



Annual General Meeting



17 July 2014



Sir Adrian Montague Chairman



Today's agenda



Introductory remarks

– Sir Adrian Montague

Review of the year

– Simon Borrows

Q&A

– Sir Adrian Montague

Formal business including Resolutions – Sir Adrian Montague



The Board of Directors and General Counsel



A strong performance as we continue implementing our strategic plan



“I am pleased to report a strong performance for the financial year to 31 March 2014. Simon Borrows and his executive team have made excellent headway in accomplishing many of the objectives in the three-year strategic plan we adopted in June 2012 and have achieved both strong levels of realisations and continued progress in matching the level of our operating costs with annual cash income.”

Strong year benefitting from restructuring

FY2014 performance highlights



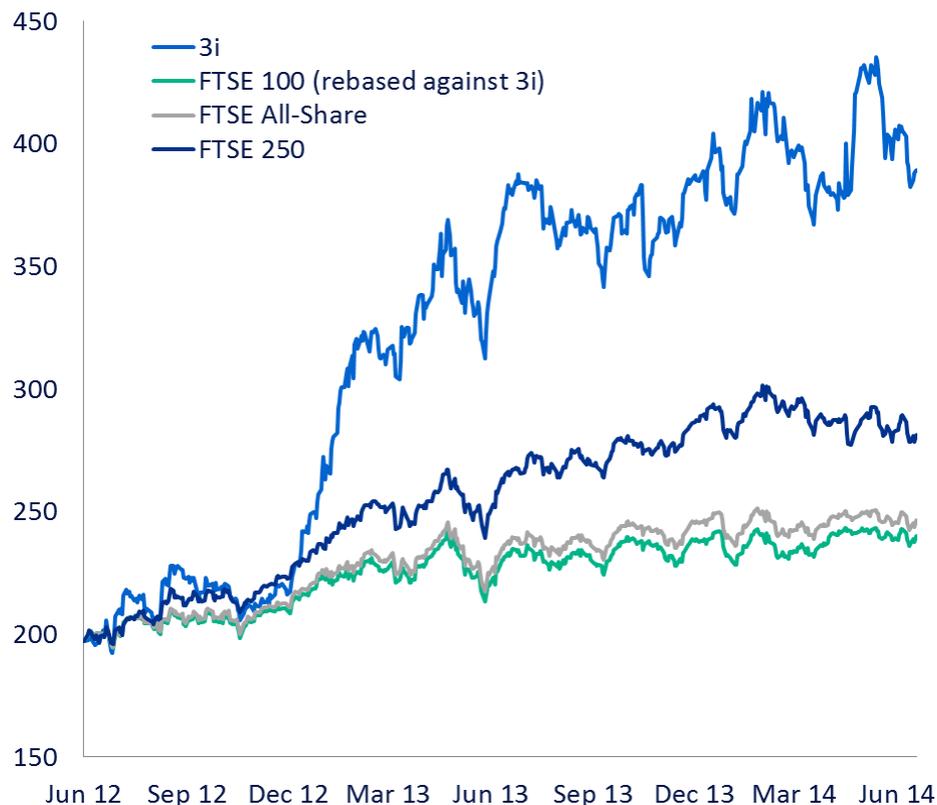
Strong total shareholder return	→	30%	total shareholder return
	→	20p	proposed total dividend
Good flow of Private Equity realisations	→	43%	uplift to opening value
Building investment momentum in Private Equity	→	£372m	of cash investment
Substantially outperformed cost savings target	→	£70m	of operating cost savings
Solid and simplified balance sheet	→	£47m	gross interest reduction
Annual cash income exceeds operating costs	→	£5m	annual operating cash profit

1 Total Shareholder Return from close of 28 March 2013 to close of 31 March 2014 (financial year end).

Strong momentum reflected in our share price



Share price performance since the 2012 AGM (pence per share)



Share price performance since 2012 AGM **103%**

TSR since 2012 AGM **122%**

Note: all data as of 16 July 2014



- Proposed final dividend of 13.3p per share brings total dividend for FY14 to 20.0p per share

