(2)	<b>199</b>
3i MIA	Fund	65	–	–	6	–	<b>71</b>
3i EOPF	Fund	32	–	–	1	–	<b>33</b>
<b>Total</b>		<b>1,409</b>	<b>36</b>	<b>(26)</b>	<b>72</b>	<b>(3)</b>	<b>1,488</b>

<sup>1</sup> Other movements include foreign exchange.

<sup>2</sup> Includes Regional Rail, EC Waste and Amwaste.