Our enhanced distribution policy

- Aggregate shareholder distributions to be 15-20% of gross cash proceeds from realisations, provided that:
 - Gearing < 20% ✓
 - Gross debt is on target to be < £1bn by June 2013 ✓



Simon Borrows Chief Executive

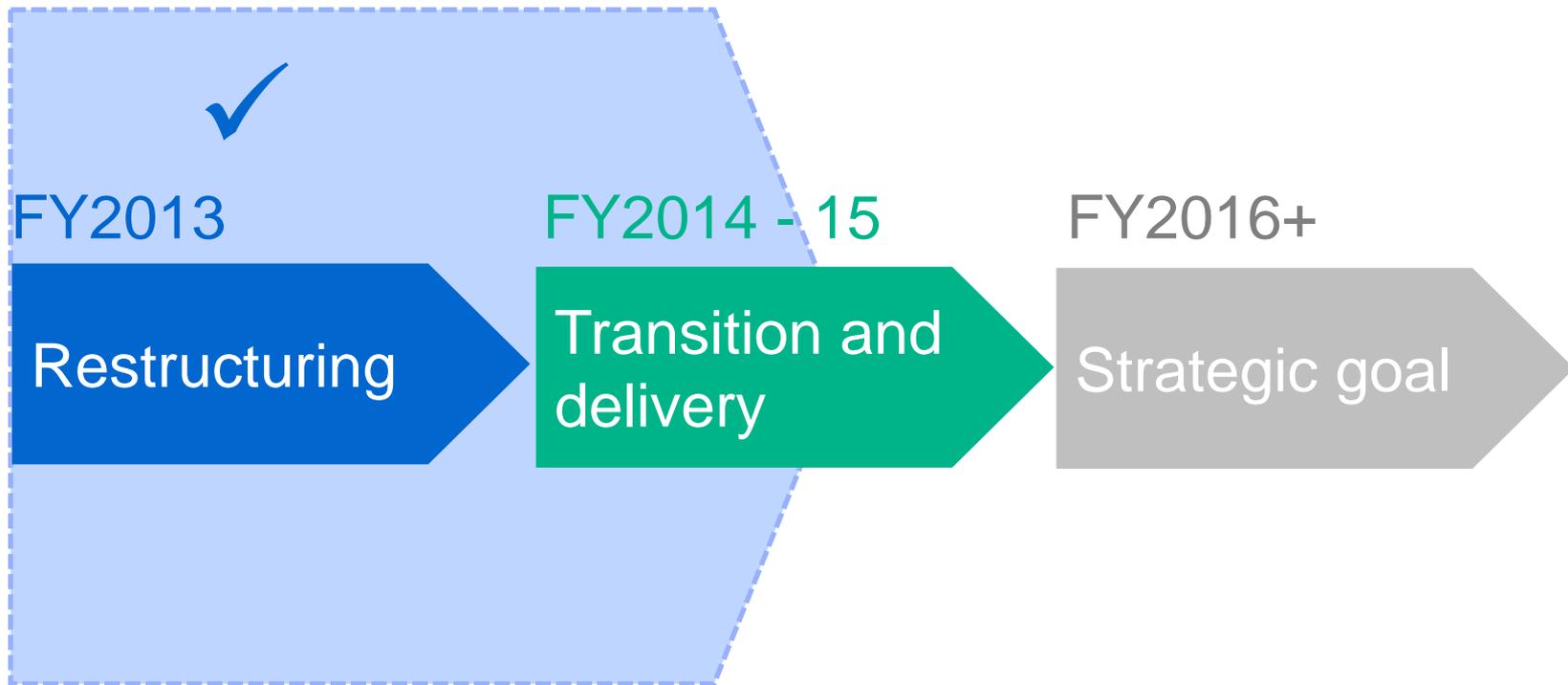


A clear vision and strategy



- A leading international investment manager of proprietary and third-party capital in:
 - **mid-market Private Equity**
 - **Infrastructure**
 - **Debt Management**

Key phases of organisational change and strategic delivery



We have met or exceeded all of our strategic priorities and targets in FY2014

Our strategic priorities for FY2014



We have delivered against all of our strategic priorities and targets for FY2014:

- 1 Deliver** further Private Equity realisations to support an enhanced shareholder distribution in FY2014 ✓
- 2 Realise** fully the benefits from the Private Equity asset management improvement initiatives ✓
- 3 Invest** in Private Equity through proprietary capital and third-party co-investment ✓
- 4 Grow** Infrastructure and Debt Management businesses and third-party fund management profits ✓
- 5 Further reduce** operating costs, gross debt and funding costs ✓
- 6 Implement** fully the new compensation arrangements ✓

1 Key realisations as part of well constructed exit plans



Notable realisations in FY2014:

Investment realised	Calendar year invested	Cash proceeds	Uplift to opening value (31/3/2013)	Money multiple ¹	Residual value (31/3/2014)
Xellia	2008	£143m	46%	2.3x	
Civica	2008	£124m	48%	2.1x	
Action	2011	£59m	23%	5.3x	£501m
Trescal	2010	£58m	16%	2.1x	
Quintiles	2008	£51m	70%	2.6x	£122m
Hyperion	2008	£44m	2%	1.7x	
Everis	2007	£29m	32%	1.1x	
Bestinvest	2007	£25m	525%	0.6x	
Joyon	2007	£21m	31%	1.8x	

¹ Money multiple calculated using 3i GBP cash flows and for partial exits (Action and Quintiles) includes 31/3/2014 residual value.

Uplift of 43% to opening valuations at 31 March 2013

1 Key realisations as part of well constructed exit plans

Strong momentum continues



- We have continued to take advantage of positive market momentum to realise assets in the first quarter of FY2015
 - Investment in **HILITE** sold to a Chinese trade buyer in May, which will generate cash proceeds of c. £155m and a money multiple of 2.1x
 - Minority holding in **Foster + Partners** sold back to partners in June, generating cash proceeds and income of £70m and deferred consideration of £40m

- The IPO and financing markets were also supportive in the first quarter
 - IPO of **Phibro** completed in April, generating cash proceeds of £68m
 - Re-financing of **Amor** in July generated cash proceeds and income of £21m
 - IPO of **D-Phone** in China completed in July (no shares sold by 3i)

2 Private Equity: clearly defined portfolio segmentation



The buckets:

Longer-term hold and value creation

Strong performers; position for sale over the next few years

Manage intensively; potential value upside

Low or nil-valued assets

Selected examples:

Action, Element,
Mayborn, Scandlines

Civica, Quintiles

Azelis, Bestinvest,
Memora, OneMed, Xellia

Romprest

2 Private Equity portfolio: strong momentum (as at 31 March 2014)



Investment	Business description	Country	Value	Trend
Action	Non-food discount retailer	Benelux	£501m	↗
Scandlines	Ferry operator in the Baltic Sea	Germany	£193m	↗
Element	Testing and inspection	Benelux	£124m	↗
Quintiles	Clinical research outsourcing solutions	US	£122m	↗
Mayborn	Manufacturer and distributor of baby products	UK	£116m	↗
Foster + Partners	Architectural services	UK	£108m	→
ACR	Pan-Asian non-life reinsurance	Singapore	£101m	→
AES Engineering	Manufacturer of mechanical seals and support systems	UK	£96m	↗
Phibro	Animal healthcare	US	£93m	↗
Tato	Manufacture and sale of specialty chemicals	UK	£85m	↗
Basic-Fit	Discount fitness operator in Europe	Benelux	£82m	↗
Amor	Distributor and retailer of affordable jewellery	Germany	£70m	↗
Eitel Networks	Infrastructure services for electricity and telecoms networks	Finland	£70m	↗
Mémora	Funeral service provider	Spain	£67m	→
GIF	German headquartered international transmission testing specialist	Germany	£65m	↗
Geka	Manufacturer of brushes, applicators and packaging systems for the cosmetic industry	Germany	£55m	↗
OneMed Group	Distributor of consumable medical products, devices and technology	Sweden	£44m	→
Etanco	Designer, manufacturer and distributor of fasteners and fixing systems	France	£44m	→
JMJ	Global management consultancy	US	£43m	↗
Refresco	Manufacturer of private label juices and soft drinks	Benelux	£42m	↗

1 Largest 20 excluding two for confidentiality reasons.

3 Private Equity: selective investment



Selective and measured investment through a combination of proprietary and third-party capital

Investment	Date of announcement	Proprietary capital	Proprietary + Third-party capital	Comments
Scandlines	Dec 2013	£77m	£138m	<ul style="list-style-type: none">▪ Purchase of an additional equity stake
Basic-Fit	Dec 2013	£81m	£95m	<ul style="list-style-type: none">▪ Discount fitness operator in Europe▪ Investment made alongside co-investor
JMJ	Oct 2013	£44m	£57m	<ul style="list-style-type: none">▪ Global management consultancy▪ Investment made alongside co-investor under framework agreement
GIF	Oct 2013	£63m	£64m	<ul style="list-style-type: none">▪ German transmission testing business; 7x EBITDA acquisition multiple

Improving investment pipeline

Continuing to be selective in high-priced environment

4 Infrastructure – a year of change



- Key contributor to Group's annual cash income through advisory fees and dividend from 3iN

- India Fund's performance challenged due to depreciation of rupee and difficult macro-economic conditions

- Broadening of Infrastructure platform through strategic acquisition of Barclays Infrastructure Funds Management
 - Team now fully integrated in the Infrastructure business
 - Three new PPP transactions completed for 3i Infrastructure plc since completion

4 Debt Management – good growth



Our platform

Top 10 global CLO manager with AUM of £6.5bn
29 investment professionals based in London, New York and Singapore

Our products

Levered senior loan funds

13 European and
9 US CLOs

Unlevered loan funds

2 open-ended funds

PE FoF & other

2 PE FoF, 1 mezzanine
loan fund, 1 credit
opportunities fund

Clear strategy

- Further growth of CLO platform
- Optimise operating leverage to increase profitability
- Potential incremental revenue through managed accounts

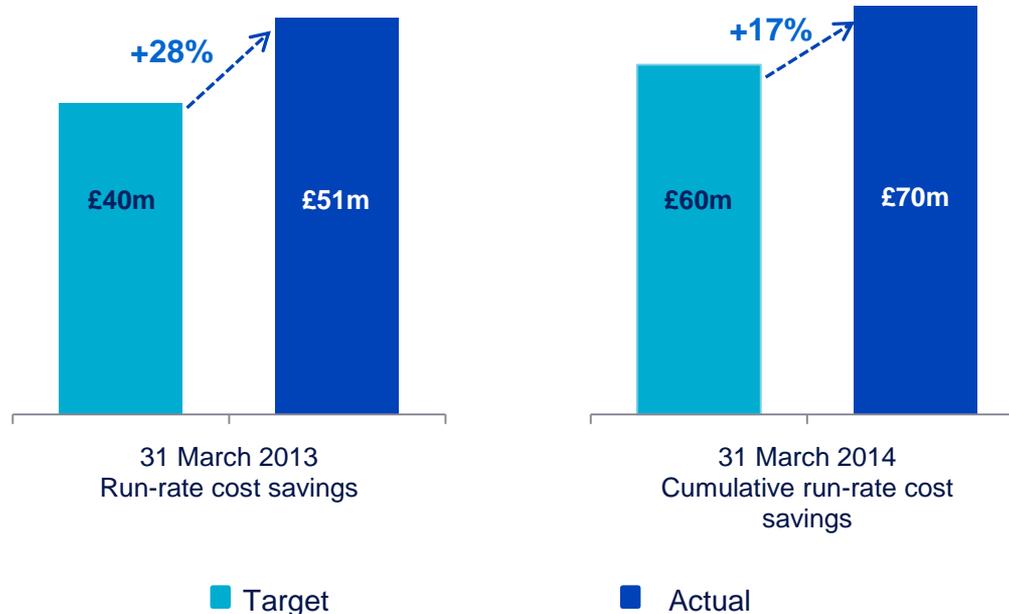
Leverage platform to continue to grow AUM profitably

Four new CLOs issued raising £1.2bn of AUM in FY2014, and two more since 31 March 2014, raising a further £781m of AUM

5 Significantly reduced operating costs



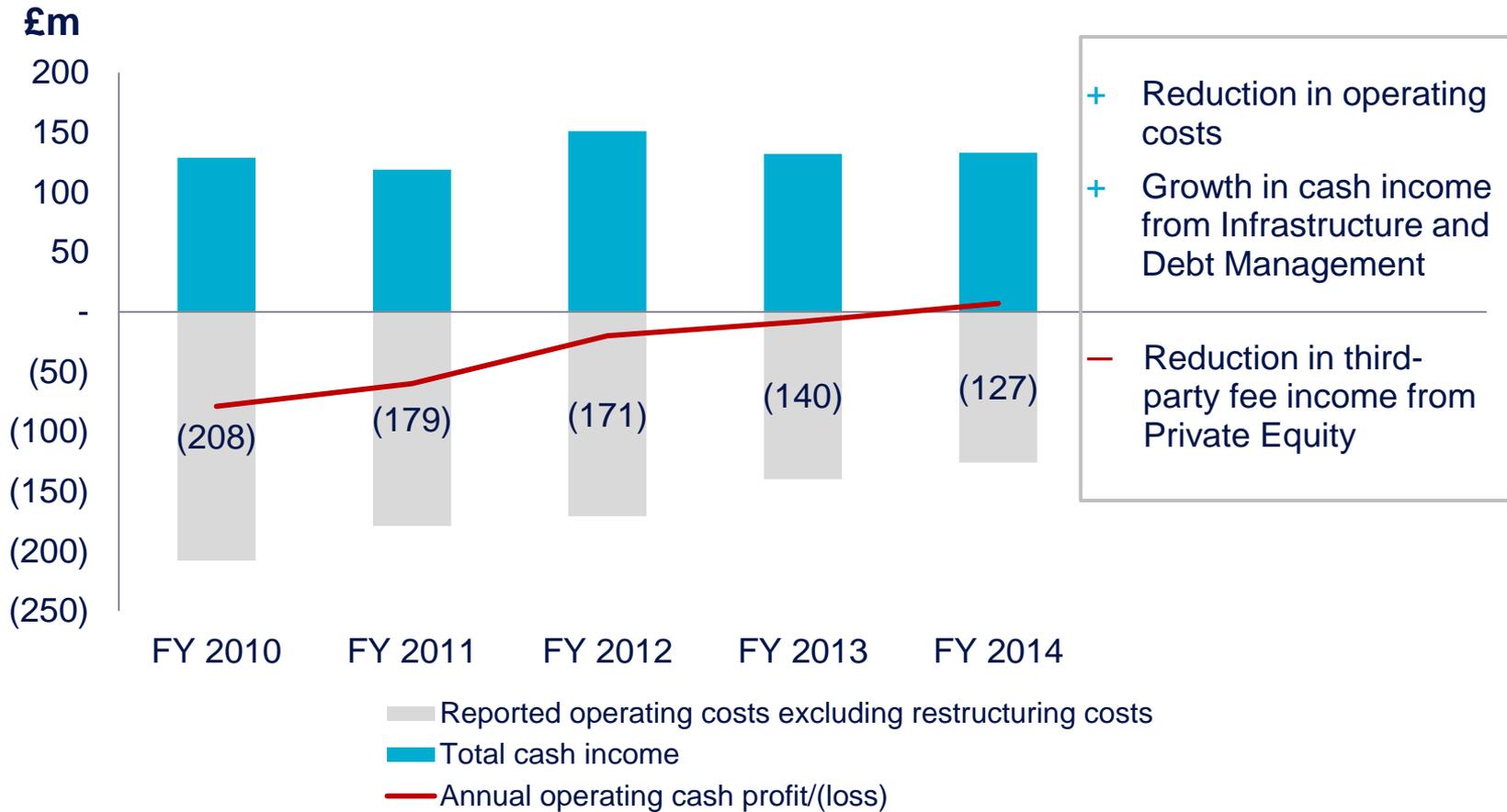
Run-rate cost savings (like-for-like basis)



Achieved £70m of cumulative run-rate cost savings at March 2014, well ahead of £60m target

Including acquisitions, total run-rate operating costs of c.£129m

5 Covering operating costs with annual cash income



Cash income exceeded operating costs in FY2014

6 New compensation arrangements fully implemented



Fair and transparent split of returns

Closely aligned with key strategic objectives

Focused on creating shareholder value

New compensation arrangements provide greater alignment of investing teams with shareholders

Transition and delivery: clear priorities in FY2015



FY2013

FY2014-2015

FY2016+

Strategic priorities:

Focus on consistency and discipline of investment processes and asset management

Selective new investment utilising our strong balance sheet to generate attractive returns for our shareholders

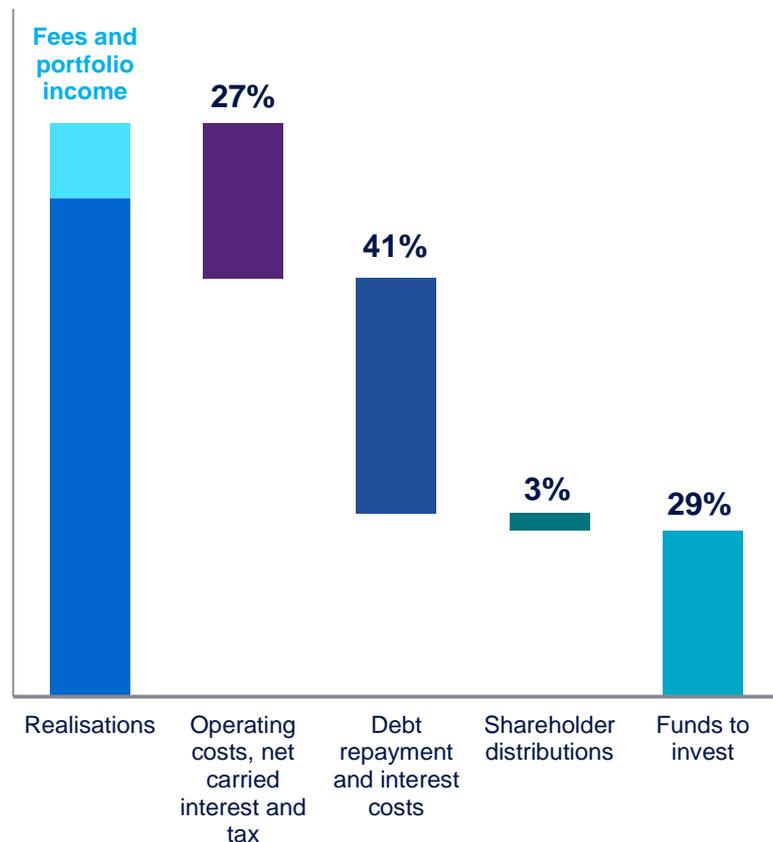
Maintain cost discipline

Continue to improve capital allocation, focus on enhanced shareholder distributions

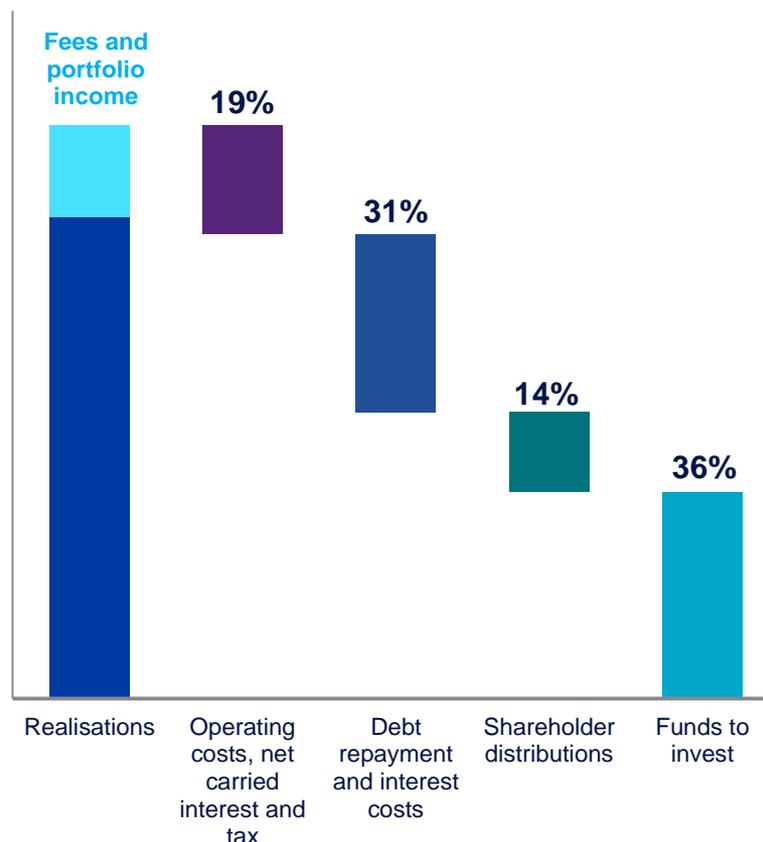
Improvement in capital efficiency and allocation



Average over FY10-FY12



FY14

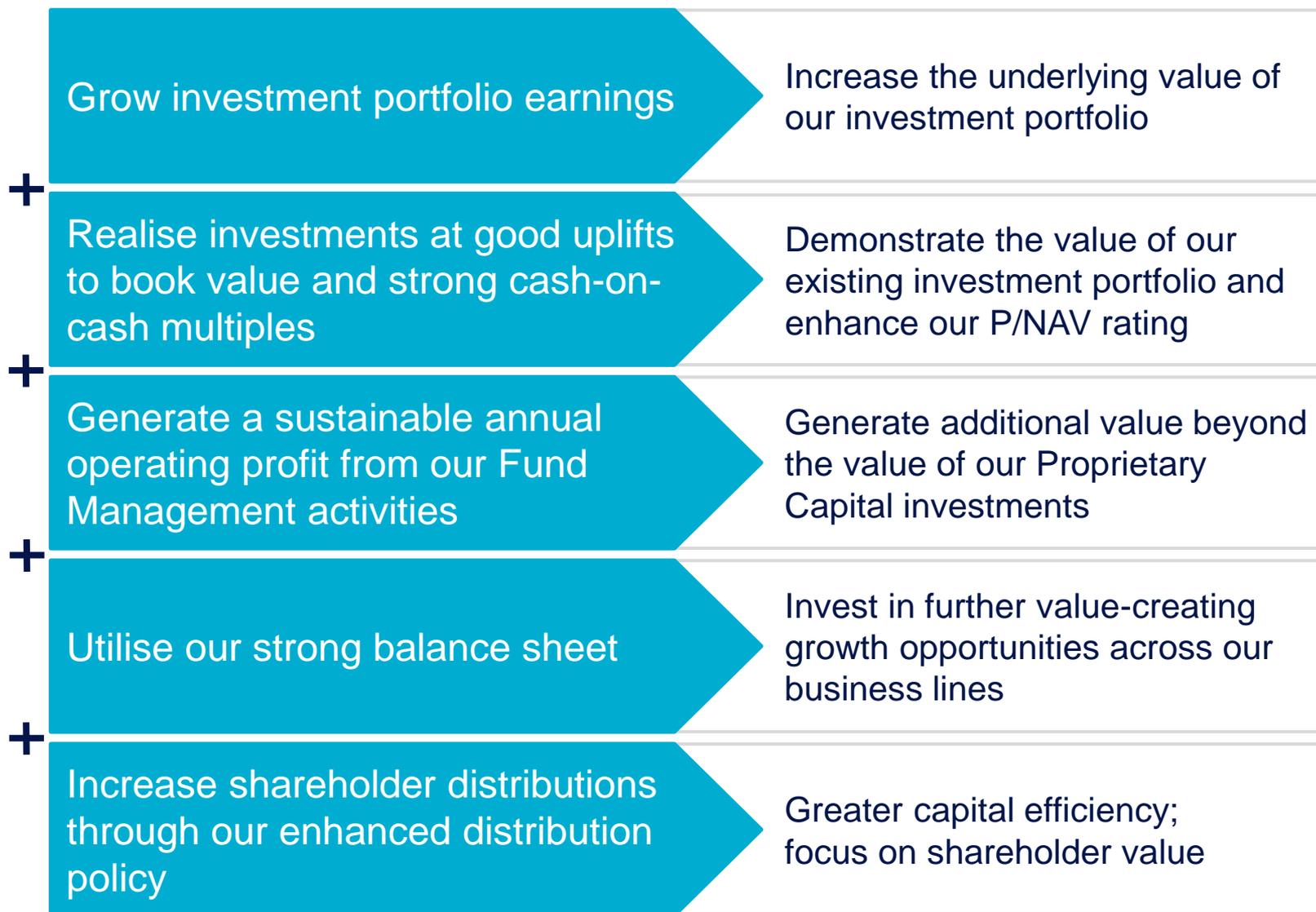


Shift in capital allocation driving increased capital available for shareholder distributions and re-investment

Further improvement expected in FY2015

The 3i Value Build

An attractive, multi-year value proposition





The Resolutions





- 19 resolutions
- Normal annual business
- New resolutions this year:
 - Approval of the Directors' remuneration policy for the next three years
 - Change of the Company's Investment policy regarding single investment limits



Questions





AGM poll card

The Board recommends you vote **FOR** resolutions 1 to 19

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2014 and the Directors' and Auditors' reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report for the year to 31 March 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To approve the Directors' Remuneration policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mr J P Asquith as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mr S A Borrows as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr A R Cox as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Mr D A M Hutchison as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To reappoint Sir Adrian Montague as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To reappoint Ms M G Verluyten as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To reappoint Mrs J S Wilson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To reappoint Ernst & Young LLP as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions	For	Against	Abstain
13 To authorise the Board to fix the Auditors' remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To approve the revised investment policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 To renew the section 561 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 To resolve that General Meetings (other than AGMs) may be called on not less than 14 clear days' notice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions 1-4



1. “That the Company’s Accounts for the year to 31 March 2014 and the Directors’ report, the Auditors’ report and the auditable part of the Directors’ remuneration report be and they are hereby received and considered”
2. “That the Directors’ remuneration report (other than the part containing the Directors’ remuneration policy) in the form set out in the Company’s Annual report and accounts for the year ended 31 March 2014 be and it is hereby approved”
3. “That the Directors’ remuneration policy in the form set out in the Directors’ remuneration report in the Company’s Annual report and accounts for the year ended 31 March 2014 be and it is hereby approved”
4. “That a final dividend of 13.3p per ordinary share be and it is hereby declared, payable to those shareholders whose names appear on the Register of Members at close of business on 20 June 2014”

Resolutions 5-8



5. “That Mr J P Asquith be and he is hereby reappointed as a Director of the Company”
6. “That Mr S A Borrows be and he is hereby reappointed as a Director of the Company”
7. “That Mr A R Cox be and he is hereby reappointed as a Director of the Company”
8. “That Mr D A M Hutchison be and he is hereby reappointed as a Director of the Company”

Resolutions 9-12



9. “That Sir Adrian Montague be and he is hereby reappointed as a Director of the Company”
10. “That Ms M G Verluyten be and she is hereby reappointed as a Director of the Company”
11. “That Mrs J S Wilson be and she is hereby reappointed as a Director of the Company”
12. “That Ernst & Young LLP be and they are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next General meeting at which Accounts are laid before the members”

Resolutions 14-16



13. “THAT the Board be and it is hereby authorised to fix the Auditors’ remuneration”
14. “THAT the revised Investment policy set out in Appendix 2 to the Notice of Annual General Meeting dated 19 May 2014 be and it is hereby approved and adopted with immediate effect as the investment policy of the Company in place of all previous investment policies”
15. To renew the authority to incur political expenditure
16. To renew the Directors’ authority to allot shares

Resolutions 17-19



Special Resolutions

17. To renew the section 561 authority
18. To renew the Company's authority to purchase its own ordinary shares
19. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice

