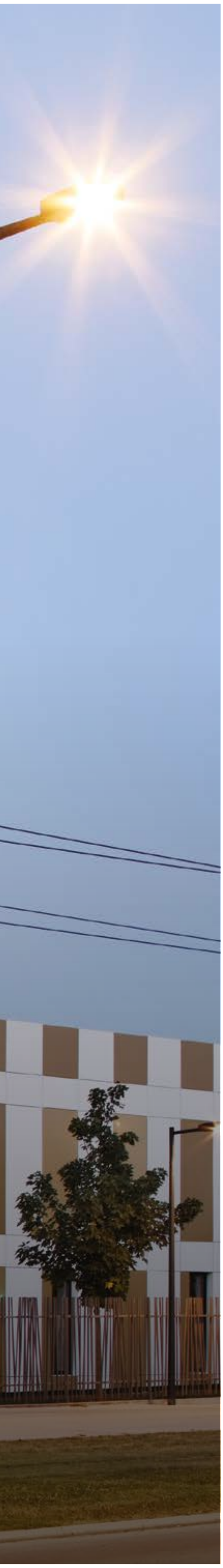
HICL Infrastructure

HICL Infrastructure PLC Annual Report 2022

Delivering Real Value.

University of Bourgogne, France



Contents

Front cover image: **Newcastle Libraries, UK**

2022 Highlights

163.1p

NAV[1] per share +10.8p

(152.3p at 31 March 2021)

12.8%

Total Shareholder Return[3]

(2021: 5.5%)

9.0%

Total Shareholder Return since IPO[3]

1.05x

Dividend cash cover[2]

(2021: 0.90x)

8.25p

New Dividend Guidance[4] for 2024

Reaffirmed Dividend Guidance[4] 8.25p for 2023

0.32

Beta against FTSE All-Share[5]

(31 March 2021: 0.27)

Differentiated Investment Proposition

LOW SINGLE ASSET CONCENTRATION RISK

48%

Ten largest assets as a proportion of the portfolio as at 31 March 2022

STRONG INFLATION CORRELATION

0.8x

Correlation of portfolio returns to inflation[6] as at 31 March 2022

GOOD CASH FLOW LONGEVITY

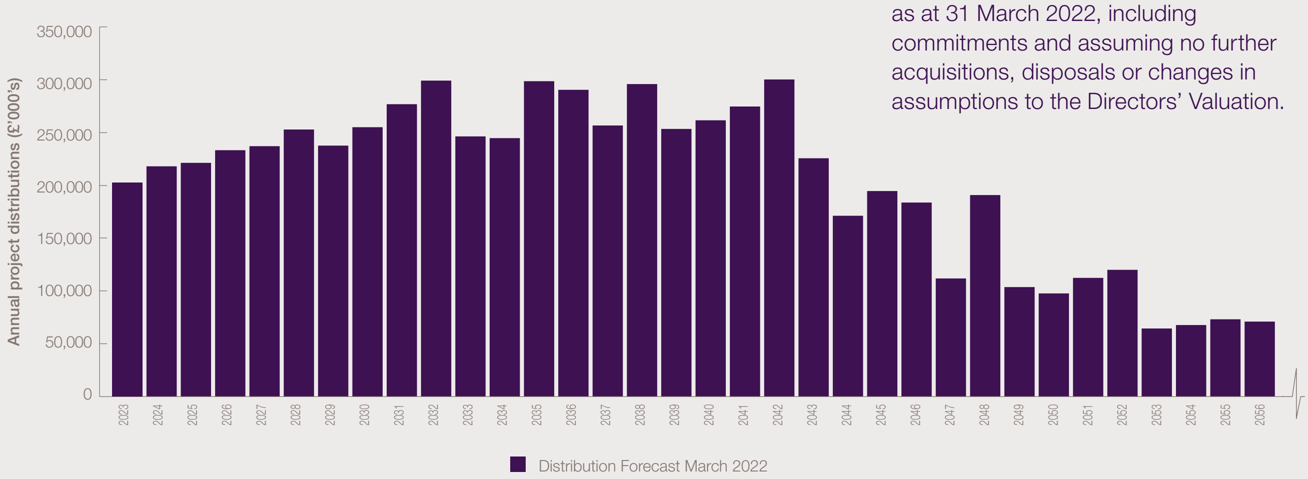
29.8 years

Weighted average asset life as at 31 March 2022

Top Ten Investments

Long-term predictable cash flows from the existing portfolio

Cash flows expected from the portfolio, as at 31 March 2022, including commitments and assuming no further acquisitions, disposals or changes in assumptions to the Directors' Valuation.



[1] Net Asset Value

[2] Stated on an Investment Basis and including profits on disposal versus original acquisition cost of £4.8m (2021: £11.9m). Excluding this, dividend cash cover is 1.02x (2021: 0.83x)

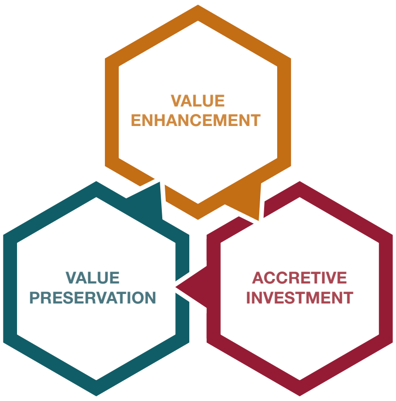
[3] Based on interim dividends paid plus change in NAV per share in the year, divided by opening NAV per share

[4] Expressed in pence per Ordinary Share for the financial year ending 31 March. This is a target only and not a profit forecast. There can be no assurance that this target will be met

[5] Based on the daily share price returns of HICL and the FTSE All-Share index for the year to 31 March 2022

[6] If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Corporate Group expenses) would increase by 0.8%

HICL's investment proposition is to deliver sustainable income from a diversified core infrastructure portfolio



Active management
- ▲ Generate base case cash flows
- ▲ Deliver well-maintained infrastructure for end users

Outperformance
- ▲ Improve financial performance
- ▲ Enhance communities' experience of infrastructure

Resilience
- ▲ Build a sustainable portfolio of investments
- ▲ Benefits from a strong, long-term social purpose

> "The Company continues to position itself for growth, to capture the significant opportunity identified across HICL's core markets in both traditional and modern economy infrastructure sectors."

Ian Russell CBE, Chairman

HICL's vision is to enrich lives through infrastructure, by delivering:

Strong Social Foundations

56% of portfolio[1]

Assets that constitute the foundation of our societies, such as:

Health

Education

Fire, Law & order

Accommodation

Connecting Communities

32% of portfolio[1]

Assets that link people to the economy and each other, such as:

Availability or toll roads

Rail and rolling stock

Fibre networks

Towers[2]

Added to the portfolio post period end

Sustainable Modern Economies

12% of portfolio[1]

Assets supporting the energy transition and continued resource security, such as:

Water

OFTOs

District energy[2]

Electricity distribution[2]

[1] By Directors Valuation at 31 March 2022, excluding Queen Alexandra Hospital
[2] Examples of possible future holdings

Hinchingbrooke Hospital, UK

01 Overview

1.1
Chairman's Statement

Ian Russell, CBE
Chairman

I am pleased to present these strong financial and operational results for the Company. Against an uncertain macroeconomic and geopolitical backdrop, HICL's performance over the past 12 months clearly demonstrates the resilient and defensive nature of its investment proposition, delivering a Total Shareholder Return for the year of 12.8%[1].

HICL offers its shareholders liquid access to a portfolio of diversified, high quality private infrastructure assets, whose returns benefit from strong inflation linkage and low correlation to wider equity markets[2]. These attributes have supported the long-term delivery of a 9.0% p.a. total shareholder return over the 16 years since IPO[1] in a range of market conditions. This stable and consistent performance is maintained by considered portfolio composition, coupled with InfraRed's active approach to asset management.

"Stable and consistent performance is maintained by considered portfolio composition, coupled with InfraRed's active approach to asset management"

Over the year, these two elements have been demonstrated successfully. The strategic management of portfolio composition, via acquisitions and disposals, added substantial shareholder value. Additionally, InfraRed's active asset management approach achieved closer alignment with the Company's key public sector stakeholders, including clients and the Infrastructure and Projects Authority, while also de-risking future equity cash flows for the Company. Section 2.5 – the Investment Manager's Report gives further details of InfraRed's activities in these areas.

Financial Performance

Financial performance in the year to 31 March 2022 has been strong, with Net Asset Value ("NAV") growth of 10.8p per share to 163.1p.

[1] Based on interim dividends paid plus change in NAV per share in the year, divided by opening NAV per share
[2] Inflation correlation of 0.8x; Beta of 0.32 against FTSE All-Share for 12 months to 31 March 2022

The NAV growth in the year was principally driven by: the impact of the current high inflationary environment on both the actual and forecast financial performance of HICL's portfolio companies; the agreed sale of the Queen Alexandra Hospital PPP project ("QAH") in March 2022; the robust recovery in the performance of the Company's demand assets; and continued upward pressure on the market pricing of infrastructure assets, recognised in HICL's Interim Results in November 2021. This positive performance was partially offset by asset-specific costs, including expected costs associated with defect remediation on selected healthcare projects.

Value Creation and Preservation

The optimisation of HICL's portfolio composition is a central tenet of the Company's strategy to deliver shareholder value. During the year, HICL announced, signed or completed a combined total of c. £237m of acquisitions and disposals. Additionally the Company has signed its first fibre broadband investment following the year end.

> "Generating additional shareholder value through selective disposals further differentiates HICL's approach"

The Company agreed investments in the year totalling £110m. The acquisitions exemplified the Investment Manager's differentiated approach, in particular by leveraging InfraRed's expertise and deep networks to source investments through less competitive situations – see Section 2.5 – the Investment Manager's Report for further details. Following the year end, this extended to the Company completing its first investment in Germany, a greenfield PPP in partnership with Vinci, and signing HICL's first fibre broadband investment, ADTIM, which holds two fibre-to-the-home concessions in South-Eastern France.

Generating additional shareholder value through selective disposals further differentiates HICL's approach to portfolio composition versus the listed core infrastructure peer group. Since IPO in 2006, c. 7.5p of outperformance has been delivered through the Company's disposal strategy. HICL agreed three divestments in the year, generating proceeds of £126m. Accretive disposals were achieved on the Health & Safety Executive Headquarters PPP project and Queen Alexandra Hospital. QAH is a flagship, acute public hospital which HICL, via the Investment Manager, had successfully stabilised following the liquidation of Carillion plc in 2018. Additionally, during the year, a small PPP project was handed back to the client – see Sections 2.5 – Investment Manager's Report and 3.2 Valuation for further details.

The easing of the challenges associated with Covid-19 has resulted in a return to a more normal operating environment for the Company.

Within this context, we have seen a robust recovery in the performance of the Company's demand assets, which has contributed to this strong financial result.

A proactive approach is taken by the Investment Manager towards key value preservation activities across the portfolio. In the year, this included collaborative industry engagement, including with the public sector, on key issues such as PFI asset handback, the transition from LIBOR to SONIA and the pursuit of net zero greenhouse gas emissions.

Dividend Guidance

HICL continues to pay the highest dividend per share amongst its core infrastructure peer group. In the year, the cash flow generation from the portfolio was in line with expectations and the full year dividend declared for the year to 31 March 2022 of 8.25p per share was cash covered 1.05 times[3].

The Board is pleased to re-confirm the dividend guidance of 8.25p per share for the year to 31 March 2023[4]. Cash cover for the 2023 dividend is anticipated to show a steady level of improvement against this year's result.

> "The Board is pleased to announce dividend guidance of 8.25p per share for the year to 31 March 2024[4]"

As previously highlighted, in determining the Company's dividend trajectory the Board is focused on rebuilding dividend cash cover and is pleased with the steady progress made over the last two reporting cycles. In addition, attention is given to the long-term earnings profile of the Company. This latter consideration recognises both the desired balance between HICL's pay-out ratio and the level of reinvestment into the Company's long-term growth; and market conditions, including the higher taxation environment and the lower returns available in the market from high quality core infrastructure assets.

Having taken these factors into consideration, the Board is pleased to announce dividend guidance of 8.25p per share for the year to 31 March 2024[4].

Continued Sustainability Leadership

Given the Company's position as trusted custodian of essential public infrastructure, the Board believes that HICL is especially well positioned to deliver the 'social' dimension of the ESG framework. HICL is invested in, and manages, assets which 20+ million people globally interact with and rely on. This drives the Company's sustainability strategy, including to meet the increasing standard for disclosure best practice.

[3] Stated on an Investment Basis and including profits on disposals versus original acquisition cost of £4.8m. Excluding this, dividend cash cover is 1.02x
[4] This is a target only and not a profit forecast. There can be no assurance that this target will be met

1.1 Chairman's Statement (continued)

HICL has also published its 2022 Sustainability Report, the second annual iteration in its enhanced format, which can be found on the Company's website. HICL continues to report in compliance with the Task Force on Climate-related Financial Disclosures ("TCFD") (see Section 3.7 – Task Force on Climate-related Financial Disclosures) and the EU's Sustainable Finance Disclosures Regulation ("SFDR"). The Sustainability Report details the Company's progress in the year, including with respect to enhanced asset-level data collection, especially for emissions, as well as the key milestones ahead in the Company's sustainability ambitions.

Looking forward, the Company is working to comply with the step-up in disclosure required under SFDR from 1 January 2023 and the announcement of the UK's Sustainable Disclosure Requirements regime ("SDR") which is expected to align with SFDR.

Given the continued drive across HICL's markets toward net zero, the Board welcomes InfraRed's decision in July 2021 to join the Net Zero Asset Managers Initiative, reflecting InfraRed's commitment to achieve net zero emissions across the HICL portfolio by 2050, as well as setting interim targets for 2030. See Section 2.7 – Sustainability Highlights.

For an in-depth review of the Company and Investment Manager's sustainability performance and ambitions, please see HICL's Sustainability Report, available on the Company's website, under Reports & Publications.

Investment Manager

Over the last two years, and overseen by the Board, InfraRed has implemented a succession plan for the team managing HICL. This well-coordinated process has seen leadership of the team transition to Edward Hunt (Head of Core Income Funds), supported by Helen Price (CFO, Core Income Funds), with Harry Seekings and Keith Pickard stepping away from their day-to-day involvement with HICL. Earlier this month, InfraRed announced that Harry would be relinquishing his executive role at InfraRed and consequently leaving the HICL Investment Committee. Harry will continue his contribution to InfraRed as a Senior Adviser and remains available to both the InfraRed team and the Board for support and advice as needed. On behalf of the Board and our shareholders, I would like to thank Harry and Keith for the very considerable contributions which they have made to the development of the Company.

Board Succession

In line with the UK Corporate Governance Code, after nine years on the Board, Susie Farnon and I will step down in July 2022. Susie was appointed to the Board in 2013 and has served as Chair of the Audit Committee for five years. I would like to thank Susie for her excellent leadership of the Audit Committee and her valued contribution to the Company.

As previously announced, Mike Bane will succeed me as Company Chair, Rita Akushie will replace Susie as Chair of the Audit Committee and Frances Davies will replace Mike as Chair of the Remuneration Committee. All appointments are effective from 20 July 2022, subject to the Directors' re-election at the 2022 AGM.

The Board acknowledges the importance of diversity of ideas and experience to deliver enhanced decision-making. To support this, HICL seeks to comply with external guidance and policy on board diversity. HICL's Board composition has been compliant with the recommendations of the Hampton-Alexander and Parker Reviews since 2020. The Board further notes the FCA's April 2022 Policy Statement on diversity and inclusion on company boards and the Nomination Committee will address this in due course. HICL's succession plan generally seeks to ensure a continuity of appropriate skills and experience amongst the Directors as a whole.

Outlook

The outlook for infrastructure investment remains positive. The key defensive attributes of core infrastructure, including the strong yield, inflation-linked returns and low beta, underpin the continuing attractiveness of the asset class, and of HICL itself, to investors against the broader market backdrop. Demand for infrastructure investment is expected to continue to support valuations for high quality assets.

> "The Company continues to position for growth, to capture the significant opportunity identified across HICL's core markets"

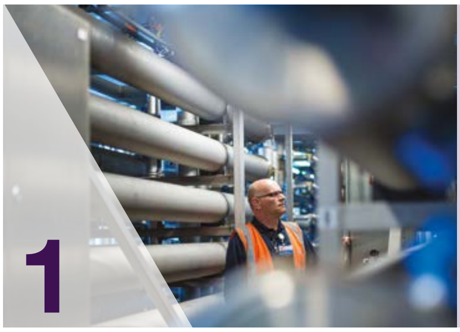
The Company continues to position itself for growth, to capture the significant opportunity identified across HICL's core markets in both traditional and modern economy infrastructure sectors. InfraRed's differentiated capability to source new investments via less competitive situations, as demonstrated in the year, remains crucial in the current market conditions. Continuation of partnerships with key industry relationships will support this pursuit.

With a well-developed and visible pipeline of core infrastructure opportunities and substantial headroom within the Company's credit facilities, the Board is confident that HICL is well placed to continue to deliver on its strategy and grow into the future.

Ian Russell
Chairman
24 May 2022

Bradford Schools, UK

1.2
The Investment Portfolio – Top 10 Assets[1]



Affinity Water

Affinity Water Limited is the largest water-only supplier in the UK by revenue and population served covering an area of 4,515 sq. km.

Sector: Electricity, Gas & Water
Location: England, UK
% of portfolio: 9% (March 2021: 8%)
HICL holding: 33.2%
Concession length: N/A
Status: Operational

Northwest Parkway

The Northwest Parkway is a 14 km, four-lane toll road that forms part of the ring road around the city of Denver, Colorado, USA.

Sector: Transport
Location: USA
% of portfolio: 7% (March 2021: 5%)
HICL holding: 33.3%
Concession length: 99 years
Status: Operational

A63 Motorway

The A63 Motorway project in South West France includes the upgrade of an existing 105 km road linking Bordeaux with the Spanish border.

Sector: Transport
Location: France
% of portfolio: 7% (March 2021: 7%)
HICL holding: 21.0%
Concession length: 40 years
Status: Operational

Southmead Hospital

Southmead Hospital PFI project is an 800-bed acute hospital concession on a single site at Southmead in North Bristol.

Sector: Health
Location: UK
% of portfolio: 5% (March 2021: 5%)
HICL holding: 62.5%
Concession length: 35 years
Status: Operational

High Speed 1

HS1 is the rail link between London St Pancras station and the Channel Tunnel. It is currently the UK's only high-speed rail line in operation.

Sector: Transport
Location: UK
% of portfolio: 5% (March 2021: 4%)
HICL holding: 21.8%
Concession length: 30 years
Status: Operational

[1] This section excludes Queen Alexandra Hospital, the disposal of which was announced on 31 March 2022

01 / OVERVIEW

Royal School of Military Engineering

The PPP project covers 32 new and 21 existing buildings, and five training areas on behalf of the UK Ministry of Defence.

Sector: Accommodation
Location: UK
% of portfolio: 4% (March 2021: 4%)
HICL holding: 100%
Concession length: 30 years
Status: Operational

Pinderfields and Pontefract Hospitals

Pinderfields and Pontefract Hospitals PFI project is a two hospital concession for Mid Yorkshire Hospitals NHS Trust, delivering a combined total of 774 beds.

Sector: Health
Location: UK
% of portfolio: 4% (March 2021: 4%)
HICL holding: 100%
Concession length: 35 years
Status: Operational

Home Office

The PPP concession commissioned by the UK Home Office to replace its existing headquarters with purpose-built serviced offices in Westminster, London.

Sector: Accommodation
Location: UK
% of portfolio: 3% (March 2021: 3%)
HICL holding: 100%
Concession length: 29 years
Status: Operational

Dutch High Speed Rail

The PPP project provides a 96 km high-speed rail connection from Amsterdam (Schiphol Airport) to the Belgian border.

Sector: Transport
Location: The Netherlands
% of portfolio: 2% (March 2021: 3%)
HICL holding: 43%
Concession length: 30 years
Status: Operational

Blankenburg Tunnel

The availability PPP project involves the construction of a 4.2 km tunnel under the Nieuwe Maas river near Rotterdam, linking the A15 and A20 motorways.

Sector: Transport
Location: The Netherlands
% of portfolio: 2% (March 2021: 2%)
HICL holding: 70%
Concession length: 24 years
Status: In construction

1.3 The Investment Portfolio – At a Glance[1]

as at 31 March 2022

MARKET SEGMENT

March 2022

March 2021

	Mar 22	Mar 21
PPP projects	66%	71%
Demand-based assets	22%	19%
Regulated assets	12%	10%

GEOGRAPHIC LOCATION

March 2022

March 2021

	Mar 22	Mar 21
UK	73%	74%
EU	18%	18%
North America	9%	8%

OWNERSHIP STAKE

March 2022

March 2021

	Mar 22	Mar 21
100% ownership	28%	31%
50% – 100% ownership	30%	29%
Less than 50% ownership	42%	40%

SECTOR

March 2022

March 2021

	Mar 22	Mar 21
Accommodation	10%	11%
Education	14%	16%
Electricity, Gas & Water	12%	10%
Health	27%	29%
Fire, Law & Order	5%	5%
Transport	32%	29%

INVESTMENT STATUS

March 2022

March 2021

	Mar 22	Mar 21
Fully operational	97%	97%
Construction	3%	3%

INVESTMENT LIFE

March 2022

March 2021

	Mar 22	Mar 21
Less than 10 years	12%	4%
10-20 years	46%	48%
20-30 years	26%	34%
Greater than 30 years	16%	14%

[1] This section excludes Queen Alexandra Hospital, the disposal of which was announced on 31 March 2022

Darlington Schools, UK

M80 Motorway, UK

02
Strategic Report

2.1
HICL's Investment Proposition

HICL's investment proposition is to deliver sustainable income from a diversified portfolio of investments in core infrastructure. The Company offers investors stable, long-term real returns from core infrastructure assets that are vital to communities, spanning sectors such as roads, rail, utilities and social infrastructure.

The Investment Manager, InfraRed Capital Partners Limited ("InfraRed") on behalf of HICL, seeks to actively develop a portfolio of core infrastructure assets that delivers the investment attributes listed below to investors.

Diversification	▲ HICL provides shareholders with immediate and liquid access to a portfolio of over 100 core infrastructure investments ▲ HICL's portfolio is purposefully diversified across market segments, sectors, revenue types, geographies and currencies ▲ This active approach to diversification underpins HICL's resilience and the predictability of the Company's cash flows
Sustainability	▲ HICL invests in assets that sit at the heart of communities, which: – provide essential services with important social purpose (e.g. healthcare, education, law and order) – facilitate essential inter-regional connectivity (e.g. rail, road) – facilitate the transition to a lower carbon future (e.g. offshore transmission)
Total return	▲ HICL has delivered a 9.0% Total Shareholder Return[1] since IPO to investors ▲ Current return expectations align with HICL's weighted average discount rate of 6.6% (gross of fees)[2] ▲ This return is generated via the active and responsible stewardship of essential core infrastructure assets, delivered through the Company's business model (see facing page)
Yield	▲ HICL delivers the highest cash dividend within the core infrastructure peer group ▲ The stability of the Company's yield profile is supported by HICL's diversification and active management approach
Inflation correlation	▲ The Company delivers a return that is correlated to long-term inflation at 0.8x[3] ▲ Inflation linkage is a key part of the investment proposition, protecting real returns and mitigating against a higher interest rate environment
Asset life	▲ HICL provides shareholders with visibility over cash flows for several decades into the future, derived from its portfolio of long-life infrastructure assets ▲ 29.8 years weighted average asset life ▲ The Company continually looks to improve this longevity through active management of portfolio composition

[1] Based on NAV per share appreciation plus dividends paid
[2] This is not a profit forecast. There can be no assurance that this expectation will be met
[3] For a 1% increase in future inflation assumptions the portfolio return would increase by 0.8%

2.2
HICL's Business Model

HICL's strategy to deliver the Investment Proposition is through the successful execution of its Business Model.

The Board delegates the majority of the day-to-day activities required to deliver the Business Model to the Investment Manager. More information on the InfraRed business can be found at Section 2.5 – Investment Manager's Report.

Value Preservation

InfraRed's Asset Management and Portfolio Management teams work in partnership with the management teams in HICL's portfolio companies to preserve the value of investments for shareholders and stakeholders. The objective is to ensure portfolio companies continue to operate with the endorsement of their key stakeholders, including through the delivery of contractual and regulatory requirements, in order to deliver the base-case investment return.

This is achieved through:
- Providing effective governance of portfolio companies, usually through board representation
- Building relationships with key portfolio company counterparties, in particular public sector clients / regulators
- Facilitating and / or driving resolution of operational issues, including disputes and critical issues
- Delivering HICL's sustainability strategy
- Managing the valuation process and oversight of financial performance of each investment against HICL forecasts

Value Enhancement

InfraRed's Asset Management and Portfolio Management teams pursue opportunities to deliver outperformance from the existing portfolio through a systematic, strategic programme of value enhancement. This upside is often shared between HICL's shareholders and public sector clients for PPP projects, or with the customers of regulated assets through periodic regulatory price reviews.

This is achieved through:
- Sponsoring the implementation of initiatives within portfolio companies to optimise asset business plans or capital structures (for example, refinancing existing senior debt facilities)
- Developing and implementing procurement efficiencies across HICL's large and diverse portfolio, in particular by leveraging economies of scale
- Exploring opportunities to add to or upgrade asset-level facilities to improve stakeholder outcomes whilst supporting long-term shareholder returns
- Driving efficient financial and treasury management of HICL, seeking to reduce ongoing charges

Accretive Investment

HICL has a clearly defined Investment Policy, which can be found in Section 3.8 – Strategic Report Disclosures. This sets the overarching framework within which HICL seeks to construct a resilient core infrastructure portfolio that delivers the Investment Proposition and is consistent with HICL's overall risk appetite.

This is achieved through:
- A structured evaluation framework focusing on cash flow quality, market positioning and criticality
- Careful and deliberate portfolio construction to improve the Investment Proposition
- A focus on sustainability that is built into the investment process (see Sustainability Report 2022, available on the HICL website)
- An objective that acquisitions are accretive to key portfolio metrics
- Utilising a variety of channels, both proprietary and public, across InfraRed's international, multi-fund investment management platform to source accretive transactions

The following summarises HICL's Acquisition Strategy

Geography
Located in mature infrastructure markets

Segmentation
Core infrastructure market positioning

Asset quality
Defined by:
- Cash Flow Quality
- Market Positioning
- Criticality

Value-add
Accretive to HICL's Investment Proposition

2.3
Core Infrastructure

Core infrastructure is a distinct market segment, comprising assets with good cash flow visibility and entrenched market positioning, that sit at the heart of communities and the economy; that is, essential infrastructure that delivers resilient cash flows from a protected market position.

The term 'core infrastructure' has become synonymous with those assets that exhibit the most coveted infrastructure characteristics, and by definition sit at the lower end of the infrastructure equity risk spectrum. Since IPO, HICL's investment policy, which continues to guide HICL's Acquisition Strategy, has been aligned with the core infrastructure market. The Company's investment policy is set out in full in Section 3.8 – Strategic Report Disclosures.

The Company and its Investment Manager, InfraRed, systematically evaluates the infrastructure market using the following core infrastructure framework to focus on assessing asset quality via the three key tenets of cash flow quality, market positioning and criticality:

Cash Flow Quality	**Stable revenues**	▲ Low volatility in a range of macro environments ▲ Suitable / diverse counterparties ▲ Inflation protection
	Lower operational gearing / complexity	▲ High capital cost ▲ Low operational complexity
Market Positioning	**Defensive positioning**	▲ Monopolistic characteristics e.g. from exclusive contract or lack of feasible competition ▲ Regulated in some circumstances
	High barriers to entry	▲ Capital intensive business model ▲ Structural protections
Criticality	**Essential assets**	▲ Strong social licence and public benefit ▲ Real assets supporting essential services or facilitating important social function

Individual assets must demonstrate the above key characteristics to meet HICL's mandate. These attributes will however exist to varying degrees across different assets, sectors, revenue types and geographies, guiding the specific risk profile of individual assets. By bringing together assets with complimentary risk profiles, an opportunity therefore exists to shape a diversified portfolio with more attractive risk and reward characteristics overall.

Importantly, Investors accept the vital role that core infrastructure assets play in society and therefore the importance of a stakeholder-led approach to maximising long-term shareholder value.

2.4
Key Performance & Quality Indicators

The Board has identified metrics with which to clearly measure HICL's performance against its strategic objectives. The results for the year ended 31 March 2022 are set out below.

KPI	Measure	Objective	Assessment	31 March 2022	31 March 2021
Dividends	Aggregate interim dividends declared per share for the year	An annual distribution of at least that achieved in the prior year	**Achieved**	8.25p	8.25p
Total Shareholder Return	NAV growth and dividends paid per share since IPO	A long-term IRR target of 7% to 8% as set out at IPO[1]	**Achieved**	9.0% p.a.	8.9% p.a.
Cash-covered Dividends	Operational cash flow/dividends paid to shareholders	Dividend payments are covered by cash received from the portfolio	**Achieved**	1.05x[2]	0.90x[3]
Positive Inflation Correlation	Changes in the expected portfolio return for 1% p.a. inflation change for each and every future period	Maintain positive correlation with a correlation of at least 0.5x	**Achieved**	0.8x	0.8x
Competitive Cost Proposition	Annualised ongoing charges/average undiluted NAV[4]	Efficient gross (portfolio level) to net (investor level) returns, with the intention to reduce ongoing charges where possible. Maintain within the range for FTSE 250 listed infrastructure peers	**Achieved**	1.06%	1.07%

1 Set by reference to the issue price of 100p/share, at the time of HICL's IPO in February 2006
2 Including profits on disposals versus original acquisition cost of £4.8m. Excluding this, dividend cash cover would have been 1.02x
3 Including profits on disposals versus original acquisition cost of £11.9m. Excluding this, dividend cash cover would have been 0.83x
4 Calculated in accordance with Association of Investment Companies guidelines. Ongoing charges excluding non-recurring items such as acquisition costs

KQI	Measure	Objective	Assessment	31 March 2022	31 March 2021
Investment Concentration Risk	Percentage of portfolio value represented by the ten largest investments[1]	Maintain a diversified portfolio of investments (thereby mitigating concentration risk) and, at all times, remain compliant with HICL's Investment Policy	**Achieved**	48%	46%
	Percentage of portfolio value represented by the single largest investment[1]	Single asset concentration < 15%		9%	8%
Risk / Reward Characteristics	Percentage of portfolio value represented by the aggregate value of projects with construction and/or demand-based risk[2]	Compliance with HICL's Investment Policy, to be lower than the aggregate limit of 35% for such investment	**Achieved**	25%	22%
Unexpired Concession Length	Portfolio's weighted-average unexpired concession length	Seek where possible investments that maintain or extend the portfolio concession life such that it remains above 20 years	**Achieved**	29.8 years	28.6 years
Refinancing Risk	Investments with refinancing risk within 24 months as a percentage of portfolio value[3]	Manage exposure to refinancing risk to 20% of portfolio value	**Achieved**	0.0%	0.2%
Sustainability Stewardship	Percentage of the portfolio that is rated 'high' for ESG performance[4]	>75% of the portfolio rated high in ESG performance	**Achieved**	98%	99%

1 HICL's Investment Policy stipulates that any single investment (being, for this purpose, the sum of all incremental interests acquired by HICL in the same project) must be less than 20% (by value) of the gross assets of HICL, such assessment to be made immediately post acquisition of any interest in a project
2 'More diverse infrastructure investments' which are made with the intention 'to enhance returns for shareholders' as permitted under the terms of HICL's Investment Policy – namely pre-operational projects, demand-based assets and / or other vehicles making infrastructure investments. Further details are set out in the Investment Policy, available from HICL's website
3 Calculated as required asset refinancings within 24 months: lower of: (i) HICL's share of debt to be refinanced; and (ii) the valuation of HICL's equity investment; divided by HICL's total directors' valuation
4 'High' rating in ESG performance means scoring 4/5 stars in the HICL Sustainability Survey or subsequent metrics as ESG reporting evolves

2.5
Investment Manager's Report

Edward Hunt
Head of Core Income Funds, InfraRed
Edward leads the InfraRed team that manages HICL

Helen Price
CFO, Core Income Funds, InfraRed
Helen is responsible for managing the financial activities carried out by InfraRed for HICL

HICL's Investment Committee is the principal executive decision making body for HICL within InfraRed and is comprised of:

- Werner von Guionneau (CEO)
- Chris Gill (Deputy CEO)
- Keith Pickard (COO)
- Stewart Orrell (Head of Asset Mgt)
- Harry Seekings (Head of Investments)[1]
- Edward Hunt (Head of Core Income Funds)

The Investment Manager

InfraRed Capital Partners Limited ("InfraRed") acts as the Investment Manager to HICL and Operator of the Group's investment portfolio.

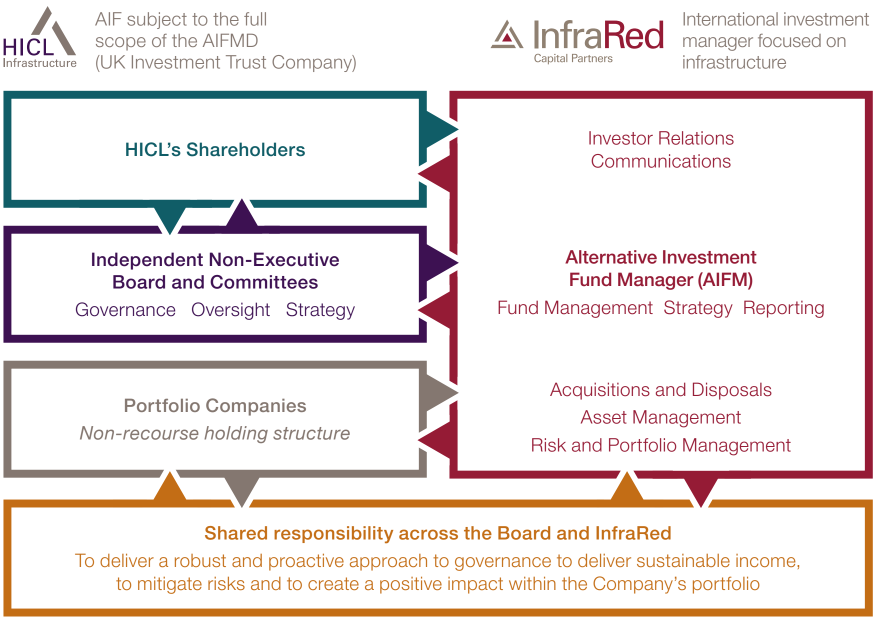
InfraRed has day-to-day responsibility for the Company and manages key stakeholders. Activities include:

- Development and execution of HICL's strategy;
- Stewardship of portfolio assets through proactive asset and portfolio management, and the resolution of critical issues;
- Stakeholder engagement across both public and private sectors;
- Investment origination, due diligence and execution; and
- Capital raising, investor relations and preparation of key external communications.

InfraRed is a specialist infrastructure investment manager:

USD12bn Equity under management	25+ Years of investment experience	15+ Years managing HICL
220+ Infrastructure assets under management	17 Countries where InfraRed manages assets	8 Infrastructure Funds raised
170+ Staff across six countries	25 Nationalities	SLC Management Partnership with Sun Life / SLC since 2020

Investment Manager's relationship with the Company



[1] Stepping down from HICL's Investment Committee effective 1 July 2022

Operational Highlights

The performance of the portfolio was strong for the year ended 31 March 2022, returning 9.6% (7.7% at 31 March 2021)[2], significantly ahead of the Company's expected return of 6.8% for the period (the Company's weighted average discount rate as at 31 March 2021).

This outperformance was driven by higher than expected inflation feeding through asset-level valuations, continued market pressure on infrastructure asset pricing (as reflected in HICL's Interim Report 2021), the accretive disposal of Queen Alexandra Hospital, and other value enhancement activities delivered by InfraRed's specialist asset and portfolio management teams. The demand-based and regulated assets delivered an outsized contribution to portfolio outperformance, principally due to the stronger inflation linkage in these segments. The portfolio outperformance is reported net of asset-specific costs, including in respect of the management of defect remediation on selected healthcare projects.

Segment overview

HICL's PPP portfolio (66% of the Directors' Valuation at 31 March 2022; 71% at 31 March 2021) performed well, underpinned by its availability-based contracted revenues. In the year, InfraRed's Asset Management team worked extensively with public sector clients, particularly in healthcare, to successfully navigate the challenges posed by Covid-19. Proactive engagement with the public sector extended to successful collaboration across broader industry issues such as the cessation of LIBOR, the approach to handback of PFI assets at contract expiry and the transition to net zero greenhouse gas emissions.

Typical of real assets, the active management by InfraRed of physical asset condition across the PPP segment continued to be a key priority. This included proactive leadership and control of the delivery of remediation works by responsible parties where necessary (including identified construction defects), with the effect of de-risking the associated equity cash flow assumptions where impacted. Further information is included in the Risk Management section below.

Demand-based investments (22% of the Directors' Valuation at 31 March 2022; 19% at 31 March 2021) continued to see a robust recovery from the disruption associated with Covid-19, broadly tracking in line with the Company's valuation assumptions taken at 31 March 2021. The range of outcomes for the traffic forecasts across these assets continues to narrow and be de-risked.

The performance of HICL's regulated asset segment (12% of the portfolio by value as at 31 March 2022; 10% at 31 March 2021) in the year was pleasing. In addition to the 100% average annual availability recorded across HICL's four OFTO assets, Affinity Water delivered solid operational progress, improving its relative industry ranking in Ofwat's annual assessment[3].

Enhanced disclosure on each of HICL's Top 10 assets is provided this year and is set out in Section 2.6.

HICL's business model delivering value

The active management of the Company's portfolio composition by InfraRed is a significant driver of shareholder value. Acquisitions totalled £110.4m in the year, with a further investment announced post year end.

The Company completed acquisitions in incremental stakes in Bradford Schools I & II PPP projects for 29% and 34% of equity value for £16.1m combined); acquired a 58.3% interest in the Road Management Group shadow toll roads (£56.1m in two tranches); committed £10.4m to the B247 greenfield road PPP in Germany (which completed post-year end) and committed to invest £27.8m in an existing UK health holding in the first half. Post year end the Company announced its first fibre investment, acquiring a 55% interest in ADTIM SAS, a wholesale fibre network servicing rural communities in France, representing c. 2% of portfolio value at 31 March 2022.

This investment activity was accretive to key portfolio metrics and, importantly, illustrated InfraRed's differentiated approach to sourcing investments via less competitive situations, including: incremental stakes in existing holdings (e.g. Bradford Schools); greenfield investments (e.g. the B247); and relationship-driven pipeline (e.g. RMG Roads). Most recently, HICL announced a forward-looking partnership with VINCI Highways in Germany and is pleased to have re-entered its partnership with the Mitsubishi subsidiary, Diamond Transmission Corporation, to bid for the Hornsea II OFTO. Such partnerships serve to support key relationships and secure consistent and longer-term pipeline for the Company.

Periodic asset disposals remain an important lever to optimise portfolio construction and deliver outperformance. In the year, HICL agreed to dispose of its 100% interest in the Queen Alexandra Hospital ("QAH") PPP project (March 2022) and completed the sale of its 50% interest in the Health & Safety Executive Headquarters PPP project (October 2021). Both disposals are accretive to key portfolio metrics and together delivered a combined holding period return of c. 10% per annum[4]. Finally, the return of a small PPP project was effected under the voluntary termination regime, reflecting changes in the client's ongoing requirements for the facility. These divestments enable the effective rotation of proceeds into the accretive acquisition activity discussed above.

Financial Highlights

NAV per share increased by 10.8p over the year to 163.1p at 31 March 2022 (31 March 2021: 152.3p). The Company's annualised total shareholder return, based on growth in NAV per share plus dividends paid, was 12.8% for the period (31 March 2021: 5.5%). On the same basis, in the 16 years since its IPO, HICL has delivered a total shareholder return of 9.0% per annum.

[2] For further explanation refer 'Alternative Performance Measures' in Section 3.1 – Financial Review
[3] Ofwat, *Service Delivery Report 2020-2021*, November 2021
[4] Calculated as an IRR, reflecting the initial purchase price, distributions received, and the final sale price

2.5 Investment Manager's Report (continued)

The recovery in cash cover to 1.05x[5] was as planned and driven primarily by solid cash generation from the underlying portfolio.

Further information on the investment valuation and financial performance can be found in Section 3.2 – Valuation of the Portfolio and Section 3.1 – Financial Review, respectively.

On 1 April 2022, the Company announced a new £400m GBP multi-currency facility. Headroom within the Revolving Credit Facility was £264.6m at the year end. Together with the expected proceeds from the agreed sale of QAH, the Company has a robust balance sheet and is well placed to fund its attractive investment pipeline.

Governance

The Board of HICL is undergoing a key transition within its succession plan. Chairman, Ian Russell, and Audit Chair, Susie Farnon, will both retire in July 2022. InfraRed reflects upon the substantial contributions of Ian and Susie, and expresses its sincere gratitude for their unwavering dedication throughout this important period for HICL.

HICL will now open a new chapter. As previously announced, the planned Board transitions will be effected with Mike Bane due to be appointed to the Chairman role, Rita Akushie to the role of Audit Chair, and Frances Davies to Remuneration Chair. The Investment Manager has worked closely with Mike, Rita and Frances around the boardroom table and looks forward to continuing to do so in their new roles.

Sustainability

Sustainability is embedded in the Company's business model. HICL's sustainability credentials can be viewed in two parts:

- the inherent social good derived from assets that provide essential services to communities; and
- the benefit that is derived from an active sustainability strategy that seeks to drive improvements in the ESG performance of the underlying assets in the portfolio.

The Investment Manager recognises the importance of both of these elements in the Company's strategy to provide sector leadership on sustainability. InfraRed's enhanced investment processes ensure a systematic evaluation of asset-level sustainability credentials when making acquisitions. Equally important, InfraRed's active asset management enables robust measurement of, and tangible improvements across, the Company's reported sustainability metrics (set out in detail in HICL's Sustainability Report 2022, available on the HICL website).

HICL and InfraRed's commitment to sustainability best practice was further demonstrated in the year. For the second successive year, HICL has reported across all 11 recommended disclosures from the Task Force on Climate-related Financial Disclosures ("TCFD"). HICL has complied with the EU's Sustainability Finance Disclosure Regulation ("SFDR") since March 2021, noting the step-up in disclosure obligations applicable from 1 January 2023. From this date, InfraRed intends to report for HICL in accordance with Article 8 of the regulations. Finally, InfraRed's own ambition for net zero was formalised in the period through its decision to join the Net Zero Asset Managers initiative, committing InfraRed to achieve net zero emissions across the HICL portfolio by 2050, with interim targets by 2030.

Highlights are provided in Section 2.7 – Sustainability Highlights. Further detail is set out in the Company's Sustainability Report 2022, available on the HICL website.

Risk Management

HICL's risk appetite statement, approach to risk management and governance structure are set out in Section 3.4 – Risk and Risk Management.

Commentary on the Company's key risks is set out below.

Political and regulatory risk

Geopolitics

The Investment Manager notes the geopolitical consequences of war in Eastern Europe. The Company is not directly exposed to the region, via either its investment portfolio or its shareholder register. Notwithstanding this, secondary impacts to supply chain, energy costs and inflation are likely to provide an element of challenge to all, including HICL's portfolio companies.

Recognising this heightened uncertainty, HICL's portfolio provides defensive positioning against greater volatility in financial markets. HICL's beta over the year was 0.32[6] illustrating the diversification that HICL can bring to shareholders' portfolios.

LIBOR/SONIA transition

The risk associated with the transition of PFI contracts from LIBOR to SONIA has continued to be actively managed down by liaising directly with lenders and swap counterparties on a project by project basis and is no longer considered to be a principal risk. Following HICL's announcement in July 2021 of the first successful transition by InfraRed of a UK PFI project, 90% of the portfolio by value has transition arrangements substantively agreed. The remainder of the portfolio is expected to be resolved over the course of 2022.

PFI handback

The process whereby PFI projects revert to public ownership is still in its infancy, but gathering momentum over the next decade. Ensuring the smooth transition of assets over time is therefore a prominent issue for all PFI stakeholders, public and private sectors alike. The Investment Manager believes strongly that initiatives of such scale can only be resolved through genuine collaboration across project stakeholders. In this vein, InfraRed strongly supports the efforts of the Infrastructure and Projects Authority ("IPA") to establish numerous dedicated working groups

[5] Including profits on disposal versus original acquisition cost of £4.8m. Excluding this, dividend cash cover would have been 1.02x
[6] Calculated as the daily HICL share price return vs FTSE All-Share daily return over 12 months to 31 March 2022

to discuss and develop solutions to cross-industry challenges such as 'handback' and the transition to net zero. InfraRed representatives have joined a subset of these working groups, as an active and collaborative partner. Further initiatives such as the IPA's contractual 'health checks', in which a HICL asset participated, as well as InfraRed-sponsored handback preparation initiatives on three other UK PFI assets, continue to guide InfraRed's planning and asset management design around this risk. HICL has c. 2% of its portfolio scheduled to be handed back before March 2030. To date, two HICL projects have reached concession expiry: one received a contract extension, and the other was handed back successfully.

Client relationships
The Investment Manager continues to highlight the risks inherent in long-term partnership frameworks, particularly when operating and financial pressures are more acute, such as those seen in the UK healthcare sector over the last 24 months. For a small subset of these assets, this has resulted in more adversarial forms of contract management from healthcare clients, with negative consequences for the PFI project and its stakeholders. To date, this remains immaterial to the portfolio; however the potential for further instances of this behaviour, including the non-payment of contracted revenues, continues to pose a risk to the Company's cash flows. Following the disposal of QAH, the Company has 27% of the portfolio in healthcare assets (29% as at 31 March 2021).

Counterparty risk
By design, HICL has a significant network of service delivery partners, which operate across the assets in the portfolio. By transferring long-term delivery obligations to these specialists, risk is transferred to the party best able to manage it. The residual risk to the Company is therefore where these counterparties underperform or fail. The management of HICL's exposure to the performance of its network of delivery counterparties is a key mitigation to this risk. The breakdown of service delivery counterparty exposure is set out on page 51.

The proposed acquisition of Engie SA's services unit, Equans, by Bouygues S.A. has been noted by the Investment Manager. Once completed, this transaction will increase HICL's exposure to the Bouygues Group to 25% by value[7] (31 March 2021: 15%). Recognising Bouygues' strong performance track record and credit profile, InfraRed remains comfortable with this level of concentration.

Management of facility condition remains a key focus of InfraRed's Asset Management team. This includes the identification of physical quality issues (including defects), the utilisation of lifecycle budgets and the effective management of specialist subcontractors. This latter activity includes taking necessary action to ensure construction defect remediation, where appropriate, and is a key mitigant to this risk.

Covid-19 and consumer behaviour
A subset of the Company's demand-based assets continues to be impacted by the effects of Covid-19. Within the Directors' Valuation, assumptions have been adopted in respect of the recovery profiles of the individual assets (e.g. traffic assumptions). While visibility of the recovery trajectory is improving with time, some risk remains around these future assumptions.

Across HICL's geographies, significant progress has been made in the management of Covid-19 in the period and the risk posed to the portfolio has steadily decreased over the year. Longer-term, the potential for more systemic shifts in consumer behaviour (e.g. working practices or modal selection) remains uncertain and could impact asset demand within the HICL portfolio, either positively or negatively. An assessment of this uncertainty is included within the Directors' Valuation.

Macroeconomic risk
The prospect of persistent high inflation presents the risk of declining real returns to investors. To the extent that policy makers utilise monetary levers to manage higher inflation, interest rate increases may result. Higher interest rates have the potential to negatively impact asset pricing.

Importantly, the returns from HICL's high quality core infrastructure portfolio are highly correlated to inflation at 0.8x[8] over the long term. Recognising the current high inflationary environment, additional NAV and cash flow sensitivities have been included in Section 3.2 – Valuation of the Portfolio on page 47. Where inflation is higher than HICL's valuation assumptions by 3% for the next three years, NAV would increase by 10.2p per share.

In relation to interest rates, there is also a degree of protection built in to discount rates. From its lowest point in 2007, the implied equity risk premium (the difference between the discount rate and risk-free rate) expanded from 2.5% to an all-time high of 6.5% in March 2020. The current equity risk premium of 4.8% continues to provide an element of buffer to cushion the impact of rising risk-free rates on asset pricing. Additionally, over this same period we have seen a step change in the embrace of infrastructure as an asset class by institutional investors[9]. This has contributed significantly to the observed downward pressure on required returns from the sector, in addition to the decline in risk-free rates.

The Investment Manager also notes the prospect of stagflation in the context of the supply side constraints driving current inflation and the potential for economic contraction. Should policy makers allow greater levels of inflation (i.e. with limited use of monetary controls), HICL's investment proposition would be expected to continue to provide protection to shareholders, and the relative attractiveness of the asset class would be expected to further increase.

[7] The proportion of the portfolio, by value at 31 March 2022, to which Bouygues provides facilities management services
[8] If outturn inflation was 1% p.a. higher than the valuation assumption in each and every future period, the expected return from the portfolio (before Corporate Group expenses) would increase by 0.8%
[9] 1445% increase in unlisted infrastructure assets under management between December 2006 and March 2021, Preqin data

2.5 Investment Manager's Report (continued)

Climate Change

Climate change risks to the Company are both the physical risks that a changing environment poses to real assets, and the transition risks arising as a consequence of authorities seeking to limit the extent and impact of a changing climate through policy initiatives.

Primary mitigations exist at project level including contractual protections, insurances and the finite nature of the concessions. At a corporate level, the Company has reported against all 11 of the Task Force on Climate-related Financial Disclosures ("TCFD"). The disclosure includes a comprehensive assessment of the risks to the Company posed by climate change. This is set out on pages 68-73.

Market and Outlook

The Company is well positioned to deliver its strategy, notwithstanding heightened uncertainty in the broader market. Indeed such instability continues to highlight the relative attractiveness of core infrastructure versus other asset classes. HICL's strong inflation correlation (0.8x), low beta, and strong predictable yield, ensure that HICL remains a compelling holding for 'all seasons'.

The appetite for the asset class has continued to support infrastructure asset prices, despite the evolving macroeconomic environment. Competition for high quality core infrastructure assets remains high. This dynamic continues to support the valuation of HICL's existing portfolio and is also reflected in the market for new investments.

The Investment Manager remains focused on the enhancement of HICL's Investment Proposition (refer to page 16) and continues to position the Company for growth in pursuit of this. InfraRed views positively the opportunity to continue to make high quality additions to the existing portfolio and improve key portfolio metrics.

The Company's vision, to deliver strong social foundations, connect communities and support sustainable modern economies guides HICL's investment ambition. This reflects the fundamental role that traditional infrastructure sectors play in our society (e.g. social, transportation) as well as the increasing role of those sectors driving the modern economy, such as communications (e.g. fibre, towers) and the energy transition (e.g. OFTOs, district utilities). HICL's thematic approach aligns with InfraRed's broader strategic investment outlook and activity across the range of funds managed by InfraRed. This multi-fund, cross-strategy investment platform enables the full weight of InfraRed's expertise, international footprint and track record to be brought to bear for HICL, across the core infrastructure landscape.

InfraRed actively manages a strong pipeline of investment opportunities for the Company, underpinned by its differentiated capability to source attractive new investments via less competitive situations. This encompasses a continued focus on:

- ▲ Relationship driven pipeline: building upon the announced partnerships with key industry relationships;
- ▲ Incremental acquisitions in the existing portfolio: 72% of the portfolio by value is less than 100% owned (31 March 2021: 69%). As highlighted in HICL's Interim Report 2021, InfraRed will continue to explore incremental opportunities across all existing portfolio segments, including the demand-based assets correlated to GDP on a case-by-case basis; and
- ▲ Greenfield opportunities: building on InfraRed's 20 year-plus track record in successfully delivering assets through construction. Existing exposure to assets in construction is 3% by portfolio value at 31 March 2022 (31 March 2021: 3%).

Achieving the appropriate risk and reward balance for HICL continues to be of highest importance. InfraRed's disciplined and structured use of its core infrastructure framework (refer to page 18) to evaluate new opportunities ensures that HICL continues to pursue high quality core infrastructure assets, aligned with HICL's clear risk and reward mandate, and in support of the delivery of HICL's investment proposition.

Further detail on the Company's pipeline is set out in the graphic opposite.

Healthy pipeline covering the breadth of HICL's acquisition focus:

- ▲ Attractive pipeline of core infrastructure assets spanning UK, Europe, North America and Australia & New Zealand
- ▲ c. £510m of equity at exclusivity, preferred bidder, or shortlisted stage
- ▲ Two origination partnerships now in effect with key industry relationships; a further one at advanced stage

Strong Social Foundations

Health

Education

Fire, Law & order

Accommodation

- ▲ Focus on incremental acquisitions across the operational PPP portfolio (UK, Europe)
- ▲ Visible greenfield PPP pipeline across Europe, Canada, Australia

Connecting Communities

Availability or toll roads

Rail and rolling stock

Fibre networks

Towers

- ▲ Communications infrastructure in mature geographies: wholesale FTTH assets in France, Nordics, UK, Iberia; towers in UK, Europe, Australia & New Zealand
- ▲ Incremental acquisitions on demand-based transport assets on a case-by-case basis

Sustainable Modern Economies

Water

OFTOs

District energy

Electricity distribution

- ▲ New and incremental acquisitions spanning HICL's core markets across regulated utilities, including water, electricity transmission / distribution and OFTOs
- ▲ Select district heating/utilities opportunities (North America and Europe) which exhibit identifiable core infrastructure characteristics

02 / STRATEGIC REPORT

2.6 Top 10 Assets – Operational Highlights

Affinity Water – 9% of portfolio

Affinity Water provides an average of 950m litres of clean water each day to a population of more than 3.6 million people in Southern and Eastern England. It is a water-only company and has no sewerage operations. As a regulated utility, the company has clear visibility over its appointed revenue base until March 2025. The effects of the shift in water usage patterns, mainly as a result of the Covid-19 pandemic, continue to be analysed ahead of further Ofwat engagement and are not expected to have a material financial impact on the business.

Over the year, the management team has been focused on driving the operational performance of the business. InfraRed has worked closely with the Affinity Water board to support this objective. The company plans to spend approximately £100m[1], over the course of the current Asset Management Period to achieve its ambitious leakage reduction targets. More generally, total expenditure and performance commitments were in line with HICL's expectations for the year. Management's focus on operational performance was recognised by Ofwat in its most recent Service Delivery Report[2], with Affinity Water judged to have "stepped up to the challenge set in the PR19 final determination". Furthermore, Moody's, S&P and Fitch all re-affirmed their ratings for the company's listed debt during the period.

As a result of the significant capital investment that Affinity Water committed to as part of PR19[3], the company's Regulatory Capital Value ("RCV") increased by 13% in the year to 31 March 2022 resulting in an implied RCV multiple of 1.29x[4]. This is the largest increase of any water company in England in percentage terms and underlines the long-term strategic value of the asset. Importantly, RCV growth is contractually linked to both RPI and CPI inflation, which is a key driver of Affinity Water's high inflation correlation (see Section 3.2 – Valuation of the Portfolio for further details).

Affinity published its Strategic Direction Statement[5] in June 2021, following consultation with key stakeholders including communities and customers, and focusing on network resilience, environmental protection, and consumer affordability. This document also provides a foundation for the company's PR24[6] preparations, which have now started in earnest.

During the year, the company won two Ofwat Innovation Awards for its 'Seagrass Seeds of Recovery' and 'Smarter Tanks' projects. Affinity Water's responsible approach to business is reflected through a broad programme of sustainability initiatives, some of which are detailed in HICL's Sustainability Report 2022.

Northwest Parkway – 7% of portfolio

The Northwest Parkway is a free-flow toll road which provides access to key residential and employment districts in the Denver Metropolitan area as well as Denver International Airport.

During the year, traffic levels rose steadily from 72% of pre-Covid levels in the quarter ending 30 June 2021 to 83% of pre-Covid levels in the quarter ending 31 March 2022. This was broadly in line with the Investment Manager's valuation assumption, although usage of the road briefly reduced in January and February as a result of heavy snowfall. Encouragingly, traffic levels continued to increase after the financial year end, reaching 91% of pre-Covid levels in the 4 week period ending 1 May 2022. This continued recovery in demand, underpinned by economic growth and increased domestic air travel in the United States, supports the Investment Manager's assumption that traffic will return to pre-Covid levels by June 2023. The project company board agreed to resume distributions during the year, further reducing uncertainty, and HICL recognised a modest uplift in the March 2022 valuation.

Tolls were increased by 20 cents during the year, which incorporated a 'catch-up' for the previous year where traffic was more severely impacted by the pandemic and tolls were held flat. A further increase, which is expected to be at least in line with inflation, is planned for the coming year. The management team has successfully focused on improving the rate of toll collection from non-registered users and has also set aside $100,000 to help victims of a devastating local fire (the Marshall Fire) which occurred in late December 2021.

[1] https://www.affinitywater.co.uk/docs/Affinity_Water_Limited_2021.pdf
[2] https://www.ofwat.gov.uk/wp-content/uploads/2021/11/Service-Delivery-Report-2020-2021.pdf
[3] The Ofwat 2019 price review period that sets prices for the period from April 2020 to March 2025
[4] Based on Affinity Water's Regulated Capital Value of £1,478m as at March 2022 (Source: Ofwat)
[5] https://www.affinitywater.co.uk/docs/corporate/plans/strategic/AW0031_Strategic-direction-statement.pdf
[6] The Ofwat 2024 price review process that sets prices for the period from April 2025 to March 2030

A63 Motorway – 7% of portfolio

HICL's investment relates to a 105 km stretch of the A63 Autoroute in France, which connects Bordeaux to the Spanish border. The road is an important trans-European transport corridor for both freight and leisure travel, enabling journeys from the Iberian Peninsula and South-Western France to the whole of Northern Europe. Due to its strategic positioning, the performance of the asset has been largely unaffected by Covid-19, despite lockdowns in France during April and May 2021. In the three-month period ending 31 March 2022, light and heavy vehicle traffic was 1% and 3% above pre-Covid levels respectively, and revenues for the financial year were broadly in line with of the Investment Manager's valuation assumption. The assumptions underpinning the future traffic forecast are not materially different from those used in September 2019, demonstrating the asset's full recovery from the impact of Covid-19.

During the period, major carriageway resurfacing works were undertaken in line with the long-term maintenance plan for the asset. The works are phased to minimise disruption during peak periods and are due to complete on schedule in December 2022. A contactless payment system was also installed to improve efficiency and user experience at the toll plazas.

Atlandes, the concessionaire for HICL's investment, continues to lead the market with respect to sustainability. In February 2022, the company became the first toll road operator in France to implement reduced tariffs for LNG-powered lorries; further initiatives are detailed in HICL's Sustainability Report 2022.

Southmead Hospital – 5% of portfolio

Southmead Hospital is a major 800-bed acute hospital in Bristol. It provides accident and emergency and specialist medical services to a population of almost one million people in Bristol, South Gloucestershire, and North Somerset. The hospital played a particularly vital role throughout the Covid-19 pandemic, and during the year InfraRed worked closely with the portfolio company and facilities management provider to support the NHS trust in a return to more normal operations.

Southmead Hospital was built by Carillion Plc ("Carillion"), which entered liquidation in 2018. During the year, InfraRed continued to work collaboratively with all key project stakeholders to finalise the resolution of outstanding contractual obligations with the client and the projects lenders, further de-risking the cash flow assumptions. Throughout this process, InfraRed has maintained excellent working relationships with the NHS Trust and Bouygues Energies & Services, who provide the facilities management services, which has led to further collaboration on a number of ESG initiatives including a carbon survey and wellbeing events for staff members. HICL, continues to assume responsibility for the construction defect risk associated with the project in the absence of Carillion.

2.6 Top 10 Assets– Operational Highlights (continued)

High Speed 1 – 5% of portfolio

High Speed 1 ("HS1") is the UK's only high-speed rail line, linking London St Pancras with the Channel Tunnel. It is a vital component of the UK's rail link with Continental Europe, enabling fast and frequent domestic rail services between Kent and Greater London.

International train path bookings (which represented 32% of pre-Covid track access revenues) increased materially over the year as restrictions on cross-border travel due to Covid-19 were gradually eased. Although border restrictions were briefly re-introduced due to the Omicron variant, this did not have a material impact on HS1's financial performance. In the four-week period to 30 April 2022, international train path bookings reached 81% of pre-Covid levels, slightly ahead of HICL's valuation assumption. Eurostar's advertised services indicate that bookings are expected to continue to increase over the coming months, and HICL's forecast assumes that international train path bookings will reach pre-Covid levels by March 2025.

Domestic services (68% of pre-Covid track access) continue to benefit from the contractual underpin from the Department for Transport, which guarantees 96% of these pre-Covid domestic track access revenues. Although there is some uncertainty around the return to a pre-Covid domestic timetable, neither the replacement of London & South Eastern Railway Limited as the operator of domestic services nor the results of the Williams-Shapps Plan for Rail are expected to materially impact future train path bookings.

Retail revenue slightly exceeded InfraRed's forecast in the year as a result of strong consumer demand; HS1's management team continues to work closely with tenants at St Pancras International as they experience increased footfall. The management team also worked tirelessly to deliver several important liquidity enhancement initiatives in the period. These initiatives, along with InfraRed's active approach to asset and stakeholder management, ensured that HS1 required no external funding despite highly challenging operating conditions.

The Investment Manager notes that there have been several reports in the period relating to competing international train services. Although no adjustment has been made to the March 2022 valuation, the interest shown by potential new operators demonstrates the inherent attractiveness of high-speed rail as an efficient and environmentally friendly mode of travel. Sustainability is at the heart of HS1's business, and a number of key highlights are set out in HICL's Sustainability Report 2022.

Royal School of Military Engineering – 4% of portfolio

HICL's investment covers over 50 buildings and five training facilities used by the Royal School of Military Engineering Group, which provides a wide range of training to the British Army and Defence forces.

Training continued to be delivered throughout the year, although a small number of courses were deferred to the following year due to Covid-19.

As part of the Ministry of Defence's standard rotation programme, the Chief of Staff, Commandant and two-star General roles were rotated during the year, and InfraRed looks forward to continuing the excellent working relationships developed on the project to date with the new senior team.

The Investment Manager also agreed a new management services contract with Vercity, with all existing employees transferring on 1 April 2022.

During the year, new facilities were formally opened by HRH Countess of Wessex. The project company also initiated several ESG initiatives, including the installation of electric vehicle chargers, the donation of iPads to local schools and improvements in biodiversity through on-site beehives and a wormery to reduce food waste.

Photo credit: Crown Copyright

Pinderfields and Pontefract Hospitals – 4% of portfolio

Pinderfields and Pontefract Hospitals provide acute hospital services to more than half a million people living in the Wakefield and North Kirklees districts of West Yorkshire. Pinderfields Hospital is a designated major trauma centre and is home to two specialist regional services in burns and spinal injuries for the North of England. Throughout the Covid-19 pandemic, the project company has been working closely with the NHS Trust, which has been complimentary of the service provision in response to their changing requirements.

During the year, InfraRed and other key stakeholders progressed the terms for a major programme of works which will be completed over the next five years. These include ventilation upgrades as well as improvements to intensive care units and Haematology. In March 2022, the project company's construction partner commenced work on a temporary ward which will accommodate patients whilst components of the main hospital are being upgraded. The project is expected to resume shareholder distributions during the coming year, which have been paused while the scope and programme of works within the hospitals is agreed by all stakeholders.

Home Office – 3% of portfolio

HICL's investment relates to the state-of-the-art headquarters of the Home Office and the Department for Environment, Food and Rural Affairs ("DEFRA") in central London. The award-winning building has a number of energy-saving features and has been designed to enhance the experience of its 3,450 users. As a result of changes in working patterns linked to the Covid-19 pandemic, day-to-day occupancy of the building has been well below maximum levels. This has not impacted the financial performance of the asset as revenues are linked to availability rather than usage. In collaboration with the client and its facilities management partner, the portfolio company agreed to isolate some aspects of plant to better manage the building environment and will continue to be accommodating whilst working patterns at the facility stabilise.

Dutch High Speed Rail Link – 2% of portfolio

The Dutch High Speed Rail Link provides a 96 km high-speed connection from Amsterdam (Schiphol Airport) to the Belgian border and facilitates domestic and international rail services. Revenues for this PPP asset are dependent on availability, and therefore not impacted by changing passenger or train volumes as a result of Covid-19. Availability for the entire financial year was 100%, and as a result the performance of the asset was in line with InfraRed's expectations.

InfraRed and Infraspeed, the operator of the concession, are now collaborating with the client to undertake a number of major variations to further improve the lives of the communities surrounding the railway tracks. The project features extensive noise-reduction screens, which minimise noise pollution without threatening biodiversity.

Blankenburg Tunnel – 2% of portfolio

The Blankenburg Tunnel involves the construction of a 4.2 km motorway, incorporating both below river and land-based tunnels near the city of Rotterdam. Located on the strategic TEN-T road network[5], the project will increase capacity and improve road safety. Construction works began in September 2018 and are expected to complete in 2024. During the year, the project company agreed a major variation with the client to build the most technically complex element of the design, the immersed tunnel section, in a local dry dock. This significantly de-risked the construction programme and helped to counteract some of the challenges posed by Covid-19.

As a result of this variation, InfraRed's active approach to asset management, and positive working relationships with the construction subcontractors, the project is expected to meet the planned availability date despite delays linked to construction staff shortages. The construction contractor is currently in discussions with the client in relation to rising materials and labour costs; regardless of the outcome, the risk to HICL is mitigated through the contractual pass-through.

[5] Trans-European Transport Network (TEN-T) is a planned network of roads, airports, railways and water infrastructure in the EU. The initiative seeks to establish intermodal, long-distance and high-speed corridors

2.7 Sustainability Highlights

HICL's approach to sustainability

As a prominent long-term investor in core infrastructure, HICL has a role in society that extends beyond its shareholders.

The Company is a trusted steward of essential assets and has a responsibility towards the communities that the assets serve and, in many cases, to which the assets will be returned at the end of the defined contractual term.

The Board and Investment Manager recognise that operating in a sustainable manner lies at the very heart of the Company's business model, and is fundamental for the successful delivery of its investment proposition.

> "HICL's ability to deliver sustainable income to investors is intrinsically linked to delivering positive outcomes for the communities it serves."
> **Ian Russell CBE, Chairman**

Our infrastructure supports the lives and livelihoods of the communities in which we operate. Around the world over 20 million people have access to HICL's infrastructure; in the UK alone, HICL's assets touch the lives of one in four citizens. As a result, the Company has an exceptional opportunity to make a positive social contribution by enhancing the experience of its clients, end users and wider stakeholders.

HICL actively contributes to the United Nations ("UN") Sustainable Development Goals ("SDGs") through the delivery of reliable and resilient infrastructure that supports economic development and human wellbeing. The nature of HICL's investment proposition means the Company inherently contributes to developing industry, innovation and infrastructure (SDG 9); and building sustainable cities and communities (SDG 11).

InfraRed's approach to sustainability

InfraRed aims to create better futures by developing and managing long-term, sustainable infrastructure.

The Investment Manager believes that long-term success for all stakeholders (including investors) can only be achieved by taking responsibility for the wider impacts of its investment activities. Sustainability has always been central to how InfraRed invests and manages HICL's portfolio, as well as the way in which it conduct its own business operations.

InfraRed's most recent sustainability report[1] sets out its strategy, which is built around four key objectives as set out to the right. These will allow the Investment Manager to best leverage its position and resources to create a positive impact now, but more importantly create better futures for the next generation.

> "Creating Better Futures has always been at the very core of who we are. This is what drives our people and defines InfraRed."
> **Werner von Guionneau, CEO, InfraRed**

Climate: Contribute to the energy transition to achieve net zero and deliver climate resilient infrastructure

Resources: Minimise environmental impacts, resource consumption and biodiversity loss

Communities: Make a positive social contribution by addressing the needs of sustainable communities

People: Promote safe and fair work that respects diversity and inclusion at InfraRed, our business partners and supply chains

[1] Available at: www.ircp.com/sustainability

2.7
Sustainability Highlights

InfraRed commits to **Net Zero Asset Managers** initiative

Intention to report in line with **Article 8 of SFDR**[1]

Enhanced **investment process and exclusions** list

Updated sustainability metrics and targets for HICL

InfraRed maintains an **A+ PRI score**[2]

Focus on **driving social impact** through HICL's assets

Further details can be found in HICL's dedicated Sustainability Report 2022, which can be found at **hicl.com/sustainability/**

[1] EU Sustainable Finance Disclosures Regulation
[2] Principles for Responsible Investment ("PRI") ratings are based on following a set of Principles, including incorporating ESG criteria into investment analysis, decision-making processes and ownership policies
More information is available at https://www.unpri.org/about-the-pri

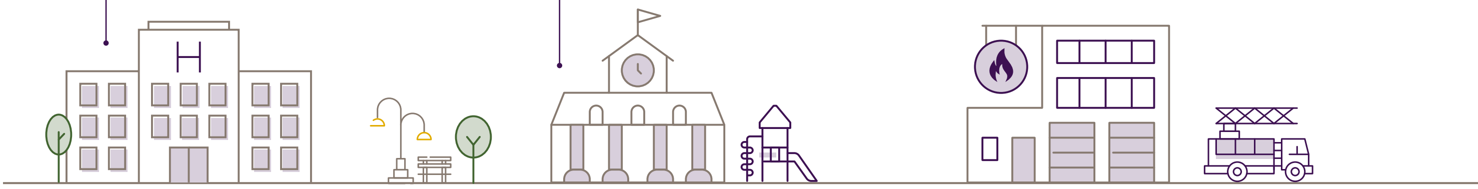
Social impact in numbers

The graphic below demonstrates the reach of HICL's portfolio. By facilitating access to essential services in a socially responsible manner, our projects contribute to many of the UN SDGs and deliver an inherent social good. However, both the Board and the Investment Manager acknowledge that making a genuine social contribution involves going above and beyond the reliable provision of infrastructure. Some examples of specific initiatives undertaken by InfraRed or HICL's portfolio companies are highlighted here and expanding the Company's social impact will be a key priority going forward.

11.9m
people with access to HICL's healthcare facilities

140,000
places across schools, colleges and university facilities

2.3m
people served by HICL's courts, fire stations and police stations



Social Initiative:
Community Fridge

HICL Sustainability Report 2022, page 19

350,000
homes connected to high-speed internet by ADTIM[1]

1.7m
homes connected to renewable electricity

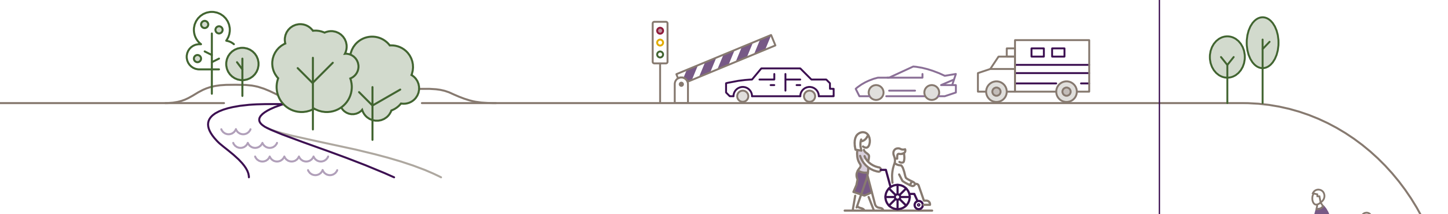
[1] At completion of fibre roll-out

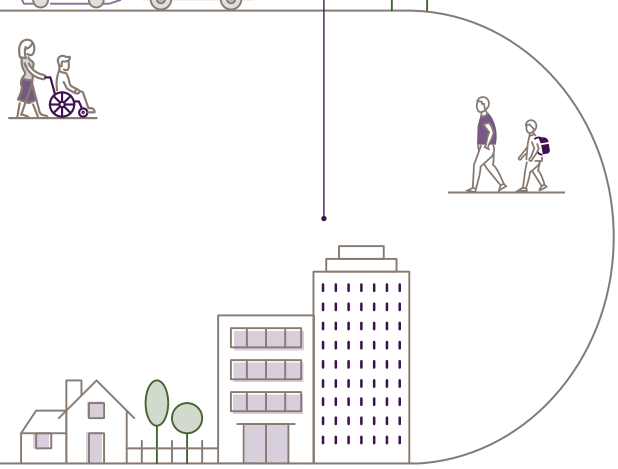
Over 20 million with access to HICL's infrastructure worldwide, including **one in four** UK citizens

3.6m
people served with clean water by Affinity Water

40,000
accommodation places

Social Initiative:
Affinity Water Vulnerable Customer Support
HICL Sustainability Report 2022, page 16





Over 1,200 staff are directly employed by HICL's portfolio companies, with thousands more jobs created through the supply chain

Social Initiative:
Northwest Parkway Fire Relief
HICL Sustainability Report 2022, page 16

4.5m
unique users of HICL's roads and railways

Queen Alexandra Hospital, UK

03 Performance & Risk

3.1 Financial Review

HICL prepares its financial information in accordance with UK-adopted International Financial Reporting Standards ("IFRS"). In the Company's Strategic report, the Directors report the financial performance using the non-GAAP Investment Basis. The Company does not consolidate its portfolio companies as it meets the definition of an Investment Entity. IFRS 10 provides an exception from consolidation but also requires the Company to fair value other companies in the Group (primarily intermediate holding companies and partnerships), which can result in a loss of transparency. The Investment Basis is designed to be a "look through" of IFRS 10 to present the underlying performance. The Directors believe it is more transparent to aid understanding for readers of HICL's Annual Report. It allows readers to assess the Company's underlying operating performance and its gearing, including its capacity for investment and ability to make distributions. Total return, NAV, and EPS are the same under IFRS and the Investment Basis. The Board and the Investment Manager manage the Company on an Investment Basis, which is an APM and is reconciled on page 41.

The following financial information is prepared under the Investment Basis, which consolidates the results of the Company, together with HICL Infrastructure 2 S.a.r.l. and Infrastructure Investments Limited Partnership referred to as "Group" throughout the Financial Review. Total return, which is defined as total comprehensive income for the year, and net assets, are the same under the Investment Basis and IFRS and reconciliation is provided of the Investment Basis financial statements to the IFRS statements from page 41.

Summary Income Statement

Investment Basis £m	For the year ended 31 March 2022	For the year ended 31 March 2021
Dividend income	75.8	37.1
Interest income	117.2	116.5
Fair value movement	192.0	33.5
Realised gain on the sale of investments	4.8	–
Foreign exchange gain/(loss) on investments	7.4	(36.3)
(Loss)/gain on foreign exchange derivatives	(1.9)	19.3
Other income	10.5	18.6
Total Income	**405.8**	**188.7**
Expenses and finance costs	(37.4)	(36.6)
Profit before tax	**368.4**	**152.1**
Tax	0.3	(0.2)
Total Return	**368.7**	**151.9**
Earnings per share	**19.0p**	**7.9p**

Total income increased by 115% to £405.8m (2021: £188.7m) in 2022. The increase is principally due to uplift in the fair value movement from £33.5m to £192.0m which resulted from the 0.2% decrease in the discount rate to 6.6% (2021: 6.8%) announced in the Interim Report 2021, the impact of higher than forecast inflation and an uplift in the valuation of the Queen Alexandra Hospital, following its successful sale process. In addition, dividend income increased to £75.8m (2021: £37.1m) driven by the operational PPP portfolio and the demand assets. Further detail on the valuation movements is given in Section 3.2 – Valuation of the Portfolio.

The hedging policy targets NAV per share volatility of no more than 2% for a 10% movement in foreign exchange rates. During the year, the net impact of foreign exchange movements was a £5.5m gain (2021: £17.0m loss), which represents 0.2% of the closing NAV (2021: 0.6%). This follows a 0.3% movement in weighted average FX rates in the year.

Hedging in this report compared to non-Sterling portfolio values were:

Foreign Exchange Hedging £m	Rate at 31 March 2022	Non-UK assets	Fair value of FX Hedge	FX Hedge as % of non-UK assets %	1% sensitivity to movement in FX rates[1]
Euro	1.19	469	284	61%	1.9
USA	1.31	219	77	35%	1.4
Canada	1.64	62	19	31%	0.4
Total		**750**	**380**	**51%**	**3.7**

[1] Sensitivity impact is net of derivatives

Expenses and Finance Costs

Investment Basis £m	For the year ended 31 March 2022	For the year ended 31 March 2021
Investment Manager fees	29.3	28.7
Finance costs	4.1	3.5
Directors' fees & expenses	0.6	0.5
Acquisition bid costs	0.4	1.3
Professional fees	3.0	2.6
Expenses and finance costs	**37.4**	**36.6**

Total fees accruing to the Investment Manager were £29.3m (2021: £28.7m) for the year. The marginal increase in the year related to the uplift in the portfolio valuation since March 2021, calculated in line with the Investment Manager fee calculation as defined on page 125.

During the year £0.4m of acquisition bid costs were incurred (2021: £1.3m), comprising legal, technical and tax due diligence, on unsuccessful bids.

Tax

Tax charged to the Income Statement under the Investment Basis is incurred by HICL's immediate subsidiary, HICL Infrastructure 2 S.a.r.l. As HICL Infrastructure PLC has Investment Trust Company ("ITC") status, it is exempt from tax on certain items on the basis that it is already paid at the operating company level thus preventing shareholders from suffering double taxation. The Directors monitor compliance with the ITC rules by receiving an annual taxation report from the Investment Manager and are of the opinion that HICL has complied with its obligations as an ITC in the year.

Ongoing Charges

Investment Basis £m	For the year ended 31 March 2022	For the year ended 31 March 2021
Investment Manager	29.3	28.7
Auditor – KPMG – for the Corporate Group	0.4	0.3
Non-audit fee – KPMG – Interim review	0.1	0.1
Directors' fees and expenses	0.6	0.5
Other ongoing expenses	2.0	1.6
Total expenses	32.4	31.2
Average NAV	3,039.7	2,923.4
Ongoing charges %	**1.06%**	**1.07%**

Ongoing charges, calculated in line with the Association of Investment Companies' ("AIC") guidance, is defined as annualised ongoing charges (which excludes acquisition costs and other non-recurring items) divided by the average published undiluted net asset value of £3,039.7m in the year (2021: £2,923.4m).

The ongoing charges percentage is 1.06% (2021: 1.07%). The small reduction is primarily driven by HICL's increased investment value due to the portfolio gains mentioned above.

Overall, earnings per share increased to 19.0p (2021: 7.9p) at 31 March 2022.

Summary Balance Sheet and NAV

Investment Basis £m	31 March 2022	31 March 2021
Investments at fair value	3,216.6	2,938.1
Net other (liabilities) / assets	(11.3)	7.4
Net (debt) / cash	(46.2)	4.7
Net Assets	**3,159.1**	**2,950.2**
NAV per share (before dividend)	163.1p	152.3p
NAV per share (post dividend)	161.1p	150.3p

3.1
Financial Review (continued)

Investments at fair value increased by 9.5% to £3,216.6m (31 March 2021: £2,938.1m), principally due to the impact of higher than forecast inflation and the weighted average discount rate reduction from 6.8% to 6.6%. Further detail on the movement in Investments at fair value, which are net of commitments and therefore not in the Directors' Valuation, is given in Section 3.2 – Valuation of the Portfolio.

An analysis of the movements in Net (debt) / cash is shown in the cash flow section below.

NAV per share was 163.1p (31 March 2021: 152.3p) before the 2.07p fourth quarterly distribution. NAV per share increased by 10.8p, reflecting earnings per share of 19.0p, net of 8.5p distributions, for the year ended 31 March 2022.

NAV per share and Earnings per share are the same under the Investment Basis and the IFRS Basis.

Key accounting judgements and estimates

A key judgement is the assessment required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial treatment of investment entities is accurate. The introduction of IFRS 10 resulted in the Group's intermediate holding companies being presented at fair value, which reduced the transparency of the underlying investment performance. As a result, the Group presents a non-GAAP Investment Basis set of financial statements to ensure that the commentary in the Strategic report remains fair, balanced and understandable. The reconciliation of the Investment Basis to IFRS is shown on page 41.

In preparing these accounts, the key accounting estimate is the carrying value of the Group's investments, which are stated at fair value. Given the importance of the valuation of investments, the Board's Audit Committee has oversight of the Investment Manager's valuation process and challenges the valuation policy, process and application to individual investments on a bi-annual basis. A third party is also appointed to carry out an independent review of the Investment Manager's valuation. Despite the above, asset valuations for unquoted investments are inherently subjective, as they are based on assumptions which may not prove to be accurate.

The Group's investments are predominantly unquoted and are therefore valued using a discounted cash flow analysis of the forecast investment cash flows from each project. The exception to this is the listed senior debt in the A13 Road project which is valued using the quoted market price of the bonds.

Summary Cash Flow

Investment Basis £m	31 March 2022	31 March 2021
Cash from investments	200.5	178.0
Operating costs	(34.3)	(32.4)
Finance costs	(3.2)	(2.7)
Net cash inflow before capital movements	**163.0**	**142.9**
Cost of new investments	(87.5)	(162.5)
Investment disposal proceeds	18.5	27.5
Share capital raised, net of costs	–	118.6
Net cash flow from derivatives	15.1	9.1
Debt arrangement fees (paid) / received	(0.2)	0.8
Dividends paid	(159.8)	(158.3)
Movement in the year	**(50.9)**	**(21.9)**
Net cash at start of year	4.7	26.6
Net (debt) / cash at end of year	**(46.2)**	**4.7**

The Group ended the year with net debt of £46.2m (31 March 2021: £4.7m net cash). This is a result of drawings on the RCF of £75.6m (31 March 2021: £26.9m) at year end to support the new portfolio investments ahead of any equity issue.

Higher distributions from the Group's operational PPP portfolio and the demand-based assets reflective of economies recovering from the impact of Covid-19 led to cash from investments improving from £178.0m to £200.5m in the year. Proceeds from investments of £18.5m (2021: £27.5m) represent the disposal of Health & Safety Headquarters and the cessation of an UK educational PPP project. The purchase of investments of £87.5m (2021: £162.5m) represents incremental funds invested into a UK hospital project and Bradford Schools Phase 1 and 2, together with a new investment, split into two tranches, into Road Management Group.

Dividends paid in the year were £159.8m (2021: £158.3m) and dividend cash cover, increased to 1.05[1]x (2021: 0.90[2]x) due to the above noted improved cash receipts from the Group's investments.

[1] Including profits on disposals versus original acquisition cost of £4.8m. Excluding this, dividend cash cover would have been 1.02x
[2] Including profits on disposals versus original acquisition cost of £11.9m. Excluding this, dividend cash cover would have been 0.83x

Group Drawings and Gearing Levels

As at 31 March 2022, the Group had cash drawings on its Revolving Credit Facility ("RCF") of £75.6m (31 March 2021: £26.9m) and drawings of £30.0m by way of letters of credit (31 March 2021: £18.6m). The Group also had drawings by way of letter of credit on its Letter of Credit Facility ("LCF") facility of €67.3m (31 March 2021: €67.3m). Consequently, the Group has the capacity to fund additional investments as and when further attractive opportunities arise as well as maintain sufficient working capital.

On 1 April 2022, the Group announced that it had renegotiated a £400m RCF with Barclays, RBC, CIBC, ING, Lloyds, NAB, RBSi and SMBC, with an expiry date of 30 June 2024. A €67.5m LCF provided by ING and SMBC with an expiry date of 31 December 2026 is also held to fund existing and future longer-term funding obligations.

HICL makes prudent use of its available leverage. Under the Articles, the Corporate Group's outstanding borrowings, including any financial guarantees to support outstanding subscription obligations, but excluding internal company borrowings of the Corporate Group's underlying investments, are limited to 50% of the Adjusted Gross Asset Value, being the Directors' Valuation plus cash balances of the Company and its Corporate Subsidiaries at any time.

The ratio of debt to Adjusted Gross Asset Value at the end of the year was as follows:

	31 March 2022 £m	31 March 2021 £m
Outstanding drawings		
Bank borrowings	75.6	26.9
Letter of credit facility	86.7	75.8
	162.3	**102.7**
Adjusted Gross Asset Value		
Directors' Valuation	3,311.0	3,011.9
Cash and cash equivalents	29.4	31.4
	3,340.4	**3,043.3**
Borrowing ratio	**4.9%**	**3.4%**

From time to time the Company issues its own shares to the market; the timing of these issuances depends on market prices and need for investor capital to further the Group's Acquisition Strategy.

Should a discount arise to the Net Asset Value at which the Ordinary Shares may trade, from time to time the Company may, at the sole discretion of the Directors:

- make market purchases of up to 14.99% per annum of its issued Ordinary Shares; and
- make tender offers for the Ordinary Shares.

There were no changes in HICL's approach to capital management during the year.

3.1 Financial Review (continued)

Alternative Performance Measures ("APMs")

The Directors assess the Company's performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs which are deemed useful to investors as these are how the Company is managed and assessed. The APMs that are used may not be directly comparable with those used by other companies and therefore the Directors wish to draw users' attention to GAAP measures in the financial statements from page 110 onwards. The Directors' Investment Basis is itself an APM.

The explanation and rationale for the Investment Basis is shown on page 36 and its reconciliation to IFRS is shown from page 41. The table below defines the Company's additional APMs.

APM	Purpose	2022 Investment Basis	Calculation	Reconciliation to IFRS
Annualised Return from the Portfolio	A measure of underlying portfolio performance within a given year	9.6%	£269.8m return divided by £2,807.3m rebased valuation compounded for a year	The calculation uses figures which are reconciled to the Investment Basis on page 43 which, in turn, is reconciled to IFRS in the Reconciliation of Investment Basis to IFRS section below
Directors' Valuation	A measure of the size of the investment portfolio including the value of further contracted future investments committed by the Company	£3,311.0m	£3,216.6m investments at fair value plus £94.4m contracted commitments	The calculation uses portfolio assets shown in the reconciliation in the table entitled 'Reconciliation of Investment Basis to IFRS' below
Dividend cash cover	A measure of distributable cash received from underlying projects in the period enabling distributions to shareholders	1.05x[1]	£167.9m distributable cash received including £4.8m of profit on disposal versus original cost divided by £159.8m dividend for the year	The calculation uses the dividend paid in the Statement of Changes in Equity divided by distributable cash
Distributable cash	A measure of cash received from underlying projects in the year	£167.9m	Calculated as net cash inflow before capital movements shown in the Investment Basis cash flow plus £4.8m profit on disposal versus original cost	The calculation uses distributions received from investments plus £4.8m profit on disposal versus original cost
Cash investments	Identifying new opportunities in which to invest capital is a driver of the Company's ability to deliver attractive returns	£87.5m	£87.5m Investment Basis cash paid to acquire investments in the year	The equivalent balance under IFRS and the reconciliation to the Investment Basis is shown in the Reconciliation of cash flow statement
Cash proceeds	Cash proceeds from our investments support our returns to shareholders, as well as our ability to invest in new opportunities	£18.5m	£18.5m cash received from the disposal of investments in the year	The equivalent balance under IFRS and the reconciliation to the Investment Basis is shown in the Reconciliation of cash flow statement
Net cash/ (debt)	A measure of the available liquid cash to invest in the business offset by the Group's borrowings. This is an indicator of the financial risk in the Group's statement of financial position	£(46.2)m	£29.4m cash and cash equivalents, plus £nil deposits, less £75.6m loans and borrowings	The equivalent balance under IFRS and the reconciliation to the Investment Basis is shown in the Reconciliation of statement of financial position

[1] The calculation includes total profit on disposal of £4.8m versus the original acquisition cost. Excluding this, dividend cash cover is 1.02x

Reconciliation of Investment Basis to IFRS

Reconciliation of Statement of Comprehensive Income

£m	For the year ended 31 March 2022 Investment Basis	Consolidation adjustments	IFRS Basis	For the year ended 31 March 2021 Investment Basis	Consolidation adjustments	IFRS Basis
Dividends received	75.8	3.5	79.3	37.1	0.2	37.3
Interest received	117.2	(36.7)	80.5	116.5	4.5	121.0
Net gain/(loss) on revaluation of investments	196.8	15.2	212.0	33.5	(37.0)	(3.5)
Foreign exchange movement on investments	7.4	(7.4)	–	(36.3)	36.3	–
Loss on foreign exchange derivatives	(1.9)	1.9	–	19.3	(19.3)	–
Other Income	10.5	(10.5)	–	18.6	(18.6)	–
Total Income	**405.8**	**(34.0)**	**371.8**	**188.7**	**(33.9)**	**154.8**
Management fee	(29.3)	29.3	–	(28.7)	28.7	–
Finance costs	(4.1)	4.1	–	(3.5)	3.5	–
Other fund expenses[2]	(4.0)	0.9	(3.1)	(4.4)	1.5	(2.9)
Total expenses	**(37.4)**	**34.3**	**(3.1)**	**(36.6)**	**33.7**	**(2.9)**
Profit/(loss) Before Tax	**368.4**	**0.3**	**368.7**	**152.1**	**(0.2)**	**151.9**
Tax	0.3	(0.3)	–	(0.2)	0.2	–
Earnings	**368.7**	**–**	**368.7**	**151.9**	**–**	**151.9**
Earnings per share	**19.0p**	**–**	**19.0p**	**7.9p**	**–**	**7.9p**

Notes:
[1] Total income shown in the IFRS accounts only relates to HICL and not those portfolio companies held through investment entity subsidiaries. The consolidation adjustments represent the results recorded in HICL Infrastructure 2 S.a.r.l. and Infrastructure Investments Limited Partnership (together the "Corporate Subsidiaries")
[2] Other fund expenses comprise audit, valuation and other professional fees

Reconciliation of Statement of Financial Position

£m	For the year ended 31 March 2022 Investment Basis	Consolidation adjustments	IFRS Basis	For the year ended 31 March 2021 Investment Basis	Consolidation adjustments	IFRS Basis
Investments at Fair Value	**3,216.6**	**(58.1)**	**3,158.5**	**2,938.1**	**12.2**	**2,950.3**
Trade and other receivables	1.2	(1.0)	0.2	0.2	–	0.2
Other financial assets	5.4	(5.4)	–	18.2	(18.2)	–
Trade and other payables	(12.6)	11.8	(0.8)	(10.3)	9.6	(0.7)
Other current financial liabilities	(5.3)	5.3	–	(0.5)	0.5	–
Cash and cash equivalents	29.4	(28.2)	1.2	31.4	(31.0)	0.4
Loans and borrowings	(75.6)	75.6	–	(26.9)	26.9	–
Net assets attributable to Ordinary Shares	**3,159.1**	**–**	**3,159.1**	**2,950.2**	**–**	**2,950.2**
NAV per share (before dividend)	163.1p	–	163.1p	152.3p	–	152.3p
NAV per share (post dividend)	161.1p	–	161.1p	150.3p	–	150.3p

Note:
The Investment Basis financial statements are prepared for performance measurement and therefore reserves are not analysed separately

3.1
Financial Review (continued)

Reconciliation of Statement of Cash Flows

£m	For the year ended 31 March 2022 Investment Basis	Consolidation adjustments	IFRS Basis	For the year ended 31 March 2021 Investment Basis	Consolidation adjustments	IFRS Basis
Portfolio income from investments	200.5	(36.9)	163.6	178.0	(17.2)	160.8
Operating expenses paid	(34.3)	31.3	(3.0)	(32.4)	29.5	(2.9)
Finance (costs)/income	(3.2)	3.2	–	(2.7)	2.7	–
Net cash inflow before capital movements	**163.0**	**(2.4)**	**160.6**	**142.9**	**15.0**	**157.9**
Purchase of investments	(87.5)	87.5	–	(162.5)	44.1	(118.4)
Proceeds from investments	18.5	(18.5)	–	27.5	(27.5)	–
Share capital raised net of costs	–	–	–	118.6	–	118.6
Net cash flow from derivatives	15.1	(15.1)	–	9.1	(9.1)	–
Debt arrangement fees paid	(0.2)	0.2	–	0.8	(0.8)	–
Dividends paid	(159.8)	–	(159.8)	(158.3)	–	(158.3)
Movement in the year	(50.9)	51.7	0.8	(21.9)	21.7	(0.2)
Net cash/(debt) at start of year	4.7	(4.3)	0.4	26.6	(26.0)	0.6
Foreign exchange on cash	–	–	–	–	–	–
Net (debt)/cash at end of year	**(46.2)**	**47.4**	**1.2**	**4.7**	**(4.3)**	**0.4**

Note:
There is a difference between the change in cash and cash equivalents of the Investment Basis financial statements and the IFRS financial statements because there are cash balances held in the Corporate Subsidiaries. Cash held within the Corporate Subsidiaries will not be shown in the IFRS statements but will be seen in the Investment Basis statements

3.2
Valuation of the Portfolio

Valuation Methodology and Approach Overview

InfraRed, in its capacity as Investment Manager, is responsible for preparing the fair market valuation of HICL's investment portfolio for the Directors' approval each reporting period. This investment valuation is called the Directors' Valuation. The Directors' Valuation, which is an Alternative Performance Measure ("APM"), comprises the valuation of the investment portfolio as well as the future investments committed to by the Group at the reporting period end. The Directors' Valuation is the preferred valuation measure of the portfolio because it includes future commitments and, therefore, represents the Group's total value at risk. Further detail on the Group's APMs, including a reconciliation to the IFRS financial statements, is shown on page 41. The valuation methodology and policy are unchanged from previous reporting periods.

The valuation is carried out on a six-monthly basis as at 31 March and 30 September each year. The Group's investments are predominantly unquoted and are therefore valued using a discounted cash flow analysis of the forecast investment cash flows from each project. The exception to this is the listed senior debt in the A13 Road project which is valued using the quoted market price of the bonds.

There is a secondary market for infrastructure investments and, where appropriate and publicly available, data points are considered. The Directors' Valuation is a sum-of-the-parts valuation, and no further adjustment is made to reflect the size, scarcity, and diversification of the overall portfolio.

The key external (macroeconomic and fiscal) factors affecting the forecast of each portfolio company's cash flows in local currency are inflation rates, interest rates, rates of GDP and applicable tax rates. The Investment Manager makes forecast assumptions for each of these external metrics, based on market data and economic forecasts.

The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment based on the detailed financial models produced by each portfolio company and adjusting where necessary to reflect the Group's economic assumptions as well as any specific operating assumptions.

The fair value for each investment is then derived from the application of an appropriate market discount rate and year end currency exchange rate. The discount rate takes into account risks associated with the financing of an investment such as investment risks (e.g. liquidity, currency risks, market appetite) and any risks to the investment's earnings (e.g. predictability and covenant of the revenues and service delivery challenges), all of which may be differentiated by the phase of the investment's life (e.g. in construction or in operation).

More information on the valuation policy can be found on page 140.

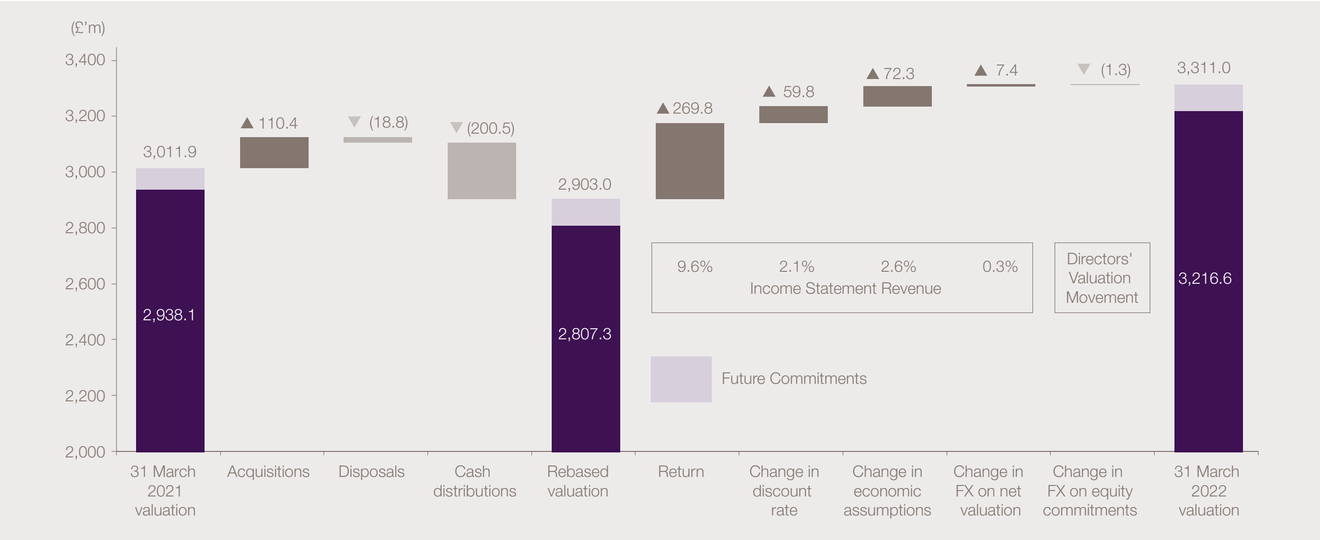
The Directors' Valuation is the key component in determining HICL's Net Asset Value ("NAV") and so the Directors receive and challenge an independent report and opinion on the Investment Manager's valuation from a third-party valuation expert.

Directors' Valuation at 31 March 2022

The Directors' Valuation of the portfolio at 31 March 2022 was £3,311.0m, an increase of 9.9% in the year (31 March 2021: £3,011.9m). The Directors' Valuation includes £94.4m of outstanding equity commitments (31 March 2021: £73.8m) in respect of four projects: the Blankenburg Connection (Netherlands), a UK healthcare project, Paris-Sud University (France), and the B247 Road (Germany).

A breakdown of the movement in the Directors' Valuation is shown in the chart and table below.

Movement in the Directors' Valuation in the year ended 31 March 2022



[1] 'Return' comprises the unwinding of the discount rate and project outperformance including actual inflation
[2] FX movement net of hedging is a gain of £5.5m
[3] £3,311.0m reconciles, on an Investment Basis, to £3,216.6m Investments at fair value through £94.4m of future commitments

3.2 Valuation of the Portfolio (continued)

Acquisitions
The acquisitions in the year include RMG Roads (£56.1m), Bradford Schools I & II (£16.1m), B247 Road (£10.4m) and the commitment to invest into a UK healthcare asset (£27.8m) to be injected over a three year timeframe.

Divestments
The divestments include the disposal of the Group's investment in the Health & Safety Headquarters (£11.3m) and the voluntary termination of a small project (£7.5m). The upcoming disposal of the QAH is not included within divestments on the basis that the transaction had not completed at the balance sheet date.

Rebased Net Valuation
The three valuations shown in the chart have been split between investments at fair value[1] and future commitments. The percentage movements have been calculated on the rebased valuation of £2,807.3m to reflect the returns generated on the capital employed in the year.

The rebased portfolio delivered income statement revenue totalling 14.6% in the year (2021: 6.2%).

Return from the Portfolio
The return from the underlying portfolio of £269.8m (2021: £213.2m) represents a 9.6% (2021: 7.7%) increase in the rebased value of the portfolio, versus the discount rate, or expected annualised return, of 6.8% at the start of the year. The £83.6m / 2.5% of outperformance was principally generated from actual inflation, over and above the base case assumption, of £59.1m in the year (2021: £(12.3)m) and the expected profit on the upcoming disposal of QAH. Following a very competitive sales process, HICL generated a profit equivalent to 1.5p per share on the transaction. Following the liquidation of Carillion in 2018, HICL, via the Investment Manager, assumed responsibility for the construction and facility management risk associated with the project. In the years since, InfraRed successfully stabilised the project. InfraRed's active asset management strategy for QAH over the last four years is a key contributor to the uplift in NAV per share recognised. These two items were partially offset by costs that were incurred on certain healthcare projects for the renegotiation of management service agreements, the update of lifecycle cost assumptions and the rectification of building defects.

Inflation
The HICL portfolio is highly correlated to inflation and, in isolation, is well placed to benefit in a higher inflationary environment. In the UK, RPI in the year ended 31 March 2022 was 9.0% (2021: 1.5%). Similar conditions were experienced in France, where CPI was 4.5% (2021: 1.1%) and the USA, where CPI was 8.5% (2021: 2.6%). This higher inflation has had a particularly positive impact on the Company's regulated and demand assets, such as Affinity Water and Northwest Parkway, whose revenues are more correlated to inflation than the Company's PPP portfolio.

As the actual inflation rates were higher than the Company's forecast assumptions for the year, the outperformance of £59.1m (2021: £(12.3)m) is recognised in the portfolio return. A case study on the impact of inflation on the Company's assets is shown on page 46.

Inflation is forecast to remain high throughout 2022 and 2023. Therefore, the Company has updated its forecast short-term inflation assumptions in all jurisdictions. The impact of the change in forecast short-term assumptions is included within the £72.3m recognised in the change in economic assumptions.

Demand Assets
HICL has seven demand-based assets in the portfolio, representing 22% of the portfolio value at 31 March 2022 (31 March 2021: 19%). Five of these demand-based assets, namely High Speed 1, the A63 Motorway (France), Northwest Parkway (USA), RMG Roads and M1-A1, are sensitive to GDP and, as a result, their valuations were more significantly affected by the Covid-19 pandemic. As these countries have seen an easing of restrictions during the period, usage of these facilities has stabilised with demand for these assets closely following the forecasts set at the March 2021 valuation.

For further information on these assets, refer to the Top 10 assets – operational highlights.

Discount rates
The discount rate is determined based on the Investment Manager's knowledge of the market, which includes intelligence gained from bidding and disposal activities, discussions with financial advisers knowledgeable of these markets and publicly available information on relevant transactions.

When there are limited transactions or information available, and as a second method and sense check, a 'bottom-up' approach is taken based on the appropriate long-term government bond yields and an appropriate risk premium. The risk premium takes into account risks and opportunities associated with the project earnings (e.g. predictability and covenant of the concession income and service delivery challenges), all of which may be differentiated by project phase, jurisdiction and market participants' appetite for these risks.

In the portfolio, there were three projects in construction at 31 March 2022, all of which are located in the Eurozone (31 March 2021: two). An investment in a project under construction can offer a higher overall return (i.e. require a higher discount rate) compared to buying an investment in an operational project, but it does not usually yield during the construction period and there is the risk that delays in construction affect the investment value.

An analysis of the weighted average discount rates for the investments in the portfolio analysed by territory, and showing movement in the year, is shown on page 45.

[1] On an Investment Basis

Country	31 March 2022 Long-term government bond yield	Risk premium	Discount rate	31 March 2021 Discount rate	Movement
UK	1.8%	4.7%	6.5%	6.7%	**(0.2%)**
Eurozone	1.2%	5.3%	6.5%	6.8%	**(0.3%)**
North America	2.5%	4.6%	7.1%	7.4%	**(0.3%)**
Portfolio	**1.8%**	**4.8%**	**6.6%**	**6.8%**	**(0.2%)**

Generally, sufficient market data on discount rates is available and therefore the risk premium is derived from this market discount rate for operational social and transportation infrastructure investments less the appropriate long-term government bond yield.

During the year long-term government bond yields in the UK, North America and the Eurozone have risen while discount rates have reduced, resulting in lower risk premiums. Competition for infrastructure remains extremely strong and demand continues to significantly outweigh supply. The Investment Manager's view is that discount rates used to value projects do not rigidly follow bond yields, although naturally there is some correlation over the longer term. In addition, there is some short-term volatility in response to a high inflationary environment which has caused the risk premium to reduce to 4.8% (March 2021: 5.5%). At present, the strength of the competitive dynamic means that the Investment Manager is not seeing any evidence that higher inflation is resulting in increased discount rates in the market for infrastructure investments that the Company operates in.

Change in Economic Assumptions

Changes in economic assumptions resulted in a positive impact of £72.3m. The increase was principally due to changes in forecast inflation assumptions in all jurisdictions (£70.6m), as well as various changes in interest rate assumptions (£6.9m) and other minor movements for tax rates of £(5.2)m) outlined in the assumptions on page 48.

Forex

GBP weakened against the Euro but strengthened against the USD in the period resulting in a positive impact of £7.4m pre-hedging. Net of hedging, the positive impact was £5.5m.

Case Study: Inflation

During the last 12 months, inflation has been materially above the forecast assumptions in the jurisdictions in which HICL operates. This has contributed to a significant increase in asset valuations (2.0% of the 9.9% increase in the year) due to the strong correlation the portfolio has to inflation. This case study sets out how inflation impacts each of the sectors that the Company invests in.

The level of correlation a project has to inflation is determined by the proportion of income and costs that are linked to inflation versus its cost base. This varies from project to project. For example, if a project has 100% of its revenue indexed to inflation but has fixed rate bank debt which is not inflation linked, it will have a higher correlation to inflation when compared to an asset whose revenue is only partially indexed but has the same cost base.

PPP assets

The Company's PPP projects have contractual income streams derived from public sector clients that are rebased every year for inflation, typically from 1 April. These revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management and operating subcontracts have similar indexation arrangements. In the UK, projects tend to use either RPI or RPIx (RPI excluding mortgage payments) and non-UK projects use CPI (Consumer Price Index). In most cases, these contractual arrangements are deliberately structured so that equity cashflows are positively correlated to inflation as the indexation of revenues is greater than the indexation of the cost base.

Demand-based assets

For HICL's demand-based assets, the concession agreement usually prescribes how user fees (e.g tolls or rents) are determined. Most of the Company's demand-based assets, including the A63 Motorway (France), Northwest Parkway (USA) and HS1, benefit from a contractual ability to reset these fees annually (or in some cases twice a year) for inflation. In the UK, this is typically using RPI whereas the non-UK projects generally use CPI.

Regulated assets

In the case of Affinity Water, its Regulated Capital Value ("RCV") sets the basis for allowed shareholder returns. As the RCV increases due to inflation, the allowance for increasing the Company's regulated income should adjust upwards in nominal terms. Revenues are regulated by Ofwat in a five-yearly cycle with the pricing of regulated income set with the aim of providing an agreed return for equity that is constant in real terms for the five-year period by reference to a blend of RPI and CPIH in the next regulatory period.

Cash flow impact

There is often a delay between the period in which high inflation occurs, and the portfolio company cash flows being rebased. The impact of high inflation is typically reflected in the following years' cash flows for the project company and is accumulated each month. There may be a further delay until the additional cash generated by the project company is distributed to shareholders which is typically semi-annual and stipulated under the project's financing agreements. For a small amount of projects, the costs may reset for inflation ahead of revenues; for example, if the project company has index linked debt.

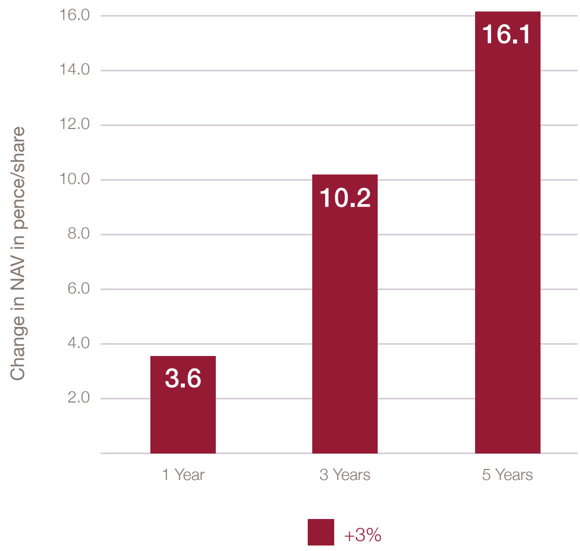
Sensitivity analysis

The portfolio's high inflation correlation means if inflation was 1% p.a. higher than currently assumed for all future periods the expected return from the portfolio would increase by 0.8% to 7.4% (currently 6.6%). This increased return would result in a marginal cash flow benefit in each future period. As previously reported, the impact of 0.5% movement for all future periods is included on page 49.

However, due to the current high inflation environment, additional sensitivities have been provided to enable shareholders to understand the impact of a scenario where inflation is 300bps above HICL's forecast assumptions (set out on the following page) for the next one, three and five years. Given the current levels of inflation, a 300bps increase, versus HICL's forecast inflation assumptions in all jurisdictions in one year, would result in a 3.6p increase in NAV per share. These sensitivities of the Company's NAV to higher levels of short-term inflation are set out in the chart to the right.

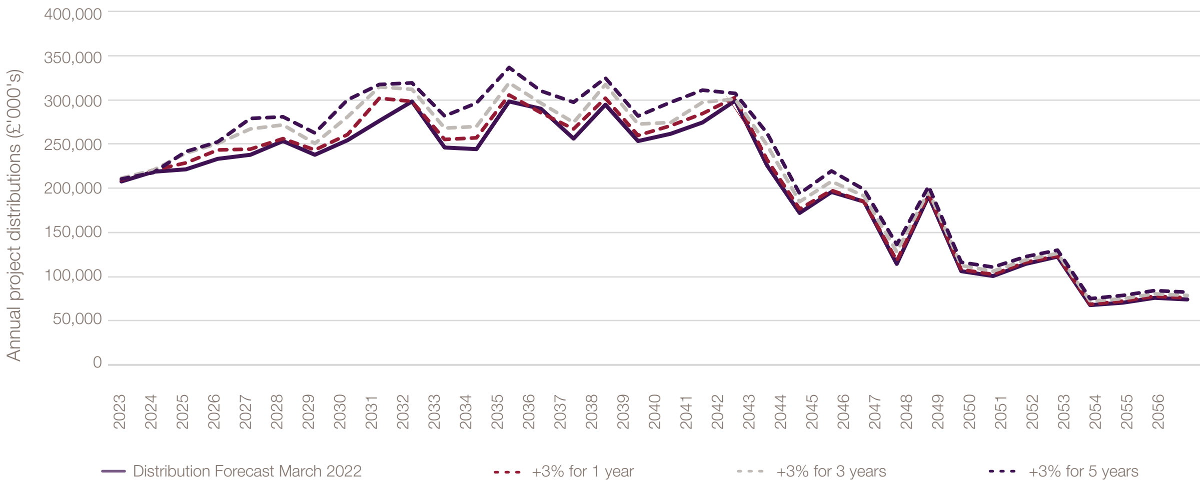
The impact of inflation over the longer term is not proportionate to the impact shown in the chart as a result of projects having a finite contractual length and the fact that Affinity Water is not expected to distribute until before financial year ending 2026.

Impacts of short-term inflation sensitivities on HICL's NAV as at 31 March 2022



The below chart shows the cash impact on the portfolio of the sensitivities described above. This shows increases in cash flows as project company revenues and costs are reset, which then compounds each year given the higher base position. In the short term, the cash impact is minimal because of the delay between the period of high inflation and the revenues being rebased. The delay is further compounded by the need to accumulate additional revenues each month before a semi-annual distribution is made. In addition, as two of the Company's higher correlated assets to inflation are not currently distributing, namely Affinity Water and HS1, the impact of higher inflation in the early years is lower.

Annual cash flows and impact from 3% Inflation sensitivities



3.2 Valuation of the Portfolio (continued)

Valuation Assumptions

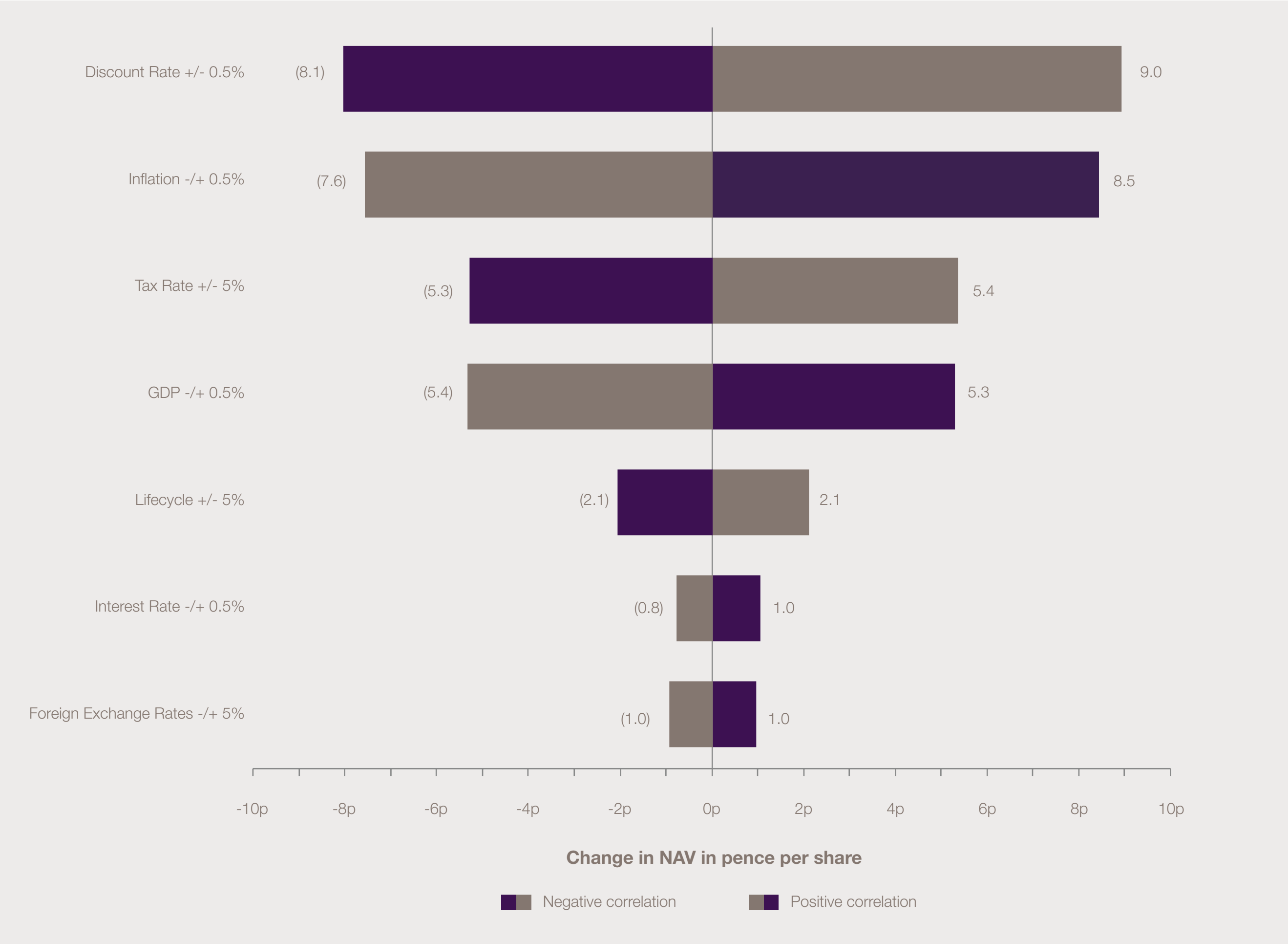
Apart from the discount rates, the other key economic assumptions used in determining the Directors' Valuation of the portfolio are as follows:

		31 March 2022	31 March 2021
Inflation Rates	UK (RPI and RPIx)[1]	6% year ending March 2023, 3.50% year ending March 2024 2.75% p.a. to 2030, 2.0% thereafter	2.75% p.a. to 2030, 2.0% thereafter
	UK (CPIH)[2]	5.25% year ending March 2023, 2.75% year ending March 2024 2.0% thereafter	2.0% p.a.
	Eurozone (CPI)	3.0% year ending March 2023 2.0% p.a. thereafter	2.0% p.a.
	Canada (CPI)	3.0% year ending March 2023 2.0% p.a. thereafter	2.0% p.a.
	USA (CPI)	4.0% year ending March 2023 2.0% p.a.	2.0% p.a.
Interest Rates	UK	0.75% p.a. to March 2025, 1.25% p.a. thereafter	0.25% p.a. to March 2025, 1.25% p.a. thereafter
	Eurozone	0.0% p.a. to March 2025, 0.5% p.a. thereafter	0.0% p.a. to March 2025, 0.25% p.a. thereafter
	Canada	0.75% p.a. to March 2024, 2.25% p.a. thereafter	0.5% p.a. to March 2024, 2.25% p.a. thereafter
	USA	0.75% p.a. to March 2024, 2.00% p.a. thereafter	0.5% p.a. to March 2024, 2.25% p.a. thereafter
Foreign Exchange Rates	GBP / CAD	1.64	1.73
	GBP / EUR	1.19	1.17
	GBP / USD	1.31	1.38
Tax Rates	UK	19% to 2023, 25% thereafter	19% to 2023, 25% thereafter
	Eurozone	Ireland 12.5% France 25% – 27.5% Netherlands 25.8%	Ireland 12.5% France 25% Netherlands 25%
	USA	21% Federal & 4.6% Colorado State	21% Federal & 4.6% Colorado State
	Canada	23% and 27%	23% and 27%
GDP Growth	UK	4.0% in 2022, 2.0% p.a. thereafter	5.0% in 2021, 5.5% in 2022, 2.0% p.a. thereafter
	Eurozone	3.0% in 2022, 1.8% p.a. thereafter	5.5% in 2021, 4.0% in 2022, 1.8% p.a. thereafter
	USA	3.5% in 2022, 2.5% p.a. thereafter	5.5% in 2021, 4.0% in 2022, 2.5% p.a. thereafter

[1] Retail Price Index and Retail Price Index excluding Mortgage Interest Payments
[2] Consumer Prices Index including owner-occupiers' housing costs; used in the valuation of Affinity Water

Valuation Sensitivities

The portfolio's valuation is sensitive to each of the macroeconomic assumptions listed above. An explanation of the reason for the sensitivity and an analysis of how each variable in isolation (i.e. while keeping the other assumptions constant) impacts the valuation follows below[1,2,3]. The sensitivities are also contained in Note 14 to the financial statements.



[1] NAV per share based on 1,937 million Ordinary Shares as at 31 March 2022
[2] Sensitivities for inflation, interest rates, tax rates and lifecycle are based on the 35 largest investments extrapolated for the whole portfolio
[3] Foreign exchange rate sensitivity is net of Group hedging at 31 March 2022

3.2 Valuation of the Portfolio (continued)

Discount Rate Sensitivity

Whilst not a macroeconomic assumption, the weighted average discount rate that is applied to each portfolio company's forecast cash flows, for the purposes of valuing the portfolio, is the single most important judgement and variable. The impact of a 0.5% change in the discount rate on the Directors' Valuation and the NAV per share is shown above.

Inflation Rate Sensitivity

As described on page 46, PPP projects in the portfolio have contractual income streams derived from public sector clients, which are rebased every year for inflation. For the demand-based assets, the concession agreement usually prescribes how user fees are set, which is generally reset annually for inflation. On Affinity Water, one of HICL's regulated assets, revenues are regulated by Ofwat in a five-yearly cycle with the pricing of water bills set with the aim of providing an agreed return for equity that is constant in real terms for the five-year period by reference to RPI currently and CPIH in the next regulatory period.

The chart shows that the Directors' Valuation and NAV per share are both positively correlated to inflation. The portfolio's inflation correlation at 31 March 2022 was 0.8x (2021: 0.8x) such that should inflation be 1% p.a. higher than the valuation assumption for all future periods the expected return from the portfolio would increase 0.8% from 6.6% to 7.4%.

The portfolio valuation assumes UK inflation of 6% for the year ending March 2023, 3.50% for the year ending March 2024, 2.75% per annum for both RPI and RPIx to 2030 and 2.0% thereafter. The March 2022 forecasts for RPI out to December 2022 range from 5.8% to 10.9% from 12 independent forecasters as compiled by HM Treasury, with an average forecast of 9.0%.

More information can be found on the effect of inflation on page 46.

Gross Domestic Product ("GDP") Sensitivity

At 31 March 2022, the portfolio had five investments which are considered sensitive to GDP, comprising 21% of the portfolio value (18% at 31 March 2021) namely the A63 Motorway (France), M1-A1 Road, RMG Roads, Northwest Parkway (USA) and High Speed 1. At times of higher economic activity there will be greater traffic volumes using these roads and railways, generating increased revenues for the projects than compared to periods of lower economic activity and therefore we assess these as GDP sensitive investments.

If outturn GDP growth was 0.5% p.a. lower for all future periods than those in the valuation assumptions set out on page 48 for all future periods, expected return from the portfolio (before Group expenses) would decrease 0.2% from 6.6% to 6.4% (6.6% at 31 March 2021).

Interest Rate Sensitivity

Each portfolio company's interest costs are at fixed rates, either through fixed-rate bonds, bank debt which is hedged with an interest rate swap or linked to inflation through index-linked bonds. However, there are two investments – Affinity Water and Northwest Parkway (USA), which have refinancing requirements, exposing these investments to interest rate risk. In the case of other investments, sensitivity to interest rates predominantly relates to the cash deposits which the portfolio company is required to maintain as part of its senior debt funding. For example, most PPP projects would have a debt service reserve account in which six months of debt service payments are held.

At 31 March 2022, cash deposits for the portfolio were earning interest at a rate of 0.2% per annum on average.

Lifecycle Expenditure Sensitivity

Lifecycle (also called asset renewal or major maintenance) concerns the replacement of material parts of the asset to maintain it over the concession life. It involves larger items that are not covered by routine maintenance and for a building will include items like the replacement of boilers, chillers, carpets and doors when they reach the end of their useful economic lives.

The lifecycle obligation, together with the budget and the risk, is usually either taken by the project company (and hence the investor) or is subcontracted and taken by the FM contractor. Of the 115 investments (excluding QAH), 51 have lifecycle as a project company risk (i.e. not subcontracted to the supply chain).

Corporation Tax Rate Sensitivity

The profits of each portfolio company are subject to corporation tax in the country where the project is located. The sensitivity considers a 5% movement in tax rates in all jurisdictions.

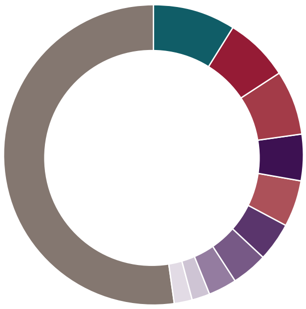
The UK corporation tax assumption for the portfolio valuation is 19% to 2023 and 25% thereafter.

Foreign Exchange Rate Sensitivity

27% of the portfolio by (Directors) value, has exposure to foreign exchange rates. The sensitivity shows, post-hedging, the impact of GBP appreciating or depreciating against these currencies by +/- 5%.

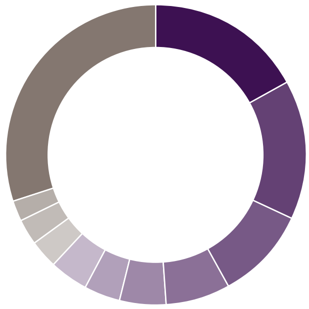
3.3
Portfolio Analysis[1]

TEN LARGEST INVESTMENTS



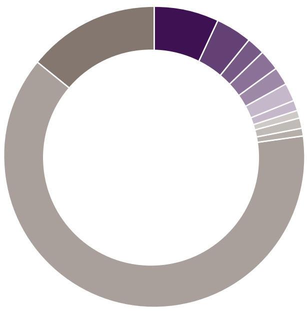
Affinity Water	9%
Northwest Parkway	7%
A63 Motorway	7%
Southmead Hospital	5%
High Speed 1	5%
Royal School of Military Engineering	4%
Pinderfields & Pontefract Hospitals	4%
Home Office	3%
Dutch High Speed Rail Link	2%
Blankenburg Tunnel	2%
Remaining Investments	52%

TEN LARGEST FACILITIES MANAGEMENT COUNTERPARTY EXPOSURES



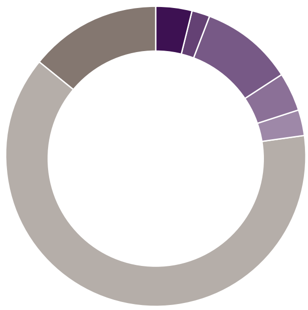
In House	17%
Bouygues	15%
Equans	10%
EGIS	7%
Network Rail	5%
Mitie	4%
Babcock	4%
Sodexo	3%
Integral	3%
Siemens	2%
Other	30%

TEN LARGEST CONSTRUCTION COUNTERPARTY EXPOSURES



Colas	7%
Balfour Beatty	4%
DEME	2%
Strabag	2%
Laing O'Rourke	2%
Bouygues	2%
Bilfinger	1%
Ferrovial	1%
Galliford Try	1%
Other contractors	1%
Latent defects limitation / warranty period expired	63%
Affinity Water and High Speed 1	14%

LATENT DEFECTS WARRANTY PERIODS COUNTERPARTY EXPOSURES



Within 1 year	4%
1–2 years	2%
2–5 years	10%
5–10 years	4%
10+ years	3%
Latent defects limitation / warranty period expired	63%
Affinity Water and High Speed 1	14%

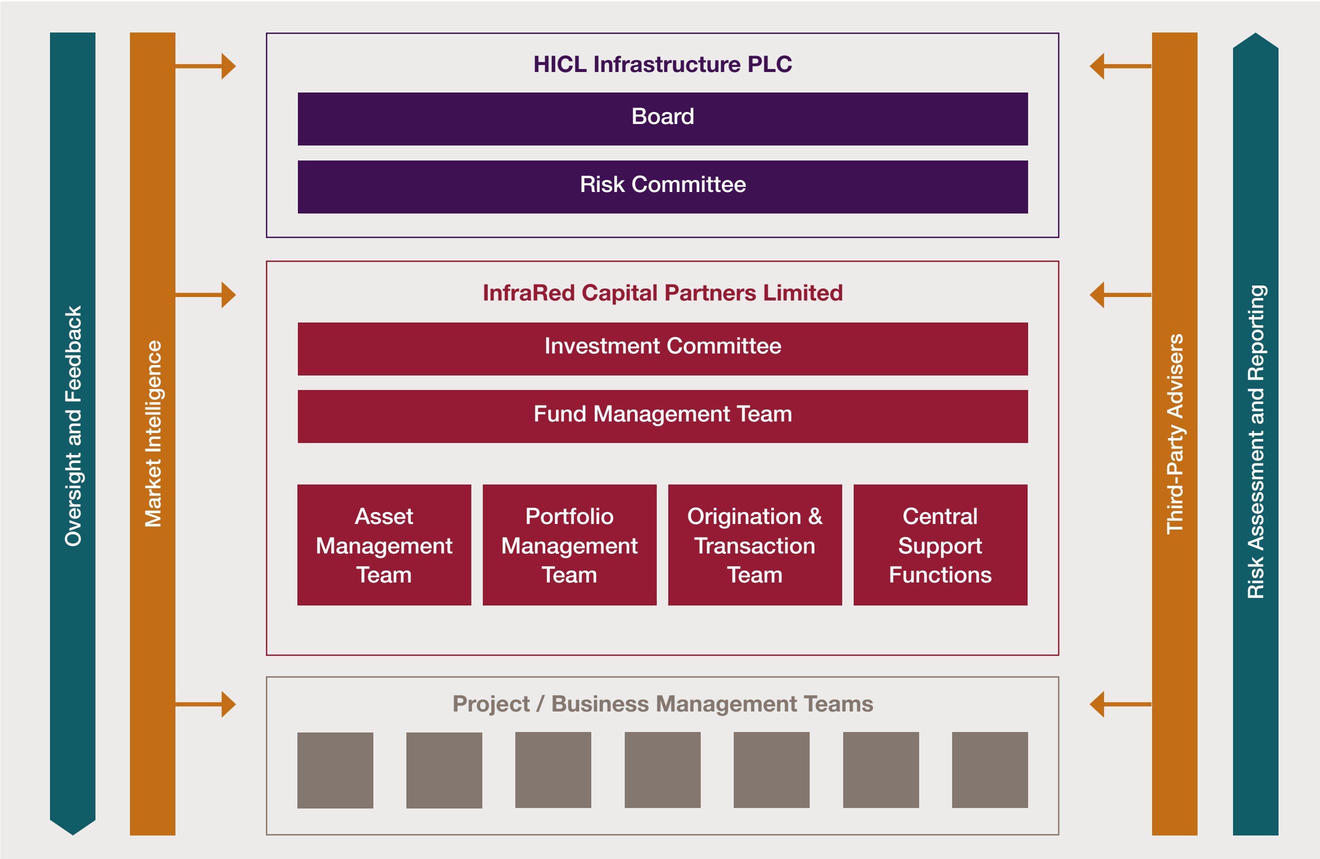
[1] By value, at 31 March 2022, using Directors' Valuation excluding A13 senior bonds and the expected disposal proceeds from Queen Alexandra Hospital. Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by the Investment Manager). Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' Valuation

[2] Assets subject to regulatory regimes that help mitigate the potential impact of defects on equity

3.4
Risk & Risk Management

Risk management framework
HICL's risk management framework covers all aspects of HICL's business. The Board monitors, challenges and evaluates InfraRed's management of risk through the consideration of scenarios that could materially impact the performance of HICL were they to occur. Having considered and analysed key risks, mitigating action may be undertaken to reduce the likelihood and impact of each risk manifesting.

The schematic below sets out the Company's risk management framework:



The Board has ultimate responsibility for setting HICL's Risk Policy and Risk Appetite. It has convened a Risk Committee to assist the Board by assessing HICL's overall risk profile, recommending a risk appetite, and ensuring its framework is appropriately designed and effective. The terms of reference for the Risk Committee can be found on HICL's website.

Day-to-day monitoring, evaluation and management of risk is undertaken by InfraRed as HICL's Investment Manager. Working closely with portfolio company management teams, InfraRed's Asset Management Team ensures the timely reporting of project-specific risks to the HICL Fund Management Team as and when they arise; the HICL Investment Committee also undertakes a formal review of project-specific risks on a quarterly basis. The Investment Manager is monitored and challenged by the Risk Committee, which reports to the Board.

The Investment Manager uses its experience, insight from investments within the Group's portfolio and the wider infrastructure market to consider future risks and develop appropriate mitigation strategies. The Investment Manager oversees the deployment of these strategies and directs portfolio company management teams as required. Relevant systems, policies, oversight and third-party assurance are utilised to ensure effective risk management.

The Board's Management Engagement Committee reviews the performance of the Investment Manager (as well as all key service providers) at least annually and this review includes a consideration of the Investment Manager's internal controls and their effectiveness. No issues were identified in the latest review. The Investment Manager's Risk and Compliance team has developed a detailed self-assessment internal control report, and this is reviewed on a quarterly basis by the Risk Committee.

Risk classes

Risk is evaluated across seven primary risk classes. These are set out in the table below along with the Investment Manager's assessment of:

- ▲ The potential financial impact of plausible 12-month downside scenarios, which are developed by the Investment Manager and reviewed by the Risk Committee. They represent the estimated impact of severe but plausible scenarios, meaning they are not worst-case. Each scenario is presented before (inherent) and after (residual) the effect of mitigation strategies is considered; and
- ▲ A residual risk rating[1] based on the likelihood and mitigated impact of the prudent downside scenario for each risk class.

If any one of the plausible 12-month downside scenarios were to materialise, the NAV / share impact would occur immediately, but the effect on cash flow may extend beyond the current year, with a consequential impact on dividend cash cover. The Risk Committee has therefore decided to focus on the five-year cash flow impact of each scenario.

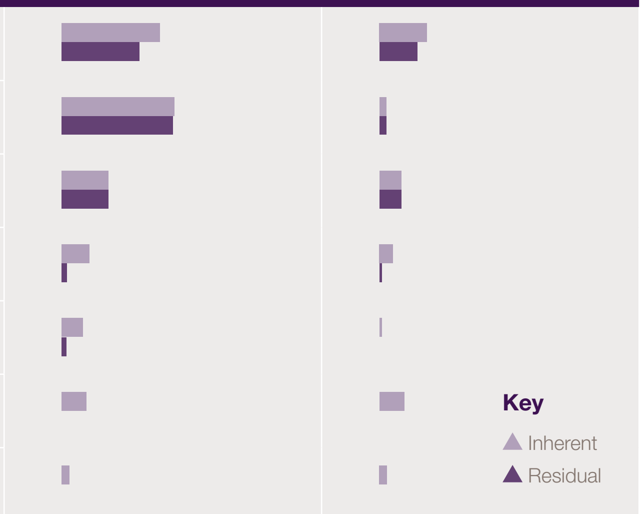
The Investment Manager regularly presents stress scenarios and associated mitigation strategies to the Risk Committee to assist its assessment of more severe but lower-probability downside scenarios.

There has been no change to the residual risk ratings of the seven primary risk classes over the year. Although the residual risk from portfolio performance is still considered to be high, the Investment Manager's focus on driving the delivery of facility defect remediation works has improved the Company's position. Significant progress has also been made in the management of Covid-19 in the period and the risk posed to the portfolio (and specifically to HICL's demand-based asset segment) has steadily decreased over the year. As is typical in the stewardship of real assets, proactive and reactive management of facility condition remains a key focus to minimise the risk posed by physical quality issues.

The residual risk rating for both the financial / market risk and political risk classes continues to be assessed as medium, which reflects the geopolitical and market volatility observed during the year. For financial / market risk, short-term inflation, interest rate and GDP rates may be lower than HICL's assumptions as at 31 March 2022; there is also a risk that increased interest rates could lead to pressure on asset pricing. Political risk is an inherent feature of the infrastructure asset class, and the Company remains exposed to potential future increases in corporation tax although there were no material changes across HICL's core geographies during the period.

The material components and mitigation strategies of each primary risk class are described in the tables that follow.

Primary Risk Class	Residual Risk Rating	Change in the year	NAV/share Impact Residual vs Inherent	Cash Flow Impact five years Residual vs Inherent
Portfolio performance risk	High	⟷		
Financial / market risk	Medium	⟷		
Political risk	Medium	⟷		
Operational risk – execution	Low	⟷		
Operational risk – portfolio administration, asset management	Very Low	⟷		
HICL central management risk	Very Low	⟷		
Operational risk – regulation and compliance	Very Low	⟷		



[1] There are five residual risk ratings: the lowest being 'Very Low', then 'Low', 'Medium', 'High' and 'Very High'

03 / PERFORMANCE & RISK

3.4
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk		
Revenue adjustments	PPP projects may experience reduced income through availability deductions. These can occur because of poor operational performance or an adversarial approach to contract management from clients and advisers. As a result, projects may be prevented from making distributions by lenders, particularly when there are disputes concerning the level or attribution of deductions. In addition to the financial impact of these deductions, there is the potential for an adverse reputational impact from any material operational issues. For regulated assets, failure to meet certain delivery outcomes can result in penalties being incurred and/or incentives not being earned.	Operational issues can be caused by several factors. The Investment Manager's Asset Management team plays a pro-active oversight role, to ensure trends are identified early and, if possible, corrected before they escalate. When problems do arise, work on the corrective actions is performed with the client to minimise any potential reputational or financial damage. In some cases, adversarial contract management can result in negative consequences for the project and its stakeholders, including service delivery to end users. Payment deductions for unavailability or poor service delivery are typically contractually passed to the subcontractor. In a severe case, the subcontractor could be terminated. Penalties levied against regulated assets for underperformance could result in lower returns. Some mitigation is achieved through the regulatory price control process through setting targets that are both stretching and achievable. The compensation of the portfolio company's management team is linked to performance against regulatory plan outcomes.
Demand	Demand-based asset revenue is dependent on the usage of the associated infrastructure. For some demand-based assets, usage may also be linked to economic growth. Actual usage below valuation assumptions could lead to adverse financial performance, with significant underperformance potentially resulting in default of the financing arrangements.	Demand risk is considered by the Investment Manager as part of the due diligence process at the time of acquisition. This includes usage history and, where appropriate, third-party experts are used to assess demand projections. Significant progress has been made in the management of Covid-19 in the period and the risk posed to the portfolio has steadily decreased over the year. The impact on usage from long-term behavioural changes, such as increased home working, remains uncertain and could negatively or positively impact demand. An assessment of this risk is incorporated within the Directors' Valuation, and risk is also mitigated by the strategic, critical nature of the Group's demand-based assets.

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Construction defects	For PPP projects where the construction subcontractor bears the risk of defect remediation, the subcontractor may dispute the scope of remediation required. This in turn could result in lenders preventing the project from distributing. Depending on the extent of the defects and the works required to remediate them, there is a risk that availability deductions may also be levied. There is also the potential for an adverse reputational impact from any material defect issue.	Typically, PPP project companies have a right to make claims against construction subcontractors in relation to identified defects for a period of time following the completion of construction (the 'statutory limitations period'). Construction defects are primarily identified through a regular programme of operations and maintenance activities or as a result of surveys performed. Defects detected within the statutory limitations period are lodged with the construction subcontractor for remediation. The cost of remediation is the responsibility of the construction subcontractor and not borne by the PPP project company. An adjudication or court process is used where disputes arise and cannot be commercially resolved, although this may result in projects being prevented from making distributions by lenders. Following the expiry of the statutory limitations period, the risk of remediation of construction defects typically falls to the project company and is an equity risk (for which the lifecycle budget can in some cases offset the cost). Equity risk also exists if a construction counterparty were to become insolvent, as it may no longer be able to fulfil its obligations. Management of counterparty credit risk is discussed below.
Construction, operations and maintenance counterparties	PPP projects and demand-based assets typically subcontract the provision of construction, operations and maintenance services to specialist providers. The failure of a supply chain provider could negatively impact the project company's ability to fulfil its contractual obligations with the client, potentially leading to revenue adjustments (see above).	One of HICL's key objectives is to provide investors with access to a balanced, well-diversified portfolio of core infrastructure investments, thereby mitigating concentration risk and reduce the impact of the default / non-performance by any single counterparty. Counterparty credit risk is also assessed by the Investment Manager's internal credit risk team on a regular basis. If a key subcontractor were to fail, HICL's priority is the continuation of services to public sector clients and the users of the affected infrastructure. Contingency plans are continuously reviewed for a scenario in which a key subcontractor enters administration or liquidation, and the Investment Manager's wide network provides a number of potential replacement service providers.

3.4 Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Operational costs	PPP project companies and demand-based asset concessionaires include a budget for the management services contract, the lifecycle costs and the insurance premium. There is a risk that this budget could prove to be insufficient. Risk for other operational costs, such as facilities management and operations & maintenance, is generally passed down through fixed price contracts to industry specialists. For regulated assets, the regulatory price control process sets a total expenditure (capital and operational) allowance for the associated portfolio company to achieve its targets. Overspend against this allowance does not necessarily result in additional revenue, which may reduce the returns generated.	As part of the due diligence process at the time of acquisition, operating budgets are reviewed to determine if they are adequate. In the case of insurance, there is often some protection through contractual premium risk-sharing agreements with the project company's client. The adequacy of lifecycle budgets is regularly assessed, where the risk sits with the project companies. HICL publishes an analysis of the portfolio's sensitivity to lifecycle costs, which is set out in Section 3.2 – Valuation of the Portfolio. The management teams of regulated assets, with oversight from the Investment Manager, prepare detailed business plans as part of each price control process. These plans take inputs from in-house and third-party experts and are scrutinised by the regulator. Mitigation is achieved through setting reasonable expenditure allowances that are both stretching and achievable. The compensation of the portfolio company's management team is linked to performance against the total allowed expenditure.
Cyber security	Failure to protect data could have negative legal, operational and reputational repercussions. A breach of data security could occur by accident or as a result of a deliberate cyber-attack. A cyber-attack could affect the IT systems of the Group, the Investment Manager or a portfolio company, causing theft or loss of data, or damage to the infrastructure's control systems and equipment.	The Group has no IT systems as it relies on those of its service providers. The Investment Manager has data management policies and its staff receive regular training to reduce the risk of an accidental data breach. The Investment Manager has IT systems designed to withstand a cyber-attack and these systems have been subject to successful annual tests by a specialist third party. Most portfolio companies tend not to have their own IT systems and rely on those of subcontractors. Data is backed up and the risk, should data be corrupted or stolen, is considered low. The subcontractors or portfolio companies also have disaster recovery plans. This reduces the potential impact of business interruption. Those portfolio companies with their own IT systems have data management policies and their staff receive regular training to reduce the risk of an accidental data breach. Typically, these companies also undergo cyber penetration testing or use the separation of critical operational systems from the internet through bespoke procedures and firewalls to support the implementation of IT systems designed to withstand a cyber-attack.

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Climate change	Climate change will impact most companies. The impact will result from the physical consequences of climate change, and also from government policy and consumer behaviour changes to arrest the pace of adverse climate change. This has the potential to impact the financial performance of the Group's portfolio.	For most concessions, performance risk, including events arising from adverse climate change, is mitigated through risk pass-down to subcontractors, insurance coverage and public-sector client relief events. The Investment Manager has undertaken a detailed climate change impact assessment across the portfolio, enabling a better understanding of the potential consequences of climate change. The key risks arising can be broken down into two categories: ▲ Physical risks: "acute" physical damage to infrastructure investments from variations in weather patterns and "chronic" impacts such as sea level rises and drought; and ▲ Transition risks: policy, legal, technological, market and reputational risks associated with the transition to a lower-carbon economy. Although a subset of HICL's portfolio is exposed to physical risks, mitigation measures can be identified and implemented. Furthermore, the overall exposure at a portfolio level is relatively low, even under a 4°C scenario, and is limited to a small number of physical risks. HICL's portfolio benefits from inherent mitigation against transition risks, due to the essential nature of the infrastructure within it and the protections afforded by PPP and concession contracts. For new investments, sustainability considerations (including climate change) are integrated into each stage of the Investment Manager's investment process. This process was further enhanced during the year and includes a requirement that all new acquisitions require a climate change impact assessment to be undertaken as a condition of approval. Further details are set out in HICL's Sustainability Report 2022.

3.4 Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Financial and market risk		
Investor sentiment	Prolonged periods where the prevailing share price trades below HICL's Net Asset Value inhibit HICL's ability to issue new equity capital.	The need to issue new equity capital primarily relates to the repayment of drawings under HICL's Revolving Credit Facility ("RCF"). HICL has a number of alternative options available. Inter alia, these include: ▲ Refinancing the RCF to extend its maturity, currently June 2024, reduces the near-term urgency to repay drawings, though it is not HICL's policy to be drawn for substantial periods of time. Details on the recent renegotiation of the RCF can be found in Section 3.1 – Financial Review. ▲ For construction assets, where equity commitments are deferred for a number of years, HICL's Letter of Credit Facility ("LCF") provides for longer-term drawings, as noted in Section 3.1 – Financial Review. ▲ Strategic management of the portfolio composition through disposals to pay down drawings under the RCF and facilitate opportunistic acquisitions without substantially increasing HICL's gearing. One accretive disposal was made in the year and one, QAH, completed post year end.
Inflation	Investment returns from portfolio companies typically have positive inflation correlation. Inflation levels below HICL's long-term assumptions would result in the valuation of the portfolio being adversely impacted, and sustained periods of deflation could result in defaults under loan arrangements.	The prospect of persistent high inflation across HICL's geographies presents the risk of declining real returns to investors. To the extent that policy makers utilise monetary levers to manage higher inflation, interest rate rises to may follow. Changes to interest rates have the potential to impact asset pricing. The returns from HICL's portfolio are highly correlated to inflation at 0.8x over the long term. A case study on the impact of inflation and in the short term in particular, is set out in Section 3.2 – Valuation of the Portfolio.

Principal Risk	Risk Description	Risk Mitigation
Financial and market risk (continued)		
Discount and interest rates	A discounted cash flow methodology is used to value the majority of the Group's investments. Appropriate discount rates are key to deriving a fair and reasonable valuation for the portfolio. The rate is established by reference to comparable market transactions, which is corroborated by considering the yield on long-dated government bonds (as a reference for the risk-free rate) plus an adequate risk premium. All other things being equal, higher discount rates would result in a reduction in the portfolio valuation.	Interest rates and inflation are positively correlated over the long term. Therefore, an increase in discount rates due to increased interest rates over the long term is likely to coincide with higher inflation – factors which materially offset one another in the portfolio valuation calculation. An interest rate increase would have a positive impact on cash deposit interest income for portfolio companies. This would partly mitigate a portfolio value reduction arising from increased discount rates. The current equity risk premium provides an element of buffer to cushion the potential impact of rising risk-free rates on asset pricing. Additionally, the embrace of infrastructure as an asset class by institutional investors has contributed significantly the observed downward pressure on asset pricing, independent on the level of risk-free rates. HICL publishes an analysis of the portfolio's sensitivity to discount and interest rates in Section 3.2 – Valuation of the Portfolio.
Economic growth	A subset of HICL's demand-based assets have an exposure to GDP. There is a risk that the economic recovery from Covid-19 is below HICL's short-term forecasts.	The Investment Manager regularly presents GDP sensitivities to the Risk Committee, which remains comfortable with the Company's exposure. The Company retains its self-imposed exposure limit of 20% of the portfolio to new assets with returns correlated to GDP, although it would consider exceeding this threshold in the case of accretive incremental acquisitions on a case-by-case basis and as opportunities arise.

3.4
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Political risk		
Policy changes	Political risk is inherent in HICL's business model due to the number of public sector counterparties. There is a risk that clients of HICL's portfolio companies or national governments choose to terminate contracts. In the UK, the Group is observing heightened public sector activity around the prospect of PPP 'handback' and the mobilisation of public sector resources for the transition of UK PPP facilities back to the public sector at their expiry. There remains a long-term risk that a future UK Government may consider taking utilities, including water companies, back into public ownership.	Typically, public sector counterparties are entitled to voluntarily terminate a PPP contract and, if this occurs, project companies have a corresponding right to receive compensation. For most PPP projects, this compensation is contractually based on market value which would be expected to be equal to the prevailing value of the asset in the portfolio. Whilst the near-term threat of nationalisation of utilities in the UK has receded it remains incumbent on private asset owners to continually demonstrate, through performance and service quality, the benefits of private investment in infrastructure. The Investment Manager is an active member of various industry bodies, including the Global Infrastructure Investor Association and The Infrastructure Forum, which, on behalf of the infrastructure sector, engage with politicians, civil servants, other policy shapers, such as the National UK Infrastructure Commission, and regulators. The Investment Manager works with the Association of Investment Companies on behalf of the Company. The Investment Manager interacts directly with stakeholders of the portfolio's projects, and with policy shapers through dialogue and by responding to relevant consultations and calls-for-evidence to extol the value that the private sector brings to the delivery of public infrastructure.
Legal or regulatory changes	Legal and regulatory changes may adversely impact the Group. This could take the form of legislation impacting the contractual costs or obligations to which portfolio companies are exposed. Certain investments are subject to regulatory oversight. Regular price control reviews by the regulator determine levels of investment and service that must be delivered and revenue that may be generated. Particularly severe reviews may result in poor financial performance of the affected investment.	HICL, the Investment Manager, and their advisers continually monitor any potential or actual changes to regulations to ensure both the Group and its service providers remain compliant. Most social and transport infrastructure concessions provide a degree of protection, through their contractual structures, in relation to changes in legislation which affect either the project asset or the way the services are provided. Regulators seek to balance protecting customer interests with making sure that each company generates sufficient income to operate effectively. The Investment Manager participates in relevant consultation processes, to ensure that the legislature and regulators hear the concerns and views of HICL, in its capacity as a private sector investor. Affinity Water has clarity on the parameters for its business plan for the next three years and has started to prepare for the next price review process to ensure a smooth transition.

Principal Risk	Risk Description	Risk Mitigation
Political risk (continued)		
Taxation changes	Taxation legislation or treaty changes may adversely impact the Group and the portfolio's value. This may include changes to: ▲ Corporation tax rates; ▲ Cross-border tax rules; and ▲ Other taxation legislation.	Certain risks, such as changes to corporation tax rates, cannot be prevented or mitigated. HICL values its portfolio based on enacted tax rates. Investors are provided with an illustration of the portfolio's sensitivity to changes in tax rates in Section 3.2 – Valuation of the Portfolio. Relevant cross-border tax rules are closely monitored for any potentially adverse changes to the Group. The Board and the Investment Manager actively monitor broader taxation legislation developments.
Operational risk – execution		
Inadequate due diligence	Poor or inadequate due diligence can result in underperformance against acquisition assumptions.	The Investment Manager's Origination and Execution team has a depth of experience in buying and selling infrastructure assets and has a thorough approach to the due diligence phase. The Investment Manager is supported by specialist advisers (e.g. lawyers, technical consultants, sustainability advisers and tax advisers). Oversight is provided by the Investment Manager's HICL Investment Committee, and by the Board in respect of matters falling outside the Investment Manager's 'Approved Investment Parameters'.
Breach of policies	New acquisitions may cause HICL to breach its Investment Policy, its banking covenants, or other internal control policies.	The Investment Manager's has detailed internal sign-off procedures including a team independent of the acquisition to reviewing the acquisition terms and impact against all policies and procedures.
Operational risk – asset and portfolio management		
The Investment Manager	HICL is heavily reliant upon the Investment Manager to implement the strategies and deliver its objectives. The Investment Manager's team is responsible for fund, portfolio and asset management, as well as investment selection and pricing discipline. A performance deterioration of any of these functions could have a material impact on HICL's performance.	The Investment Manager has a long track record of investing and managing infrastructure investments. It has depth of resource and knowledge in the asset class, as well as appropriate and detailed policies, procedures and compliance systems. The Investment Manager's team benefits from a group of individuals possessing relevant qualifications, relationships and experience for their roles. The Board is satisfied that there is sufficient depth of expertise within the Investment Manager's team for the Group not to be reliant on any single 'key person'.

3.4
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Operational risk – asset and portfolio management (continued)		
Valuations	Financial models, either for the Group or the underlying project companies, may contain errors, or incorrect inputs, resulting in inaccurate outputs. These could adversely impact the assessment of HICL's financial position.	Financial models are managed by an experienced team who are adept at working with them in a manner that seeks to minimise the introduction of errors. The valuation process also includes multiple stages of review and challenge from senior individuals within the Investment Manager's team, and valuation assumptions (including discount rates) are formed based on a wide range of market data. In addition to the processes of the Investment Manager, the Group's portfolio valuation is assessed by HICL's independent valuation expert twice a year.
HICL central management risk		
Loss of key personnel	HICL relies on the Board of Directors and key service providers, including the Investment Manager, to manage the Group. Loss of a 'key person' could lead to gaps in 'corporate knowledge'.	The Board is comfortable that it is not overly reliant on any one Director. Similarly, it is comfortable that the teams in all its key service providers, including the Investment Manager, have a suitable breadth and depth of resources such that if any one individual were to depart, the services can continue to be provided to the required standards by the remaining team members.
Service provider failure	The Group has no employees and relies on service providers to provide management services, the most important of which is the Investment Manager. Failure of any one service provider could lead to potential operating issues and a possible value impairment.	The Management Engagement Committee reviews the performance of all key service providers annually. Poor performance issues are communicated promptly back to the relevant service provider and to date this has had the necessary effect. Changes are made when necessary. The Investment Manager and the Administrator have confirmed that controls relevant to the Company's business remain in place. The Investment Manager has identified key roles and processes and alternates planned to manage key person risk (see Loss of Key Personnel above).
Operational risk – regulation and compliance		
Breach of regulations	The Group's activities may breach regulations in the jurisdictions in which it operates.	When entering new jurisdictions, specialist technical and legal advice is taken. Once investments are made, the Investment Manager seeks to remain abreast of changes of regulations and laws to ensure compliance.

3.5
Viability Statement

The AIC Code of Corporate Governance (the "AIC Code") requires the Directors to make a statement regarding the Company's viability in the Annual Report, explaining how they have assessed the Company's prospects, the period of time for which they have made the assessment and why they consider that period to be appropriate.

The Directors have determined that the five-year period to March 2027 remains an appropriate period over which to assess HICL's viability as:

- this period accords with the Company's business planning exercises, including how the Directors assess the Company at their annual strategy board meeting;
- it is the period over which the internal stress testing is performed; and
- although the long-term and/or contractual nature of our investments means that the Directors have a higher level of confidence over the endurance and longevity of the Group, it is challenging to assess the regulatory, tax and political environment outside of the five-year period with any certainty.

Assessment of HICL's Prospects

The Directors' primary assessment of the Company's prospects is achieved through the annual strategic and business planning exercise. The Directors review a five-year budget and business plan, which is prepared by the Investment Manager and includes cash flow projections to aid strategic planning and provide support for the dividend approval process. The projections consider cash balances, investment commitments, key covenants and limits, dividend cover, investment policy compliance and other key financial indicators over the five-year period. These projections are based on the Investment Manager's expectations of future asset performance, income and costs and are consistent with the methodology applied to provide the valuation of the investments.

The Company has a low level of expenses relative to forecast receipts from its portfolio investments. The portfolio consists of companies whose underlying assets are predominantly fully constructed and operating PPPs or similar projects with public sector counterparties in jurisdictions with established and proven legal systems. As a result, the Company benefits from predictable long-term contracted cash flows and a set of risks that can be identified and assessed (see Risk & Risk Management on page 52). The projects are each financed on a non-recourse basis to the Company and are supported by detailed financial models. The Directors believe that the non-recourse financing and diversification within the portfolio of investments helps to withstand and mitigate the risks it is most likely to meet.

Assessment of Viability

In making this statement, the Directors have considered the resilience of the Company, considering both its current position and its principal risks, in severe but plausible downside scenarios, and the effectiveness of any mitigating actions. Consideration has been given to the current market and political environment, as well as the continued impact of the Covid-19 pandemic and heightened geopolitical risk, and consequent volatility surrounding the world economy.

The Investment Manager has prepared sensitivity analyses including various stress scenarios which have been considered previously by the Risk Committee. These include:

- Increasing tax rate assumptions by 5% for all non-UK assets;
- Increasing lifecycle costs by 10%;
- No step up in deposit interest rates from March 2025 (i.e. remains at 0.75% forever);
- Inflation is 1% lower than the base case scenario;
- Assuming an increase in projects not distributing of 20% of the portfolio (note this represents projects entering distribution lock-up for a period of 12 months after which they are released);
- Deferral of demand-asset lock-up release dates by 2 years and no refinancing proceeds; and
- Combined scenario assuming:
  - i. Increase in PPP projects not distributing of 20%;
  - ii. A delay to distributions from demand assets for a further 24 months beyond the base case assumption;
  - iii. 25% increase to insurance and 10% increase in SPV operating costs; and
  - iv. No refinancing proceeds from key assets.

Individually, these scenarios pose a minimal threat to the Company's solvency. A severe scenario was also prepared to assess the loss in revenue necessary to cause insolvency. Even under this scenario, the analysis demonstrated that the Company should remain viable over the five-year assessment period.

Viability Statement

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 five-year period to March 2027, on the assumption that there is sufficient liquidity in the debt market to allow the Company, via its corporate subsidiary, Infrastructure Investments Limited Partnership, to refinance or repay obligations becoming due under the Revolving Credit Facility and Letter of Credit Facility, and that its investments are not materially affected by retrospective changes to government policy, laws or regulations.

3.6
Risk Committee Report

The following pages set out the Risk Committee's report on its activities in respect of the year ended 31 March 2022. The Risk Committee operates within clearly defined terms of reference, which are available on the Company's website. The Risk Committee is comprised of all the Directors and it meets four times a year, coinciding with the quarterly Board meetings, and is available to convene ad-hoc should material matters arise.

In discharging its responsibilities, the duties of the Risk Committee comprise defining risk appetite for the Group and a robust assessment and monitoring of all matters relating to the risks to which the Group is exposed, as well as their management and oversight of mitigating actions. In particular, we consider risk exposure and controls, stress and scenario planning, regulatory compliance, portfolio company controls and the three lines of defence.

Simon Holden
Risk Committee Chair
24 May 2022

Main Duties and General Approach

The Risk Committee's main duties are, as set out in its Terms of Reference, to consider, and where necessary make recommendations to the Board, on the following:

- the Company's implementation of an effective governance structure and control framework which covers key risk areas with appropriate reporting;
- the Group's risk appetite statement (reviewed annually at a minimum), taking account of the current economic, political, and business environment, as well as any short-term shocks or longer-term trends (such as climate change) which might affect portfolio performance;
- risk limits and tolerances, and risk management;
- regulatory compliance;
- the Group's risk profile, challenging the assessment and measurement of key risks whilst monitoring the actions taken to manage and mitigate them;
- scenario analysis to determine whether proposed mitigation is sufficient to manage the business risk profile within the Board's appetite; and
- the Investment Manager's advice on material changes to investment strategy, the treasury policy, the hedging policy and the risk policy.

Statement of the Chairman of the Risk Committee

The Company has a risk management framework covering all aspects of the Group's business. The Company is an Alternative Investment Fund ("AIF") and the Investment Manager (as Alternative Investment Fund Manager) is responsible for risk management and has thus implemented systems and controls to manage and monitor risk. The Board places reliance on the Investment Manager's systems and controls and, through its Risk Committee, monitors, reviews and challenges their effectiveness.

The risk management framework follows a cascade approach, with three 'lines of defence', to identify both imminently emerging risks as well as longer-term 'horizon risks', and effectively safeguard and protect the interests of the Company and its shareholders. The Investment Manager implements mitigation strategies, which are regularly reported against and assessed by the Risk Committee:

▲ The first line is the development of systems to implement effective controls. These are set out in documents such as the Company's and the Investment Manager's Policies and Controls Manuals. The Company must generally be satisfied that the Investment Manager's systems and processes ensure that risk is effectively anticipated, controlled, reported and overseen. InfraRed, as the Company's Investment Manager and the Operator of HICL's portfolio, is responsible for the identification, classification, assessment and management of risk both within the existing portfolio and in evaluating new investment opportunities.

▲ The second line is that of oversight and engagement from the Risk Committee, who look at emerging and previously reported risks and challenge InfraRed's approach to risk management. At each quarterly meeting, the Risk Committee conducts an in-depth review of the most material risks faced by the Group, which are assessed quantitively (based on potential valuation and cash flow impact) and qualitatively (reputational impacts). The Committee also considers longer-term factors to which the Company may need to adapt in the future ('horizon risks') such as climate change, as well as risks which may impact the future delivery of the Company's Investment Proposition. Mitigation strategies are proposed by the Investment Manager, with progress being monitored by the Risk Committee. The Risk Committee also ensures that all relevant policies are up to date and that delegated authorities are observed.

▲ The third line is third-party assurance which is used on an as-needed basis to provide independent scrutiny of the Company's risk management framework, an audit of key controls and specialist guidance. The results are reported to each of the Risk Committee and the Audit Committee as appropriate.

Routine Business

The Committee considered and noted compliance with HICL's Investment Policy and other policies relating to gearing, hedging and risk reportable events, which are fundamental to the Company's risk appetite.

Within the Investment Policy, the Risk Committee has established Approved Investment Parameters ("AIPs"). These are designated thresholds that are approved by the Board in coordination with the Investment Manager. These set the perimeter of HICL's risk appetite as it relates to portfolio construction and are adjusted from time-to-time as this evolves, having consideration of both the Company's investment strategy and operating environment. These have served as intended during year, with compliance monitored by the Risk Committee and any proposed investment which would exceed the limits set by the AIPs appropriately considered in advance.

The Committee's routine quarterly agenda covers, inter alia, a summary of key risks faced by the Group (including changes to the potential impact or timing of known risks as well as a consideration of emerging and longer-term 'horizon' risks with the environmental factors notable amongst these), a review of HICL's risk management policies and updates on relevant fund or portfolio company matters as required.

The Committee considered, at each meeting, regulatory compliance reports from both the Investment Manager and Aztec, the Company's Administrator. The Committee also received compliance reports from the Depositary. No significant action points or notable comments arose in respect of these regular reviews.

The Committee concludes each meeting with an assessment of whether HICL is compliant with its stated risk appetite and, at each quarterly meeting, confirmed that this was the case.

3.6 Risk Committee Report (continued)

Process and Reporting Updates

Over the course of the year, the Investment Manager continued to refine its risk management process and its quarterly reporting to the Risk Committee in a number of areas:

Stress testing and scenario analysis

A rolling programme of stress testing and scenario analysis for HICL was presented to the Risk Committee at each of its meetings throughout the year. In February 2022, the Investment Manager undertook a full refresh of the presentation and format of the scenario analyses, which now align more closely with the regular quarterly reporting on all material risks. Several improvements were also made to the scenarios included within each Primary Risk Class.

Portfolio construction risk

This year, the Risk Committee has been especially interested in better understanding and planning for longer-term risks that might arise from changes to the weighted average asset life and capital deployment profile of the Company under different market conditions. To address this, the Investment Manager provided additional strategic reporting and scenario analyses relating to future portfolio composition, the range of potential impacts and mitigating plans that would be required to sustain HICL's Investment Proposition. This has been an especially productive exercise to assist the Board and Investment Manager focus and prioritise asset allocation discussions.

Climate-related risks

During the year, the vast majority of HICL's project companies adopted the findings of InfraRed's portfolio-wide climate change impact assessment by incorporating climate-related risk in asset-level risk registers. Furthermore, as part of the Investment Manager's updated investment process, all potential acquisitions are required to have a climate change impact assessment undertaken as a condition of approving the transaction. This ensures that any material issues can be escalated to the Risk Committee through InfraRed's quarterly reporting.

Key risks

The key risks faced by the Group and associated mitigants are set out in Section 3.4 – Risk & Risk Management. During the year, the Risk Committee devoted time to consider several key risks, providing timely updates to the Board and shareholders as necessary, including:

- **Health & Safety:** The Risk Committee received quarterly reporting from the Investment Manager in relation to health and safety matters. The safe working practices of our contractors and the avoidance of injuries are always of paramount concern and are closely monitored across the portfolio at all times.
- **Counterparty risk:** The Investment Manager actively monitors the financial health and performance of the portfolio's construction, operations and maintenance subcontractors. The Risk Committee noted the proposed acquisition of Engie's services unit, Equans, by Bouygues S.A., but at this stage remains comfortable with a potential increase in exposure given the credit quality of Bouygues S.A. and its track record of performance across the HICL portfolio.
- **Covid-19:** The Investment Manager continued to monitor the impact of Covid-19 on HICL's GDP-linked demand-based assets; the wider portfolio and the Company's service providers have not been materially affected by the pandemic. Over the year, the Risk Committee has noted a reduction in the short-term risks associated with Covid-19 as government-imposed restrictions on movement have eased and demand-based asset usage has increased. As a result, the focus has gradually shifted to the potential longer-term impacts of behavioural change on the recovery of Northwest Parkway and HS1.
- **Facility condition:** The Risk Committee received regular updates from the Investment Manager on matters of building defects, including fire safety. The Risk Committee is supportive of the Investment Manager's focus on safety through thorough surveying and prioritising remediation works, which are expected to be borne by their respective construction contractors wherever possible. During the year, pursuing this approach has successfully driven the delivery of remediation works and as a result, the de-risking of certain projects which had been impacted by these legacy construction issues.

  Unresolved construction defects may impact on asset availability and / or the ability for projects to make distributions to investors. Furthermore, for certain projects there is a risk that increased defect remediation costs could adversely affect the valuation of the investment, either because the statutory limitations period has expired, or the original construction contractor is insolvent.

- **Financial / market risks:** Over the past year, the Risk Committee has perceived an increase in general market volatility but sees the Company's diversified portfolio and low correlation as fundamental and effective risk mitigants. There has also been volatility in key macroeconomic indicators; particularly inflation which has increased during the period across HICL's core geographies. A case study on the impact of inflation is provided in Section 3.2 – Valuation of the Portfolio.

  The Risk Committee received periodic updates from the Investment Manager in relation to the transition from LIBOR to SONIA. During the financial year, InfraRed announced the first successful transition of a UK PFI, formed a dedicated project to deliver the transition and worked closely with the IPA to mitigate developing risks. The associated risks faced by HICL have been actively managed and reduced, with only a small number of projects remaining that require transition.

- **Political and regulatory risk:** Political and regulatory risk are inherent within the infrastructure asset class and are closely monitored by the Risk Committee and the Investment Manager. As governments seek to reduce fiscal deficits following the Covid-19 pandemic, there is a risk associated with increases in corporation tax, although there were no material changes across HICL's core geographies during the year.

  Affinity Water has clarity on the parameters for its business plan for the next three years. During the year, the Company published its Strategic Direction Statement, which provides the foundation for the company's approach to the 2024 price review ("PR24"). Both the company and the Investment Manager have engaged with Ofwat's initial consultations on PR24 and the Risk Committee has been kept apprised of the potential implications for HICL's investment in Affinity Water.

- **Public sector engagement:** The Risk Committee notes that the risk of contractual or operational disputes in the run-up to 'handback' is most effectively mitigated by ensuring operational excellence and a constructive engagement with public sector stakeholders. The Investment Manager launched a programme of pilot projects during the year, which are designed to foster collaboration by providing a template for best practice which can be adopted by all stakeholders. Furthermore, InfraRed was invited to join the IPA's Project Expiry Working Group alongside a select number of industry participants.

  The Investment Manager reported on the heightened risk associated with certain UK health assets, where operational and financial pressures have translated into adverse behaviour by clients and their advisers. HICL and its Investment Manager continue to take seriously their responsibilities as stewards of essential community assets and to demonstrate the benefits to society of private sector involvement in the responsible and sustainability operation of critical public infrastructure.

3.7 Task Force on Climate-related Financial Disclosures

Task Force on Climate-related Financial Disclosures

The tables below set out the Company's disclosure against the 11 TCFD recommendations. The information set out below provides key climate-related information and cross-references to where additional information can be found. We confirm that we have made disclosures consistent with the TCFD Recommendations and Recommended Disclosures, we acknowledge there are certain areas where the Company is in the process of gathering and publishing more data. More information on these areas can be found in the below disclosures.

Governance

Recommendation		Disclosure
1	Describe the Board's oversight of climate-related risks and opportunities	The Board has overall responsibility for the oversight of HICL's sustainability risks and opportunities, of which climate change is an important subset. The Board and the Investment Manager meet on a quarterly basis, during which they review the risks facing the Company, including risks related to climate change. Sustainability is also a key topic at the Board's annual strategy meetings. Some of the Board's committees also have key roles: ▲ The Risk Committee oversees and challenges InfraRed's risk management processes and analysis, and has a specific remit to examine 'horizon' risks such as the long-term consequences of climate change; ▲ The Management Engagement Committee considers how HICL service providers, including InfraRed, adhere to HICL's Sustainability Policy; ▲ The Audit Committee reviews the Company's approach to disclosures, including those relating to climate change. In relation to climate-related opportunities, the Investment Manager presents a review of the market to the Board on a quarterly basis. As part of this review, potential new acquisition opportunities are highlighted, including those which directly support the transition to a low-carbon economy. Although management of the portfolio, as well as investment decisions within agreed parameters, is delegated to InfraRed as the Investment Manager, the Board has overall responsibility for the Company's Investment Policy.

Governance (continued)

Recommendation	Disclosure
2 Describe management's role in assessing and managing climate-related risks and opportunities	The application of HICL's Sustainability Policy to making new investments and the management of HICL's portfolio is undertaken by InfraRed, as Investment Manager and Operator. This includes the day-to-day monitoring, evaluation and management of risks, including those linked to climate change. The Investment Manager's risk framework explicitly considers climate-related risks across its Portfolio Performance, Political and Operational – Execution risk classes. In 2020, InfraRed commissioned a detailed climate change impact assessment to identify and assess climate-related risks and opportunities in the portfolio. The Investment Manager used the results of this exercise to transform the management and reporting of climate-related risks at portfolio company level. The vast majority of HICL's portfolio companies have adopted the findings of the assessment by discussing climate-related risks and opportunities at board level and including these on their risk registers. InfraRed's Asset Management Team ensures the timely reporting of project-specific risks relating to climate change to the HICL Fund Management Team as and when they arise; the HICL Investment Committee also undertakes a formal review of all project-specific risks on a quarterly basis. This process ensures that material climate-related risks feed into the Investment Manager's quarterly reporting to the Risk Committee, which in turn reports to the Board. InfraRed is also responsible for incorporating climate-related risks and opportunities into the investment process, which applies for all new acquisitions. During the year InfraRed's Sustainability and Origination & Execution teams worked together to review and enhance the sustainability requirements in the Investment Manager's pre-investment processes. One of the key changes included the requirement to complete a climate change risk assessment, which is now a formal condition of transaction approval. The results of this assessment are factored into the valuation and/or risk management processes (where relevant) and presented to the Fund's Investment Committee as part of the formal investment approval process.

3.7
Task Force on Climate-related Financial Disclosures (continued)

Strategy

Recommendation		Disclosure
3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Through its detailed climate change impact assessment, the Investment Manager has identified that in the short term, based on current climate conditions, a subset of assets in which HICL has invested are exposed to acute and chronic physical risks arising from different extreme weather events, but the overall exposure is limited and mitigations are in place. The Company may also be exposed to transition risks if there are rapid, unexpected changes to government policy. Beyond 2040, based on a 4°C scenario, there is slightly increased exposure to physical risks. Under a 1.5°C scenarios the impact of transition risks could be greater, but many assets have inherent protection as they provide vital services and have low direct emissions. Conversely, there is likely to be greater scope to take advantage of opportunities arising from the energy transition, such as asset repurposing and additional investment. HICL's main physical risk exposures based on both current and future conditions are to winter storms, river flooding and coastal flooding, which is expected based on the weighting of the portfolio towards Northern Europe. Geographical location is also an inherent mitigant against other physical risks such as drought and heat stress. Although some assets have very high exposure to flooding, significant physical mitigation already exists in the form of flood defences, particularly in low-lying countries such as the Netherlands. The potential annual loss across the portfolio from wind storms and flooding is not expected to be material, with mitigation measures further reducing any impact in 'severe' years. HICL's assets benefit from comprehensive insurance policies, which include physical damage as a result of climate-related events. Examples of potential transition risks under a 1.5°C scenario include increased public transport use, a reduction in overall journeys, car sharing, which could impact some of HICL's demand-based assets. Such a scenario is also likely to present a number of opportunities for the Company at both the asset and market level, some of which are set out in section five below.
4	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The primary impact of climate change for HICL is likely to be borne by its portfolio companies: increased operating costs or reduced revenues as a result of physical risks materialising. In many cases physical mitigation measures already exist and there is a degree of contractual protection from increased costs to implement further measures. Such risks are likely to be exacerbated under a 4°C scenario, whereas under a 1.5°C scenario assets are more likely to be impacted by transition risks. The results of the climate impact assessment feed into the Company's strategy in a number of ways. During the year, InfraRed rolled out its Climate Change Best Practices guidance to portfolio companies, and provided support through regular ESG workshops. In conjunction with Mott MacDonald, InfraRed will also produce guidance for portfolio companies to enable them to reduce their greenhouse gas emissions. Finally, understanding the risks and opportunities from climate change (including under a 1.5°C scenario) instructs future acquisition screening and strategic portfolio construction. During the year, a review of insurance costs was undertaken across the portfolio. As is common with real assets, insurance is one of the primary risk mitigants against the financial impact of physical damage. In the future, and particularly under a 4°C scenario, it is possible that the cost of obtaining insurance increases as a result of the increased likelihood of severe weather events, although this is likely to be limited to a small number of assets. In March 2022, HICL renegotiated a £400m Revolving Credit Facility ("RCF") which continues to link the margin on the facility to performance against five ESG targets. This demonstrates HICL's commitment to its wider sustainability strategy by embedding it within the financing structure of the Company.

Strategy (continued)

Recommendation	Disclosure
5 Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario	The portfolio-level findings of the climate change impact assessment demonstrate that the Company's strategy is highly resilient to both physical and transition risks associated with climate change. Under a 'current' climate scenario, only eight assets have an unmitigated physical impact index above 3.0 (medium) This rises to 19 assets under a 4°C scenario, demonstrating the resilience of the portfolio even in the event of extreme climate change. Under a 1.5°C scenario, the Group is more exposed to transition risks, but these are mitigated through the essential nature HICL's investments, and the contractual risk allocation that exists through concession agreements. A transition to a low carbon economy also presents a number of opportunities. The primary example is the need for related investment such as rapid charging or retrofitting of energy efficiency solutions. A key tenet of HICL's vision is to support sustainable modern economies by investing in assets linked to the energy transition, and a 1.5°C scenario is likely to increase the number of investable opportunities in this space.

Risk

Recommendation	Disclosure
6 Describe the organisation's processes for identifying and assessing climate-related risks	For new acquisitions, climate-related risks are considered throughout the investment process by the Investment Manager. At the deal screening phase, the identification of climate-related risks (physical or transition) and the potential impact (positive or negative) are mandatory requirements. During the year InfraRed's Sustainability and Origination & Execution teams worked together to review and enhance the sustainability requirements in the Investment Manager's pre-investment processes. One of the key changes included the requirement to complete a climate change risk assessment, which is now a formal condition of transaction approval. **Further details are provided in HICL's Sustainability Report 2022.** For existing projects, risks have been identified and assessed through a detailed climate change impact assessment, as set out in the HICL 2021 Sustainability Report[1]. The Company's portfolio companies use the results of this assessment to undertake proactive monitoring and assessment at the project level.

[1] https://www.hicl.com/wp-content/uploads/2021/06/HICL-Sustainability-Report-2021.pdf – see page 10

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3.7 Task Force on Climate-related Financial Disclosures (continued)

Risk (continued)

Recommendation		Disclosure
7	Describe the organisation's processes for managing climate-related risks	Over the year, InfraRed's Asset Management team engaged with the management teams of HICL's portfolio companies. Using the climate change impact assessment, the vast majority of HICL's portfolio companies have adopted the findings by discussing climate-related risks and opportunities at board level, updating risk matrices and developing and implementing mitigation and resilience strategies as appropriate. InfraRed's Asset Management Team ensures the timely reporting of project-specific risks relating to climate change to the HICL Fund Management Team as and when they arise; the HICL Investment Committee also undertakes a formal review of all project-specific risks on a quarterly basis. This process ensures that material climate-related risks feed into the Investment Manager's quarterly reporting to the Risk Committee, which in turn reports to the Board. The Company's positioning with respect to a transition to a low-carbon economy is primarily considered through the Investment Manager's active approach to asset management and portfolio construction. HICL's core infrastructure investments provide essential services to communities, and as a result are inherently well positioned. For HICL's PPP projects, energy use is driven by the client, with the portfolio company generally responsible for maintaining the equipment which provides the building's heating, cooling and lighting. Any changes to these systems required under a 1.5°C scenario would usually be accounted for under existing lifecycle budgets or alternatively treated as a contract variation. In relation to HICL's GDP-correlated demand-based assets such as toll roads, which may be exposed to transition risks and opportunities under a 1.5°C scenario, these benefit from strong strategic positioning. The Company also invests directly in assets which are likely to benefit from a low-carbon transition, such as OFTOs. More broadly, InfraRed's exclusion policy specifically covers carbon-intensive industries such as coal, oil and gas (where not aligned to a low-carbon transition) and HICL does not invest in assets whose primary purpose is electricity generation.
8	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Sustainability considerations are incorporated into the Investment Manager's risk management framework, which is used as the basis of risk reporting to the HICL Risk Committee. In particular, sustainability features as a material risk in the following risk classes: ▲ Political risk: in particular, policies associated with the transition to net zero carbon emissions; ▲ Operational risk – execution: through transaction due diligence and investment decisions; ▲ Portfolio performance risk: sustainability risks can affect operational performance, including transitional and physical risks associated with adverse climate change. Climate change risk is an explicit building block of portfolio performance risk. Individual project companies submit regular progress reports to InfraRed on the mitigation measures they are taking in response to the climate change impact assessment. In turn, this enables the HICL Risk Committee to consider the overall impact and opportunities of climate change at fund level. **Further details are provided in Section 3.4 – Risk & Risk Management**

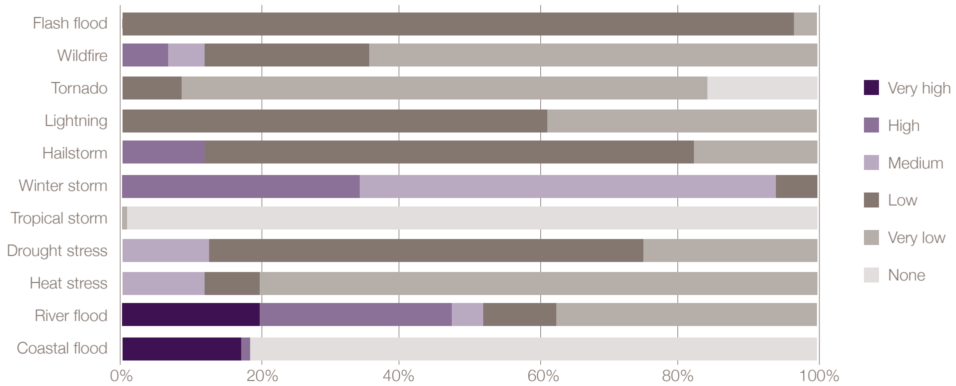
Metrics

Recommendation | **Disclosure**

9 Disclose the metrics used by the organisation to assess climate-related risks and opportunities

As noted below, HICL has disclosed the combined Scope 1, 2 and 3 greenhouse gas emissions of its entire portfolio for the 2019 baseline year. These can be found on page 25 of HICL's Sustainability Report 2022. The accurate measurement and disclosure of emissions forms an important part of InfraRed's wider strategy relating to InfraRed's net zero commitments, further details of which are provided in HICL's Sustainability Report 2022. Although only 39% of portfolio companies reported their Scope 1 and 2 emissions as part of InfraRed's most recent ESG survey, the data collection exercise as part of InfraRed's net zero commitment will ensure that Scope 1, 2, and 3 emissions are routinely captured for all projects in future years.

As set out in section 7, HICL's portfolio is well positioned for a 1.5°C scenario, although the degree of alignment varies by sector and also by remaining concession length. Currently, 14% of the portfolio by value is fully aligned, representing Affinity Water and High Speed 1 which have already committed to achieve net zero by 2030. InfraRed's commitment to achieve net zero for HICL's entire portfolio by 2050 will ensure that this percentage rises to 100% over time. The chart below sets out the portfolio exposure (by number of projects) to physical climate risks based on current climate conditions, without mitigation:



10 Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks

Due to the nature of its business, HICL has no Scope 1 or Scope 2 greenhouse gas emissions. The Company's Scope 3 emissions primarily relate to the emissions of its portfolio companies, although there is also a small contribution from office use and business travel (which is offset using an accredited scheme).

In previous years, HICL voluntarily disclosed certain Scope 3 emissions based on an operational control boundary approach. The 2021 data for the same four assets is available on page 24 of HICL's Sustainability Report 2022. This year, the significant data collection exercise undertaken as part of InfraRed's net zero commitment allows for significantly enhanced disclosure. The combined Scope 1, 2 and 3 greenhouse gas emissions of HICL's entire portfolio for the 2019 baseline year can be found on page 25 of HICL's Sustainability Report 2022.

11 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

One of the key ways in which climate-related risks can be reduced in the long term is through a global reduction in greenhouse gas emissions. By joining the Net Zero Asset Managers initiative, InfraRed has committed to achieve net zero greenhouse gas emissions for HICL's portfolio by 2050. It is also required to set interim reduction targets, which will include for HICL's portfolio. These will be published over the coming year. The Company has considered the sensitivity of its business strategy to a 1.5°C scenario, and does not assess this to be material due to the reasons described in sections seven and nine.

Given the importance of the climate change impact assessment as a risk management tool, HICL has set clear targets relating to its implementation; these are set out on page 10 of HICL's Sustainability Report 2022.

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3.8
Strategic Report Disclosures

Investment Policy

HICL's Investment Policy is to ensure a diversified portfolio which has a number of similarly sized investments and is not dominated by any single investment. HICL will seek to acquire Infrastructure Equity with similar risk / reward characteristics to the current portfolio, which may include (but is not limited to):

- Public sector, government-backed or regulated revenues;
- Concessions which are predominantly "availability" based (i.e. the payments from the concession do not generally depend on the level of use of the project asset); and / or
- Companies in the regulated utilities sector.

HICL will also seek to enhance returns for shareholders by acquiring more diverse infrastructure investments. The Directors currently intend that HICL may invest in aggregate up to 35% of its total assets (at the time the relevant investment is made) in:

- Project Companies which have not yet completed the construction phases of their concessions but where prospective yield characteristics and associated risks are deemed appropriate to the investment objectives of HICL. This may include investment in companies which are in the process of bidding for concessions, to the extent that such companies form part of a more mature portfolio of investments which HICL considers appropriate to acquire;
- Project Companies with "demand-based" concessions where the Investment Manager considers that demand and stability of revenues are not yet established, and / or Project Companies which do not have public sector sponsored / awarded or government-backed concessions; and
- To a lesser extent (but counting towards the same aggregate 35% limit, and again at the time the relevant investment is made) in limited partnerships, other funds that make infrastructure investments and / or financial instruments and securities issued by companies that make infrastructure investments, or whose activities are similar or comparable.

Geographic focus

The Directors believe that attractive opportunities for HICL to enhance returns for investors are likely to arise outside as well as within the UK (where the majority of the projects in the current portfolio are based). HICL may therefore make investments in the European Union, Norway, Switzerland, the Americas and selected territories in Asia and Australasia. HICL may also make investments in other markets should suitable opportunities arise. HICL will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where it considers that contract structures and enforceability are reliable and where (to the extent applicable) public sector obligations carry what the Investment Manager believes to be a satisfactory credit rating and where financial markets are relatively mature.

Single investment limit and diversity of clients and suppliers

For each new acquisition made, HICL will ensure that such investment acquired does not have an acquisition value (or, if it is a further stake in an existing investment, the combined value of both the existing stake and the further stake acquired is not) greater than 20% of the total gross assets of HICL immediately post acquisition.

The total gross assets will be calculated based on the last published gross investment valuation of the portfolio plus acquisitions made since the date of such valuation at their cost of acquisition.

The purpose of this limit is to ensure the portfolio has a number of investments and is not dominated by any single investment.

In selecting new investments to acquire, the Investment Manager will seek to ensure that the portfolio of investments has a range of public sector clients and supply chain contractors, in order to avoid over-reliance on either a single client or a single contractor.

Restrictions under the Listing Rules

In accordance with the requirements of the Financial Conduct Authority, HICL has adopted the policies set out below:

a) HICL's primary objective is investing and managing its assets with a view to spreading or otherwise managing investment risk. HICL must, at all times, invest and manage its assets in a way which is in accordance with its Investment Policy;

b) HICL will not conduct a trading activity which is significant in the context of HICL as a whole. HICL will not cross-finance businesses forming part of HICL's investment portfolio; and

c) No more than 10%, in aggregate, of HICL's assets will be invested in other listed closed-ended investment funds.

The Listing Rules may be amended or replaced over time.

To the extent that the above investment restrictions are no longer imposed under the Listing Rules, those investment restrictions shall cease to apply to HICL.

Risks and Uncertainties

The principal risks and uncertainties facing HICL can be found in HICL's March 2019 Prospectus which is available on the Company's website at www.hicl.com. An update on the key risks currently faced by the Company and associated mitigants are set out in Section 3.4 – Risk & Risk Management.

Environmental, Social and Community Matters

For a detailed explanation of HICL's approach to Environmental, Social and Governance / Responsible Investment, please see HICL's Sustainability Policy, which can be found on the Company's website at www.hicl.com. A comprehensive review of the year, including case studies from the portfolio, can be found in HICL's Sustainability Report 2022, also available on the website.

Research and Development Activities

None.

Section 172(1) Statement

The Directors discharge their duties under Section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders as a whole.

As a closed-ended investment company, HICL has no employees; however the Directors assess the impact of HICL's activities on other stakeholders, in particular public sector clients and the end users of the infrastructure investments, as well as the community as a whole, recognising that the investments of HICL are often key community assets. Details can be found in the Strategic Report.

Gender Diversity

At the year end, the Board of Directors comprised eight non-executives; five male and three female.

HICL has no employees.

Leverage

HICL is required under the Alternative Fund Managers Directive ("AIFMD") to make available to investors information in relation to its leverage. Leverage is considered in terms of HICL's overall exposure to financial or synthetic gearing and includes any method by which its exposure is increased whether through borrowing of cash or securities, foreign currency holdings, leverage embedded in derivative positions or by any other means. It is expressed as the ratio between the total exposure of HICL and its net asset value such that if its exposure was equal to its net asset value, leverage would be disclosed as 100%; a value above 100% means that HICL has leverage equal to the percentage amount above 100%. Exposure values are calculated by two methods, gross and commitment, as defined within the AIFMD. Exposure under the gross method represents the aggregate of all HICL's exposures other than cash balances held in base currency; the commitment method takes into account the effect of different treatment of certain cash and cash equivalent items and of offsetting instruments between eligible assets to reflect netting and hedging arrangements in line with regulatory requirements.

Maximum leverage levels have been set by the Board and InfraRed and are in accordance with the maximum borrowing allowed by HICL's Articles of Association.

The table below sets out the current maxima, and permitted limit and actual level of leverage for HICL as a percentage of its net asset value as at 31 March 2022.

Leverage	Gross Method	Commitment Method
Maximum limit	150%	150%
Actual level	114%	103%

Ian Russell
Chairman
24 May 2022

03 / PERFORMANCE & RISK

Road Management Group, UK

04 Directors' Report

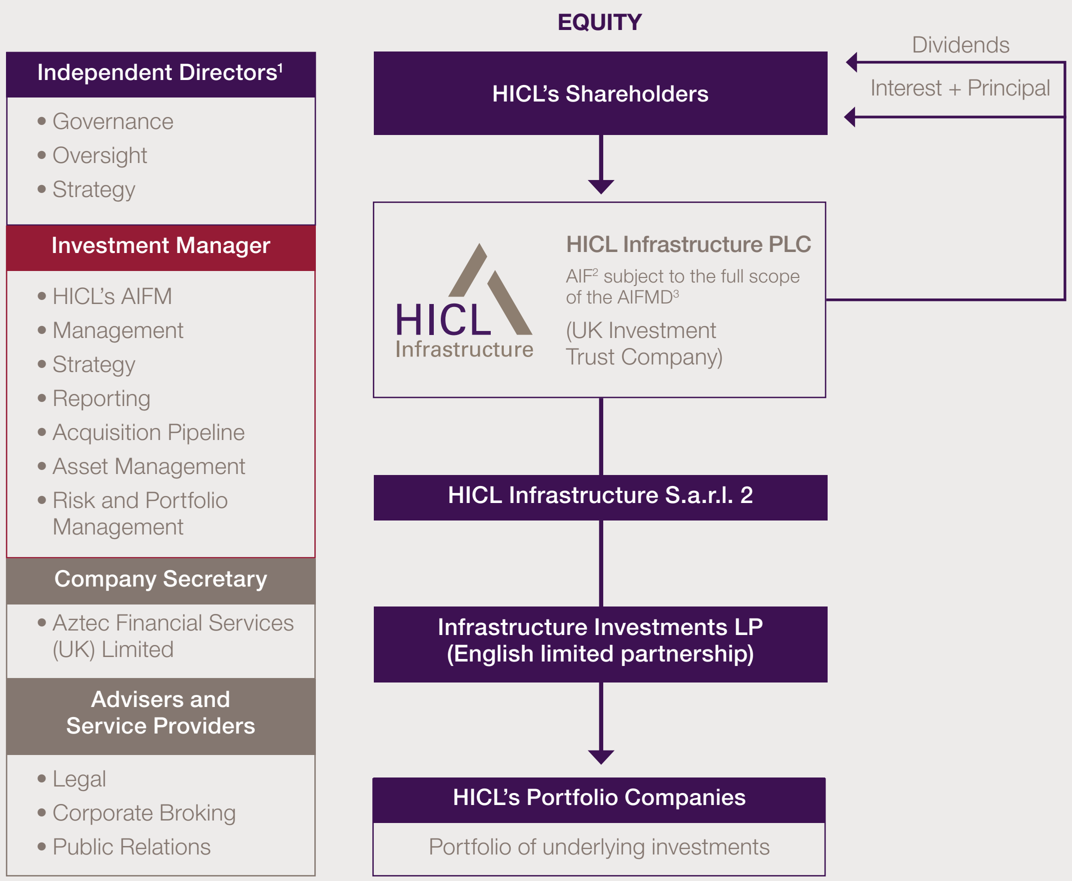
4.1
Board and Governance

Operational Structure

HICL Infrastructure PLC ("HICL", or the "Company" and, together with its subsidiaries, the "Group") is a registered investment company with an independent Board of Directors. Its shares have a premium listing on the Official List of the UK Listing Authority and trade on the main market of the London Stock Exchange.

HICL's portfolio comprises over 100 infrastructure investments. Its strategy to protect and enhance the value of the existing portfolio, and to source appropriately-priced new investments, utilises the expertise of its Investment Manager, InfraRed Capital Partners Limited ("InfraRed"). HICL has a 31 March year end, announces its full year results in May and interim results in November. It also publishes two Interim Update Statements each year, normally in February and July.

Organisational Structure



[1] Independent of the Investment Manager
[2] Alternative Investment Fund, as defined by the Alternative Investment Fund Managers Directive
[3] Alternative Investment Fund Managers Directive

Group Structure

Investments are made via the Corporate Subsidiaries, which comprise a group structure involving a Luxembourg-domiciled investment company and an English limited partnership (the "Partnership"). HICL's assets are therefore held indirectly through the Corporate Subsidiaries and any subsidiaries are wholly owned by the general partner of the Partnership on behalf of the Partnership. InfraRed Capital Partners Limited ("InfraRed") has been appointed the Investment Manager of HICL and Operator of the Partnership. InfraRed has been appointed AIFM in accordance with the AIFM Directive, and also provides the registered office of HICL.

The Company invests in infrastructure investments indirectly via the Corporate Subsidiaries:

- HICL Infrastructure 2 S.a.r.l., a société à responsabilité limitée established in Luxembourg, is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle, the General Partner, as its general partner. The General Partner is a wholly owned indirect subsidiary of InfraRed Partners LLP. The General Partner, on behalf of the Partnership, has appointed InfraRed as operator of the Partnership. HICL Infrastructure 2 S.a.r.l. invests the contributions it receives in capital contributions and partner loans to the Partnership, which acquires and holds the infrastructure investments.
- HICL Infrastructure 2 S.a.r.l. has an independent board, on which a HICL Board Director sits, and takes advice on administration matters from RSM Tax & Accounting Luxembourg.

Aztec Financial Services (UK) Limited is the Administrator to HICL and also provides company secretarial services.

HICL's infrastructure investments are registered in the name of the General Partner, the Partnership or wholly owned subsidiaries of the Partnership.

Each of the underlying investments is made by a portfolio company (not shown in the structure diagram on the previous page), which through its contractual structure ensures no cross-collateralisation of the liabilities (being, principally, the debt repayment obligations).

The Board and the Committees

As at 31 March 2022, the Board of HICL comprised eight independent, non-executive Directors whose role is to manage HICL in the interests of shareholders and other stakeholders. In particular, the Board approves and monitors adherence to the Investment Policy and Acquisition Strategy, determines risk appetite, sets policies, agrees levels of delegation to key service providers and monitors their activities and performance (including, specifically, that of the Investment Manager) against agreed objectives. The Board will take advice from the Investment Manager, where appropriate – for example on matters concerning the market, the portfolio and new acquisition opportunities.

The Board meets regularly – at least five times a year, each time for two consecutive days – for formal Board and Committee meetings. One of these Board meetings is devoted to considering the strategy of HICL, both in terms of potential acquisitions and the management of the current portfolio. There are also a number of ad hoc meetings dependent upon business needs. In addition, the Board has formed six committees (Audit, Management Engagement, Market Disclosure, Nomination, Remuneration and Risk) which manage risk and governance.

Management of the portfolio, as well as investment decisions within agreed parameters, is delegated to InfraRed as the Investment Manager, which reports regularly to the Board.

At the quarterly Board and Committee meetings, the operating and financial performance of the portfolio, its valuation and the appropriateness of the risk and controls are reviewed.

4.2
Board of Directors

Mr Ian Russell
Chairman of the Board
Chair of Nomination Committee

Background and experience

Ian Russell CBE (British), resident in the UK, is a qualified accountant. He was appointed to the Board on 1 May 2013. Ian worked for Scottish Power plc between 1994 and 2006, initially as Finance Director and, from 2001, as its CEO. Prior to this he spent eight years as Finance Director at HSBC Asset Management in Hong Kong and London. Ian is chairman of Scottish Futures Trust and National Museums Scotland.

Date of appointment*

Appointed to the Board on 1 May 2013

Other public company directorships (listed in London unless noted otherwise)**:

None

Mr Frank Nelson
Senior Independent Director
Chair of Management Engagement Committee

Background and experience

Frank Nelson (British), resident in the UK, is a qualified accountant. He has over 25 years of experience in the construction, contracting, infrastructure and energy sectors. He was appointed to the Board on 1 June 2014. Frank was Finance Director of construction and house-building group Galliford Try plc from 2000 until October 2012. He was previously Finance Director of Try Group plc from 1987, leading the company through its floatation on the London Stock Exchange in 1989 and the subsequent merger with Galliford in 2001. Following his retirement, Frank was appointed as the Senior Independent Director of Eurocell and as the Chair of Van Elle Holdings. He is also Chair of a privately owned contracting and property development group.

Date of appointment*

Appointed to the Board 1 June 2014

Other public company directorships (listed in London unless noted otherwise)**:

Eurocell PLC
Van Elle Holdings PLC

Ms Rita Akushie

Background and experience

Rita Akushie (British) has more than 20 years' experience acting in leadership and finance roles for housing associations and charities, including at Newlon Group, where she was Chief Financial Officer and then Deputy Chief Executive; and subsequently as Group Finance Director for Thames Valley Housing. Rita has recently served as CFO for Cancer Research UK, and currently serves as CFO & Pro Vice-Chancellor (Operations) for the University of London. Rita graduated with a BA in Economics and French from the University of Ghana. She is a Fellow of the Institute of Chartered Accountants of England and Wales and a Fellow of the Association of Corporate Treasurers.

Date of appointment

Appointed to the Board on 1 January 2020

Other public company directorships (listed in London unless noted otherwise)**:

None

Mr Mike Bane
Chair of Remuneration Committee

Background and experience

Mike Bane (British) is a chartered accountant and retired from public practice in June 2018. Mike has been a Guernsey resident for over 20 years. He has more than 35 years of audit and advisory experience in the asset management industry including in relation to infrastructure investment companies. He led EY's services to the asset management industry in the Channel Islands and was a member of EY's EMEIA Wealth and Asset Management Board. Prior to EY, Mike was at PwC, in both London and Guernsey. Mike was President of the Guernsey Society of Chartered and Certified Accountants from 2015 to 2017. Mike graduated with a BA in Mathematics from the University of Oxford and is a long-standing member of the Institute of Chartered Accountants in England and Wales.

Date of appointment*

Appointed to the Board on 1 July 2018

Other public company directorships (listed in London unless noted otherwise)**:

Apax Global Alpha Limited
Standard Life Investments Property Income Trust Limited

* Assuming a continuation of the years of service as a Director of HICL Infrastructure Company Limited
** Certain of the Directors maintain additional directorships that are also listed but not actively traded on various exchanges. Details may be obtained from the Company Secretary

Ms Frances Davies

Background and experience
Frances Davies (British) has more than 30 years of experience across various roles within the banking and asset management industries. Since 2007, she has been a partner of Opus Corporate Finance, a corporate finance advisory business. Frances is also on Aviva's With-Profits Committee and the committee of the Hermes Property Unit Trust. Previously she served as Head of Global Institutional Business at Gartmore Investment Management where she was responsible for Gartmore's relationships with pension funds and other institutions within the UK, Europe and the US. Previously she held roles at Morgan Grenfell Asset Management and SG Warburg. Ms Davies graduated with a MA in Philosophy, Politics and Economics and a M.Phil in Management Studies, both from Oxford University.

Date of appointment
Appointed to the Board on 1 April 2019

Other public company directorships (listed in London unless noted otherwise):**
JPMorgan Smaller Companies Investment Trust plc

Mrs Sally-Ann (Susie) Farnon
Chair of the Audit Committee

Background and experience
Sally-Ann Farnon (known as Susie) (British), resident in Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales, having qualified as an accountant in 1983, and is a non-executive director of a number of property and investment companies. She was appointed to the Board on 1 May 2013. Susie was a Banking and Finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants and as a member of The States of Guernsey Audit Commission and as Vice-Chairman of The Guernsey Financial Services Commission, and is a director of The Association of Investment Companies.

Date of appointment*
Appointed to the Board on 1 May 2013

Other public company directorships (listed in London unless noted otherwise):**
Apax Global Alpha Limited
Bailiwick Investments Limited (TISE)
Real Estate Credit Investments Limited

Mr Simon Holden
Chair of the Risk Committee

Background and experience
Simon Holden (British) is a Chartered Director (CDir) accredited by the Institute of Directors. Previously an investment director at Terra Firma Capital Partners, Candover Investments prior to that, Simon has been an active independent director to listed investment company, private equity fund and trading company boards since 2015. In addition, Simon acts as the pro-bono Business Advisor to Guernsey Ports; a States of Guernsey enterprise that operates all of the Bailiwick's critical airport and harbour infrastructure. Simon is a member of several industry interest groups in both financial services and intellectual property and graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering.

Date of appointment*
Appointed to the Board 1 July 2016

Other public company directorships (listed in London unless noted otherwise):**
Hipgnosis Songs Fund Limited
JPMorgan Global Core Real Assets Limited
Chrysalis Investments Limited
Trian Investors 1 Limited (traded on the Specialist Funds Segment of the LSE)

Mr Kenneth D. Reid

Background and experience
Kenneth D. Reid (British), resident in Singapore, has more than 35 years of international experience in the sectors of construction, development and infrastructure investment. Working initially with Kier Group, and then from 1990 with Bilfinger Berger AG, he has been a project leader and senior management executive responsible for businesses and projects across all continents. From 2007 to 2010, Ken served as a member of the Group Executive Board of Bilfinger Berger AG. He graduated in Civil Engineering from Heriot-Watt University with First Class Honours (BSc), and subsequently from Edinburgh Business School with an MBA. Ken is a Chartered Engineer, a non-executive director of Sicon Limited and James Walker Group Limited, and is a member of the Singapore Institute of Directors.

Date of appointment*
Appointed to the Board 1 September 2016

Other public company directorships (listed in London unless noted otherwise):**
None

4.3 The Investment Manager

InfraRed Capital Partners Limited ("InfraRed") is the Investment Manager to HICL. In addition, InfraRed is the Operator of the Partnership by the General Partner, on behalf of the Partnership. Under the terms of the Limited Partnership Agreement, the Operator has full discretion to acquire, dispose of or manage the assets of the Partnership, subject to investment guidelines set out by the Board.

InfraRed is part of the InfraRed Group, an infrastructure investment business, managing a range of infrastructure funds and investments. InfraRed's infrastructure investment team has a strong record of delivering attractive returns for its investors, which include pension funds, insurance companies, funds of funds, asset managers and high net worth investors domiciled in the UK, Europe, North America, Middle East and Asia.

Since 1990, the InfraRed Group (including predecessor organisations) has launched 22 investment funds investing in infrastructure and property, including HICL.

In July 2020, InfraRed was acquired by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"), with InfraRed continuing to operate as a distinct business under SLC Management, Sun Life's alternative asset management business. The Sun Life acquisition has provided further support to InfraRed in its role as Investment Manager to HICL. Sun Life is a leading international financial services organisation providing insurance, wealth and asset management solutions to individual and corporate clients. As of 31 March 2022, Sun Life had total assets under management of C$1,352bn. For more information please visit www.sunlife.com.

The InfraRed Group currently manages eight infrastructure funds (including HICL). The InfraRed Group currently has a staff of around 170 employees and partners, based mainly in offices in London and with smaller offices in New York, Seoul and Sydney. Its infrastructure team comprises over 100 professional staff who have, on average, c. 11 years of relevant industry experience.

Within the infrastructure team, there are:

- a Management team with overall responsibility for the activities provided to HICL;
- an Origination and Execution team responsible for business development and sourcing new investments;
- an Asset Management team responsible for managing the portfolio of investments; and
- a Portfolio Management team responsible for financial reporting, cash flow management, debt, foreign exchange hedging and tax.

Six senior members of the InfraRed team make up InfraRed's Investment Committee on behalf of HICL. The Investment Committee has combined experience of over 150 years in making infrastructure investments and managing investments and projects.

Further details on the InfraRed Group can be found at www.ircp.com.

Under the terms of the Investment Management Agreement, InfraRed is entitled to a fixed management fee of £100,000 per annum, together with all reasonable out-of-pocket expenses. InfraRed will not receive any directors' or other fees from any project company.

InfraRed, in its capacity as Operator, and the General Partner are together entitled to annual fees calculated on the following basis and in the following order:

(i) 1.1 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments which have a value of up to (and including) £750m in aggregate;

(ii) 1.0 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments that is not accounted for under (i) which, together with the investments under (i) above, have an Adjusted Gross Asset Value of up to (and including) £1.5bn in aggregate;

(iii) 0.9 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments not accounted for under (i) or (ii) above which, together with investments under (i) and (ii) above have an Adjusted Gross Asset Value of up to (and including) £2.25bn;

(iv) 0.8 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments not accounted for under (i), (ii) or (iii) above which, together with investments under (i), (ii) and (iii) above have an Adjusted Gross Asset Value of up to (and including) £3.0bn; and

(v) 0.65 per cent. of the proportion of the Adjusted Gross Asset Value of HICL that is not accounted for under (i), (ii), (iii) and (iv) above.

There are no acquisition or performance fees payable.

These fees are calculated and payable quarterly in arrears, and are based on the Adjusted Gross Asset Value of HICL's assets at the beginning of the period concerned, adjusted on a time basis for acquisitions and disposals during the period.

The Investment Management Agreement may be terminated by either party giving the other party thirty six (36) months' written notice (or, at HICL's option, making a payment in lieu of such notice). InfraRed's appointment as Operator has corresponding termination provisions, and if InfraRed's appointment as Investment Manager is terminated it may unilaterally terminate its appointment as operator, and vice versa.

4.4 Corporate Governance Statement

Introduction

The Board recognises the importance of a strong corporate governance culture that meets the requirements of the UK Governance framework, including the UK Listing Authority as well as other relevant bodies such as the Association of Investment Companies ("AIC") of which HICL is a member. The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. All Directors contribute to the Board discussions and debates. The Board believes in providing as much transparency for investors and other stakeholders as is reasonably possible within the boundaries of client and commercial confidentiality.

AIFM Directive

The Alternative Investment Fund Managers Directive seeks to regulate AIFMs and imposes obligations on Managers who manage alternative investment funds ("AIF") in the EU or who market shares in such funds to EU investors. HICL is categorised as an externally managed AIF for the purposes of the AIFM Directive. In order to maintain compliance with the AIFM Directive, HICL complies with various organisational, operational and transparency obligations, including the pre-investment disclosure information required by Article 23 of AIFM Directive.

Non-Mainstream Pooled Investments

HICL conducts its affairs as an investment trust. On this basis, the Ordinary Shares should qualify as an "excluded security" and therefore be excluded from the FCA's restrictions in COBS 4.12 of the FCA Handbook that apply to non-mainstream pooled investment products.

The AIC Code of Corporate Governance

As a member of the AIC, the Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (the "AIC Code"), a framework of best practice in respect of the governance of investment companies. The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. HICL has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk[1]). It 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.

Board

As at 31 March 2022, the Board comprised eight non-executive Directors. In accordance with Provision 10 of the AIC Code all of the non-executives are independent of the Investment Manager. The Chairman, Ian Russell, met the independence criteria of the AIC Code Provision 11 upon appointment and has continued to meet this condition throughout his term of service. Although not a requirement of the AIC Code, in accordance with guidance in Provision 11, the Board has a Senior Independent Director, Frank Nelson. Frank met the independence criteria of the AIC Code Provision 11 upon appointment and has continued to meet this condition throughout his term of service. Being non-executive Directors, none of the Directors have a service contract with the Company.

The Articles of Incorporation provide that each of the Directors shall retire at each annual general meeting in accordance with Provision 23 of the AIC Code. All eight Directors intend to retire and the six continuing Directors will offer themselves for re-election at the forthcoming Annual General Meeting in July 2022.

The Board believes that the composition of the Board and its Committees reflects a suitable mix of skills and experience and that the Board, as a whole, and its Committees functioned effectively during the last 12 months. An external review was commissioned in 2021.

The Board is scheduled to meet at least five times a year and between these formal meetings there is regular contact with the Investment Manager, the Secretary and the Company's Joint Brokers. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company that should be brought to the attention of the Directors. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The attendance record of Directors for the year to 31 March 2022 is set out below:

	Formal Board Meetings	Audit Committee	Management Engagement Committee	Market Disclosure Committee	Nomination Committee	Remuneration Committee	Risk Committee
Mr I Russell	5(c)	8*	1	1	6(c)**	2	4
Mr F Nelson	5	9	1(c)	1	6	2	4
Mr M Bane	5	9	1	1	6	2(c)	4
Ms R Akushie	5	9	1	1	6	2	4
Ms F Davies	5	6	1	1	5	2	4
Mrs S Farnon	5	9(c)	1	1	6	2	4
Mr S Holden	5	9	1	1	6	2	4(c)
Mr K Reid	5	8	1	1	6	2	4

(c) denotes the Chair of each respective Committee
* Mr Russell is not a member of the Audit Committee, but is invited to attend
** Mr Russell did not attend Nomination Committee meetings focused on recruiting his successor, which were chaired by Mr Nelson

[1] www.theaic.co.uk/system/files/policy-technical/AIC2019AICCodeofCorporateGovernanceFeb19.pdf

4.4
Corporate Governance Statement (continued)

During the period to 31 March 2022 a further six ad-hoc and committee meetings of the Board took place.

In addition to the statutory matters discussed at each quarterly Board meeting, the principal focus is on the reports provided by the Investment Manager, as well as those put forward by HICL's brokers and financial public relations ("PR") Agent. These are all standing agenda items.

Papers are sent to Directors electronically, normally at least a week in advance of the Board meetings by the Company Secretary. Board papers include:

- a review of the infrastructure market detailing key developments;
- investment activity in the period and the pipeline of potential new investment opportunities;
- a review of portfolio performance in the period with material issues identified and discussed;
- a review of any sustainability issues and Company sustainability initiatives from the period;
- a review of any Health & Safety matters in the period;
- a detailed financial review, including detailed management accounts, valuation and treasury matters; and
- reports from HICL's brokers and from the financial PR company.

Matters relating to the Company's risk management and internal control systems (including associated stress tests), are considered by the Risk Committee (which, in turn, reports any significant matters / findings to the Board) and these are set out in more detail in Section 3.6 – Risk Committee Report.

The Board regularly requests further information on topics of interest to allow informed decisions to be taken.

On a semi-annual basis, the Board, through the Audit Committee, also considers the interim and annual reports as well as the detailed valuation of the investment portfolio prepared by the Investment Manager and the third-party expert opinion on the proposed valuation. On at least an annual basis, the Board considers more detailed analysis of HICL's Budget and Business Plan for the prospective year.

Performance Evaluation

In 2021 an external review was commissioned as part of the triannual independent Board performance review.

In the year to 31 March 2022 the Board conducted its own internal evaluation, considering the performance, tenure and independence of each Director. This annual self-evaluation was undertaken using a questionnaire, and also by way of one-to-one interviews by the Chairman with each Director holding office in the year. The Chairman presented a summary of the conclusions to the Board. Feedback on the Chairman was collated by the Senior Independent Director who then briefed the Chairman.

The independence of each Director has been considered and each has been confirmed as being independent of the Company and its Managers. The Board believes that the composition of the Board and its Committees reflects a suitable mix of skills and experience, and that the Board, as a whole, and its Committees functioned effectively during the last 12 months and since the launch of the Company.

Delegation of Responsibilities

The Board has delegated the day-to-day administration of the Company to Aztec Financial Services (UK) Limited in its capacity as Company Secretary and Administrator.

HICL delegates the majority of the day-to-day activities required to deliver the business model, including responsibility for the majority of HICL's risk and portfolio management, to the Investment Manager, InfraRed, subject to the overall oversight and supervision of the Directors. InfraRed also operates and manages the Partnership and its assets in accordance with and subject to the Investment Policy, investment guidelines and approved investment parameters that are adopted by the Directors from time to time in conjunction with (and with the agreement of) InfraRed.

The strategies and policies which govern the delegated activities have been set by the Board in accordance with section 172 of the Companies Act 2016.

Conflict of interest

As at 31 March 2022, the Board comprised eight non-executive Directors, all of whom are independent of the Investment Manager. None of the Directors sit on boards of other entities managed by the Investment Manager.

Each Director is required to inform the Board of any potential or actual conflicts of interest prior to any Board discussion.

It is expected that further investments for HICL will be sourced by InfraRed and it is likely that some of these will be investments that have been originated and developed by, and may be acquired from InfraRed or from a fund managed by, InfraRed. In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between HICL, InfraRed or funds managed by InfraRed (the "Rules of Engagement"). If HICL invests in funds managed or operated by InfraRed, HICL shall bear any management or similar fees charged in relation to such fund provided, however, that the value of HICL's investments in such funds shall not be counted towards the valuation of HICL's investments for the purposes of calculating the management fees payable to InfraRed.

It is possible that in future HICL may seek to purchase certain investments from funds managed or operated by InfraRed once those investments have matured and to the extent that the investments suit HICL's investment objectives and strategy. If such acquisitions are made, appropriate procedures from the Rules of Engagement will be put in place to manage the conflict.

Key features of the Rules of Engagement are described in HICL's March 2019 Prospectus, available on the website at www.hicl.com.

Risk Management and Internal Controls

The Board is responsible for HICL's system of internal control and for reviewing its effectiveness. To help achieve this end, the Board has a designated Risk Committee. It follows a process designed to meet the particular needs of HICL in managing the risks to which it is exposed.

At each Board meeting, the Board also monitors HICL's investment performance in comparison to its stated objectives and it reviews HICL's activities since the last Board meeting to ensure adherence to approved investment guidelines. The pipeline of new potential opportunities is considered and the prices paid for new or incremental investments during the quarter are also reviewed.

The Investment Manager prepares management accounts and updates business forecasts on a quarterly basis, which allow the Board to assess HICL's activities and review its performance.

The Board has reviewed the need for an internal audit function and it has decided that the systems and procedures employed by the Investment Manager and the Secretary, including their own internal review processes, and the work carried out by HICL's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards HICL's assets, is maintained. An internal audit function specific to HICL is therefore considered unnecessary albeit, from time to time, independent assurance assignments may be commissioned by the Board.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and rely on the operating controls established by both the Company Administrator and the Investment Manager.

The Audit Committee also plays a vital role in overseeing internal controls. For more information please see Section 4.5 – Audit Committee Report.

The Board and the Investment Manager have agreed clearly defined investment criteria, return targets, risk appetite and exposure limits. Reports on these performance measures, coupled with cash projections and investment valuations, are submitted to the Board and the relevant committees at each quarterly meeting.

Relations with Shareholders

The Board welcomes the views of shareholders and places great importance on communication with HICL's shareholders.

HICL reports its full year results to shareholders in May and interim results in November as well as publishing two Interim Update Statements each year, normally in February and July. HICL also holds an AGM in July.

Results of Extraordinary and Annual General Meetings are announced by the Company promptly after the relevant meeting. Additionally, other notices and information are provided to shareholders on an ongoing basis through the Company's website in order to assist in keeping shareholders informed. The Secretary and Registrar monitor the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the AGM.

Senior members of the Investment Manager make themselves available to meet with principal shareholders and key sector analysts. Feedback from these meetings is provided to the Board on a regular basis.

Shareholders may contact any of the Directors via the Company Secretary – including any in his or her capacity as chairman of one of HICL's committees, as appropriate – whose contact details are on HICL's website.

During the year Mr I Russell (Chairman) and Mr Mike Bane held individual meetings with certain large institutional shareholders. The Board's intention is to continue to foster an open, two-way communication with its shareholders.

4.4
Corporate Governance Statement (continued)

Committees of the Board
As well as regular Board meetings, the following committees met during the course of the year (as set out in the table below): Audit, Management Engagement, Market Disclosure, Nomination, Remuneration and Risk. The formal terms of reference for each Committee have been approved by the Board of HICL and are available on the Investor Relations section of HICL's website.

For efficiency and as all Directors are non-executive, all Committees (apart from the Audit Committee) comprise all the Directors of the Board.

The respective reports of the Remuneration Committee, the Risk Committee and the Audit Committee are set out in Sections 4.6, 3.6 and 4.5, respectively, of this Annual Report.

The Chairman and members of each Committee as at 31 March 2022 were as follows:

	Audit Committee	Management Engagement Committee	Market Disclosure Committee	Nomination Committee	Remuneration Committee	Risk Committee
Chairman	Mrs S Farnon	Mr F Nelson		Mr I Russell	Mr M Bane	Mr S Holden
Members	Ms R Akushie	Ms R Akushie	Ms R Akushie	Ms R Akushie	Ms R Akushie	Ms R Akushie
	Mr M Bane	Mr M Bane	Mr M Bane	Mr M Bane	Ms F Davies	Mr M Bane
	Ms F Davies	Ms F Davies	Ms F Davies	Ms F Davies	Mrs S Farnon	Ms F Davies
	Mr S Holden	Mrs S Farnon	Mrs S Farnon	Mrs S Farnon	Mr S Holden	Mrs S Farnon
	Mr F Nelson	Mr S Holden	Mr S Holden	Mr S Holden	Mr F Nelson	Mr F Nelson
	Mr K Reid	Mr K Reid	Mr F Nelson	Mr F Nelson	Mr K Reid	Mr K Reid
		Mr I Russell	Mr K Reid	Mr K Reid	Mr I Russell	Mr I Russell
			Mr I Russell			
By invitation	Mr I Russell					

Nomination Committee
The full terms of reference for the Nomination Committee are available from HICL's website.

The Board believes that its composition with respect to the balance of skills, gender, experience and knowledge, coupled with the mixed length of service, provides for a sound base from which the interests of investors will be served to a high standard. There is a good spread of skills on the Board and an appropriate level of knowledge of regulatory requirements and regulations, generally, as well as a number of Directors with accounting qualifications and a good understanding of investment companies.

Succession planning for key roles, including the Chair and the Chair of the Audit Committee, as well as the mix of skills and experience on the Board more generally with respect to Director recruitment, are explicitly considered and discussed by the Nomination Committee.

Other than in exceptional circumstances, it is the policy of the Board that Directors, including the Chair, will not serve more than nine years on the Board, including time spent on the Board of HICL Infrastructure Company Limited. As a general rule, a Director who has served more than nine years will not be considered independent.

HICL has adopted a Diversity Policy (see Section 4.7 – Report of the Directors), which the Nomination Committee takes regard of in all decision making.

The Nomination Committee had six meetings in the year to 31 March 2022.

Management Engagement Committee ("MEC")
The full terms of reference for the MEC are available from HICL's website.

The MEC of the Board is responsible for reviewing all major service providers to HICL, which includes the Investment Manager. The terms of reference of this Committee are approved by the Board of HICL and are available on HICL's website.

The MEC met once in the year to 31 March 2022 to review the performance of the key service providers including the Investment Manager. No material weaknesses were identified; the recommendation to the Board was that the current arrangements are appropriate and that the Investment Manager provides good quality services and advice to HICL.

The MEC meeting for the financial year occurred in February 2022, when a review of key service providers was undertaken. Overall, the feedback on performance throughout the year was that key services had been delivered to a very high standard and the Committee resolved that the continued appointment of all providers be recommended to the Board for approval, which was duly granted.

Market Disclosure Committee
The full terms of reference for the Market Disclosure Committee are available from HICL's website.

The Committee has responsibility for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules.

The Market Disclosure Committee met once in the year to 31 March 2022.

4.5 Audit Committee Report

I am pleased to present the Audit Committee report for the year ended 31 March 2022. My report explains the Committee's work this year.

We held regular scheduled meetings this year, four of which were aligned with the Company's reporting cycle. Member attendance can be found on page 83. Other regular attendees at these meetings were: the Company Chair, members of the Investment Manager's finance team including the CFO, and the external auditor, KPMG LLP. In accordance with the Committee's role in the investment valuations, separate meetings were held to review and challenge the Investment Manager's semi-annual valuation assumptions, judgements and resulting valuations of the Company's underlying portfolio of infrastructure assets. The full list of Committee roles and responsibilities can be found in the terms of reference found here: https://www.hicl.com/wp-content/uploads/2020/02/2.-HICL-Audit-Committee-Terms-of-Reference-Feb-2022.pdf

The Audit Committee is the formal forum through which the external auditor reports to the Board of Directors. After four years of signing the HICL audit report, the incumbent partner is rotating off after this cycle to give the new audit partner three years before the audit has to rotate to another firm per the regulations. We have reviewed the independence, objectivity and effectiveness of KPMG and recommended to the Board that KPMG be appointed as external auditor of the Company in respect of the coming financial year.

In advance of each Committee meeting, I met with the CFO, to discuss their reports as well as any relevant issues. I also met privately with KPMG as part of my ongoing review of their effectiveness and, periodically, with other members of the InfraRed senior management team who have responsibility for HICL.

In the coming year, and in response to the Independent Review on the Quality and Effectiveness of Audit, otherwise known as the Bryden Review, we intend to publish our Audit and Assurance Policy.

I, or another member of the Audit Committee, will continue to be available at each AGM to respond to any questions from shareholders regarding our activities.

And finally, as I am retiring from the Board, having reached my nine-year tenure, I shall be handing over the Chairman role to Rita Akushie at the AGM in June. I would like to take this opportunity to wish Rita, the wider HICL team, and you, as shareholders, my very best for the future.

Susie Farnon
Audit Committee Chair
24 May 2022

Governance and responsibilities

All members of the Committee are independent non-executive Directors. The Board believes members have the necessary range of financial, risk, control and commercial experience required to provide effective challenge to the Investment Manager, external auditor, and other advisers as appropriate. In particular, the Board is satisfied that Susie Farnon, Rita Akushie, Mike Bane and Frank Nelson have the recent and relevant financial experience as outlined in the FRC's Corporate Governance Code. The attendance of members at meetings is shown in the table on page 83.

The external auditor and the third-party valuation expert are invited to attend the Audit Committee meetings at which the Annual and Interim Reports are considered, and at which they can meet with the Audit Committee without representatives of the Investment Manager being present. The Audit Committee has direct access to KPMG and to key senior staff of the Investment Manager, and it reports its findings and recommendations to the Board, which retains the ultimate responsibility for the Company's financial statements.

4.5 Audit Committee Report (continued)

What the Committee reviewed in the year ended 31 March 2022

Financial reporting	External audit
Annual and interim reports	Confirmation of the external auditor's independence
Quarterly interim update statements	Policy and approval for non-audit fees
Key accounting judgements and estimates	FY2022 audit plan, including significant audit risks (being the valuation of investments in investment entity subsidiaries)
Update on the relevant thematic reviews from the FRC	Audit results report, including the results from testing Key Audit Matters
Application of APMs, including the Investment Basis	External auditor performance and effectiveness
Reviewed the Annual report to ensure that it is fair, balanced and understandable	

Internal control, compliance and risk management	Risk review
Review of HICL's system of control and risk management	Valuation reports and recommending the investment portfolio valuation to the Board
Review of the Viability statement and the supporting stress test scenarios	Review of investment themes from the portfolio company review process and portfolio performance including ESG issues and risks
Update on compliance with HMRC's Senior Accounting Officer ("SAO") Regime including wider tax controls	Regular reviews of compliance with regulatory rules and compliance monitoring findings
	Reports on approach to tax policy and strategy
	Annual tax update
	Going concern and liquidity

Financial reporting regulators

The Committee considered comment letters and papers from the FRC, including their publication on "Key matters for 2021/22 reports and accounts" in October 2021 as well as their annual review of corporate reporting and their published thematic reviews. The Committee reviewed a paper prepared by InfraRed, which detailed how it had taken due account of the matters raised and the enhancements it proposed to relevant disclosures in the September 2021 Interim accounts and 2022 Annual report and accounts.

The Company's internal control and risk management systems, including those in relation to the financial reporting process include:

- Overview of the Investment Manager's system of key control and oversight processes, line manager reviews and systems' access controls;
- updates for the Committee on accounting developments, including draft and new accounting standards and legislation;
- a separate Investment Committee, at the Investment Manager level, which considers the Company's investment valuation policies, application and outcome;
- approval of the Company's budget by the Board and a comprehensive system of financial reporting to the Board, based on the annual budget with quarterly reporting of actual results, analysis of variances, scrutiny of key performance indicators and regular re-forecasting;
- reports from the Investment Manager on matters relevant to the financial reporting process, including quarterly assessments of internal controls, processes and fraud risk;
- independent updates and reports from the external auditor on accounting developments, application of accounting standards, key accounting judgements and observations on systems and controls, where appropriate;
- overview of the Investment Manager's appointment of experienced and professional staff, both by recruitment and promotion, of the necessary calibre to fulfil their allotted responsibilities; and
- appropriate Board oversight of external reporting.

Going concern and viability

The Directors are required to make a statement in the Annual report as to HICL's long-term viability. The Committee provides advice to the Board on the form and content of the statement, including the underlying assumptions, shown on page 63. To enable it to provide this advice, the Committee evaluated a report from the Investment Manager setting out its view of HICL's long-term viability and content of the proposed Viability statement. This report was based on the Group's five-year strategic plan and covered forecasts for investments and realisations, liquidity and gearing, including forecast outcomes of the stress test of the plan and forecast capital and liquidity performance against an assessment of the Group's risk profile.

Areas of accounting judgement and control focus

The Committee pays particular attention to matters it considers to be important by virtue of their complexity, level of judgement and potential impact on the financial statements and wider business model. Significant areas of focus considered by the Committee are detailed in the table on the following page, alongside the actions taken by the Committee (with appropriate challenge from the external auditor) to address them.

4.5 Audit Committee Report (continued)

Significant Issue	Audit Committee Actions
Valuation of investments	
The total carrying value of the Investment in Investment Entity Subsidiary at 31 March 2022 was £3,158.5m (2021: £2,950.3m). See Note 12 to the financial statements. The fair value of the Company's investment is based on the Net Asset Value of IILP and the sundry assets and liabilities of its direct Corporate Subsidiary. IILP's Net Asset Value is based on the fair value of the underlying investments in its portfolio of infrastructure assets. Other than the A13 Senior Secured Bonds (which are listed and therefore valued based on the quoted market price), market quotations are not available for the Company's underlying investments, so their valuation is undertaken using a discounted cash flow methodology. This methodology requires a series of material judgements to be made as further explained in Section 3.2 – Valuation of the Portfolio on pages 43-50 of this report.	The Audit Committee discussed the valuation process and methodology with the Investment Manager in August, October and November 2021 as part of its review of the September 2021 Interim Report, and in February, March, April and May 2022 as part of its review of the March 2022 Annual Report. The Investment Manager carries out valuations semi-annually and provides detailed valuation reports to the Audit Committee. The Audit Committee also receives a half-year and year-end valuation report and opinion from a third-party valuation expert. The Audit Committee considered and challenged the valuation assumptions, with particular focus on inflation, judgements, and methodology. Due to the ongoing challenges with Covid-19, specific focus was placed on the recovery of the Company's demand-based assets. The Audit Committee met with KPMG nine times during the year. In July 2021, the Audit Committee reviewed and agreed KPMG's initial audit plan, while in February and April 2022 the Audit Committee discussed the audit approach to the valuation as well as in May 2022 following the conclusion of the audit. KPMG explained the results of their audit and confirmed that the results of KPMG's audit testing were satisfactory.

Significant Issue	Audit Committee Actions
Valuation of investments – key forecast assumptions	
The key forecast assumptions are future inflation rates, interest rates, rates of gross domestic product and tax rates. These assumptions are explained in further detail in Section 3.2 – Valuation of the Portfolio.	The Audit Committee considered in detail and provided robust challenge to the economic assumptions that are subject to judgment and that may have a material impact on the valuation. In addition, the Audit Committee considered the impact (both actual and potential) of the Covid-19 pandemic and geopolitical issues on these key economic assumptions as well as on the investments underlying cash flows, in particular for those investments with demand risk. The Audit Committee reviewed the Investment Manager's valuation reports, in conjunction with a report and opinion on the valuation from a third-party valuation expert. The Investment Manager confirmed to the Audit Committee that the economic assumptions were consistent with those used for acquisitions, and the third-party valuation expert confirmed that the economic assumptions were within an acceptable range. Due to the current levels of inflation, the Audit Committee paid particular focus to the assumptions applied to short term inflation assumptions. The third-party valuation expert confirmed that the inflation assumptions were within an acceptable range. The Investment Manager provided sensitivities showing the impact of changing these assumptions, which have been considered by the Audit Committee and the external auditor. The external auditor challenged, with support of their internal valuation specialist, discount rates and macroeconomic assumptions applied in the valuation by benchmarking these to independent market data, including recent market transactions, and using their specialist's experience in valuing similar investments. They further assessed the reasonableness of the Company's assumptions by comparing these to the assumptions used by comparator companies. The Audit Committee concluded that the Investment Manager's valuation process was robust, that a consistent valuation methodology had been applied throughout the year and that the key forecast assumptions applied were appropriate.
Valuation of investments – discount rates	
The discount rates used to determine the valuation are selected and recommended by the Investment Manager. The discount rate is applied to the expected future cash flows from each investment's financial forecasts to arrive at a valuation (discounted cash flow valuation). The resulting valuation is therefore sensitive to the discount rate selected. The Investment Manager is experienced in valuing these investments and adopts discount rates reflecting their current and extensive experience of the market. The Investment Manager sets out the discount rate assumptions and the sensitivity of the valuation of the investments to this discount rate in Section 3.2 – Valuation of the Portfolio.	The Audit Committee challenged the Investment Manager on their material judgements and compared this to feedback from the third-party valuation expert. The Investment Manager highlighted to the Audit Committee the forecast impact on cash flows of several stress scenarios alongside its assessment of the risk to these cash flows. The Audit Committee was satisfied that the range of discount rates was appropriate for the valuation carried out by the Investment Manager.

4.5
Audit Committee Report (continued)

Significant Issue	Audit Committee Actions
Going concern and viability statement	
The financial statements have been prepared on a going concern basis, with the assessment period of five years unchanged in the viability statement. See Note 2(a) for details.	The Investment Manager provided a paper explaining the rationale for the going concern basis of preparation, which has been considered by the Audit Committee and the external auditor. The Audit Committee met with the Investment Manager to discuss the rationale and challenge key assumptions applied, as part of its review of the March 2022 Annual Report. The Audit Committee also reviewed the Company's viability statement and accompanying commentary, as well as projections and sensitivities, including the risks associated with the Covid-19 pandemic, prepared by the Investment Manager to support the statement. The Audit Committee concluded that the Investment Manager's judgement applied to the going concern basis of preparation and the Company's viability statement was appropriate.
Alternative Performance Measures ("APMs")	
There are various APMs used throughout the Annual Report to give investors more information. One of these is the Investment Basis which is adopted to aid users of its report to assess the Company's underlying operating performance and its gearing as well as providing greater transparency into HICL's Statement of Financial Position, including its capacity for investment and ability to make distributions. Total return, NAV, and EPS are the same under IFRS and the Investment Basis. The Board and the Investment Manager manage the Company on an Investment Basis.	In the year the Company's reporting was amended to enhance its disclosure of APMs, which are now disclosed in Section 3.1 – Financial Review. The presentation was first updated in the Company's Interim Report and the disclosure, together with the FRC's thematic review on APMs was considered by the Committee, together with input from the external auditor, in November 2021. The Audit Committee reviewed the Investment Manager's assessment of the Investment Basis including its presentation by challenging the disclosures made in the Annual Report and whether due attention was given to the distinction between the Investment Basis and IFRS. Other APMs and their relevance to investors was challenged by the Audit Committee in order that the Annual Report provides meaningful disclosure to investors. In this year's Annual Report, there is a subsection included in the Financial Review on page 40 that details out the assessment of APMs.
Fair, balanced and understandable	
The 2019 AIC Code of Corporate Governance requires the Board to present a fair, balanced and understandable assessment of the Company's position and prospects. To report the relevant financial performance and position to stakeholders, the Company prepares pro forma summary financial information on the basis that HICL consolidates the results of the Corporate Subsidiaries, known as the "Investment Basis", as well as reporting in accordance with IFRS.	The Audit Committee reviewed the March 2022 Annual Report to ensure that, when taken as a whole, it presents a fair, balanced and understandable assessment of the Company's position and prospects. The Audit Committee received a draft version of the March 2022 Annual Report for their review and comment, as well as a specific paper from the Investment Manager to aid their assessment of the March 2022 Annual Report being fair, balanced and understandable. As such, the Audit Committee was able to provide positive confirmation to the Board, for it to fulfil its obligations under the 2019 AIC Code of Corporate Governance.

Accounting policies and practices
The Audit Committee reviewed the appropriateness of, and was satisfied with, the Company's accounting policies.

The Directors exercised judgement in determining whether the Company and the Corporate Subsidiaries meet the IFRS 10 definition of an investment entity. By virtue of the Company and Corporate Subsidiaries' status as investment entities, all investments (including the Corporate Subsidiaries) are accounted for at fair value through profit or loss. Further detail is contained within Note 2(a) of the financial statements.

Internal Controls
The Audit Committee reviewed the Company's statement on internal controls in relation to accounting records, the valuation process and accounts preparation, prior to endorsement by the Board.

The Management Engagement Committee reviews the adequacy and effectiveness of the Investment Manager's internal controls as part of its annual review of the Investment Manager's performance. Further, each quarter, the Board reviews and debates a self-assessment internal control report prepared by the Investment Manager – see Section 3.4 – Risk & Risk Management for further detail.

Internal Audit
In line with FRC guidance, the Audit Committee keeps under review the need for an internal audit function. The Audit Committee is satisfied that the systems of internal control of the Company, the Investment Manager and the Administrator are adequate to fulfil the Board 's obligation in this regard and that currently an internal audit function is not necessary. Additionally, HICL's Depositary provides daily cash flow monitoring, asset ownership verification and oversight services to the Company.

External Auditor
The Audit Committee notes the requirements of the UK Corporate Governance Code and in particular the requirement to put the external audit out to tender at least every 10 years. The external audit was most recently tendered for the years commencing after 31 March 2015. As reported in the Annual Report for the year ended 31 March 2015, KPMG was re-appointed as auditor at the completion of the tender process, and it is expected that the audit will be tendered within the next two years.

The Audit Committee is monitoring the current consultation on "Restoring trust in audit and corporate governance" by the Department for Business, Energy and Industrial Strategy and are supportive of the stated aims to strengthen the UK's framework for major companies and the way in which they are audited.

The Company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of a policy on the provision of non-audit services.

Auditor independence
The Audit Committee is responsible for reviewing KPMG's independence and performance. It establishes policies for the provision of non-audit services by the external auditor and reviews the terms under which the external auditor may be appointed to perform non-audit services, and the scope and results of the audit, including KPMG's effectiveness. To safeguard the independence and objectivity of the external auditor, the Audit Committee ensures that any advisory and/or consulting services provided by the external auditor do not conflict with their statutory audit responsibilities.

Permitted audit and audit-related services include the statutory audit of HICL and of its subsidiaries, the Company's interim review and other permitted audit-related services. The Audit Committee has pre-approved these services up to £20,000, which are reported after the event to the Audit Committee. Non-Audit services above this limit require prior approval from the Committee.

Audit and non-audit fees
The Audit Committee reviews the scope and results of the audit, its effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. In the year fees were:

	March 2022 £m	March 2021 £m
Audit services		
Audit of the Company and intermediate holding entities	0.4	0.4
Audit of HICL's project subsidiaries and other audit-related services	0.1	0.6
	0.5	1.0
Non-audit services		
Interim review of the Company	0.1	0.1
Other non-audit services	–	–
	0.1	0.1
Total	**0.6**	**1.1**

Non-audit services in the above table consisted of audit-related assurance services for the Company's Interim Report. In total, it represented 20% (2021: 10%) of total audit fees.

The Audit Committee considers KPMG to be independent of the Company and that the provision of Permitted non-audit services in line with HICL's policy is not a threat to the objectivity and independence of the conduct of the audit. KPMG confirmed their compliance with their standard independence and objectivity procedures to the Audit Committee.

In July 2021, Johnston Carmichael was appointed as the auditor of 37 of the HICL controlled project subsidiaries following a competitive tender process.

4.5 Audit Committee Report (continued)

Assessment of Independence and Effectiveness
To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considered:

- changes in audit personnel in the audit plan for the current year;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor and its member network firms.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- the external auditor's UK Transparency Report 2022;
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the Investment Manager evaluating the performance of the audit team; and
- the FRC's annual report on audit quality inspections.

The Audit Committee is satisfied with KPMG's effectiveness and independence as auditor, having considered the degree of diligence and professional scepticism demonstrated by them.

4.6
Directors' Remuneration Report

The Remuneration Committee's report is set out on pages 95 to 97. The report includes the Directors' Remuneration Policy, an explanation of the Committee's structure and responsibilities, a report on its activities in the year ended 31 March 2022 and relevant required reporting on remuneration and shareholdings.

This report is prepared in accordance with the Listing Rules of the FCA, the relevant sections of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, (as amended by the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019). Those aspects of the report that are required to be audited are labelled as such.

The Committee met twice during the year. There have been no changes to the Directors' Remuneration Policy or the Terms of Reference of the Remuneration Committee. After careful consideration, the Committee recommended to the Board that the Chair and Directors' fees are increased in line with inflation to continue to attract and retain directors with an appropriate skillset and experience for the Company.

This Directors' Remuneration Report was adopted by the Board and signed on its behalf by:

Mike Bane
Remuneration Committee Chair
24 May 2022

Directors' Remuneration Policy

The Directors' Remuneration Policy is determined by the Remuneration Committee. In accordance with the provisions of the AIC Code of Corporate Governance (the "AIC Code"), Directors' remuneration is designed to reflect their duties and time commitments. Remuneration is set at a reasonable level to attract and retain Directors of the necessary quality and experience to execute effective governance and oversight of the Company, to support strategy and to promote long-term sustainable success. The specific additional responsibilities of the Chairman, Senior Independent Director, and the chairs of the various committees of the Board are taken into account. The policy aims to be fair and reasonable compared to equivalent investment trusts, investment companies and other similar-sized financial companies. The effects of inflation are also considered. Reasonable travel and associated expenses are reimbursed.

HICL's articles of association limit the aggregate fees payable to the Board to a total of £700,000 p.a. (or such amount as HICL's shareholders, in a general meeting, shall determine from time-to-time) excluding reimbursable expenses. Within that limit it is the responsibility of the Remuneration Committee, as a Committee of the Board, to determine Directors' remuneration in conjunction with the Chairman of the Board, and in his case, by the Remuneration Committee only. Relevant comparative information is considered in forming these recommendations and the views expressed by shareholders are taken into consideration.
The Remuneration Committee will seek the views of an independent external remuneration consultant at least every three years to assist its review of remuneration. This was last performed in 2020, and implemented in 2021, and is scheduled to be reviewed in 2023.

Directors' fees are fixed and are payable in cash. As all Directors are non-executive, they are not eligible for share options, long-term incentive schemes or other benefits, performance-related or otherwise. Directors do not have service contracts and there is no provision for compensation for loss of office. Each new Director is provided with a letter of appointment. Additional fees are payable at the discretion of the Remuneration Committee where Directors are involved in duties beyond those normally expected, for example, in relation to the issue of a prospectus.

This policy and the level of Directors' fees is reviewed annually by the Remuneration Committee and applies with effect from 1 April of each year, subject to shareholder approval at the AGM.

Committee structure and responsibilities

The Remuneration Committee comprises all the Directors including the Chairman of the Company, as he was deemed to be independent at the time of his appointment. This membership is deemed appropriate on the basis that all Directors are independent and have the requisite experience and knowledge of the Company to appropriately determine remuneration. The membership of all the Independent Directors ensures that no single Director has undue influence on the outcome of their own remuneration. The Committee operates in accordance with the Directors' Remuneration Policy (as set out on page 95 and with Principles P, Q and R of the 2019 AIC Corporate Code.

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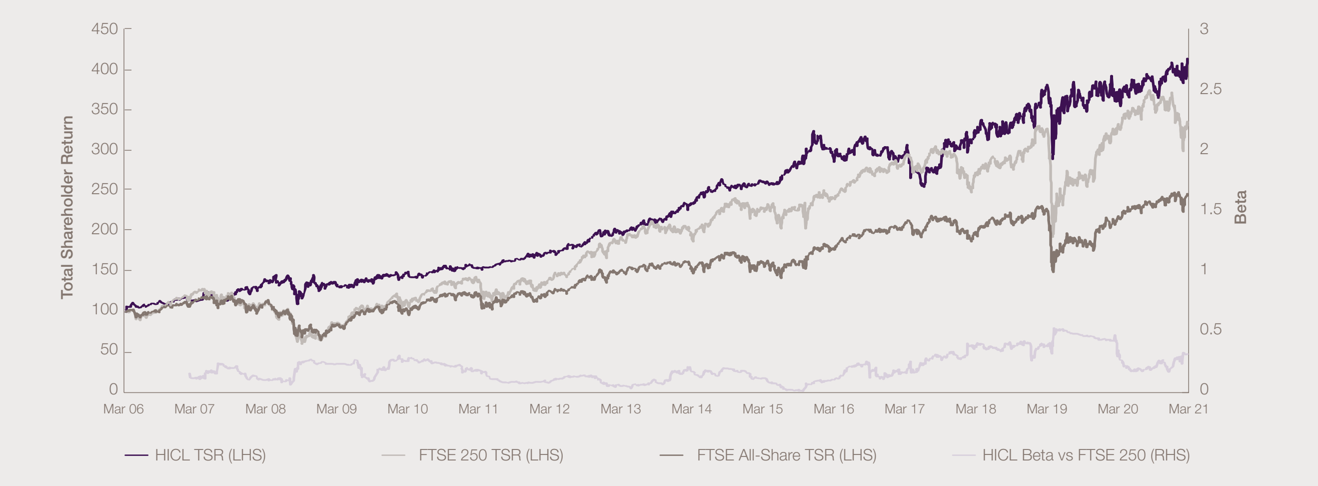
4.6 Directors' Remuneration Report (continued)

Relevant Performance Information

In setting the Directors' remuneration, consideration is given to the size and relative performance of the Company. The graph below highlights the comparative total shareholder return (share price and dividends) ("TSR") for an investment in the Company[1] for the 16-year period from inception until 31 March 2022 compared with an investment in the FTSE 250 Index over the same period. During that period the TSR was 9.0% p.a. compared with the FTSE 250 Index which was 7.8% p.a.

The table below is provided to enable shareholders to assess the relative importance of Directors' remuneration. It compares remuneration against dividends paid and share buybacks of the Company in the year ended 31 March 2022.

Actual Expenditure	YE 2022	YE 2021
Aggregate Directors' Remuneration	£516,000	£445,500
Aggregate dividends paid to shareholders	£159,787,113	£158,272,480
Aggregate cost of Ordinary Shares repurchased	£0	£0



Review of Remuneration

The Remuneration Committee performed a review of Board remuneration in the year ended 31 March 2022. The review supported a 5% increase in fees for all Board roles as a result of increased UK inflation. The inflationary increase is consistent with the recommendations of the 2020 triennial independent review performed by Trust Associates representing changes to cost of living to maintain director fees at a competitive level, but has been determined below the current level of inflation.

The proposed remuneration, analysed by role, for the year ending 31 March 2023 is set out in the following table, together with comparatives:

Role (YE 2022)[2]	Total Fees Proposed (YE 2023)	Fees Approved (YE 2022)[3]
Chairman	£105,000	£100,000
Senior Independent Director	£70,500	£67,000
Audit Committee Chair	£69,500	£66,000
Risk Committee Chair	£67,000	£64,000
Director (inc. Luxembourg subsidiary companies)	£63,000	£60,000
Director	£55,500	£53,000
Total[4]	**£430,500**	**£516,000**

1 Including its predecessor, HICL Guernsey Limited from inception in March 2006 until March 2019
2 The fees approved/proposed relate to the roles performed and not to individuals per se
3 Approved at the AGM on 20 July 2021
4 Ian Russell and Susie Farnon will step down from the HICL Board at the end of July 2022, following the AGM. Directors serving part of the year will receive pro-rata remuneration for the period served within the financial year to 31 March 2023. The total proposed fee presented is based on the full year remuneration for six Directors (2022: eight Directors) and does not include pro rata allocations which have not yet been confirmed

Statement of Implementation of Remuneration Policy in the Current Financial Year

The Board have adopted the proposals for Directors' remuneration as recommended by the Remuneration Committee and will seek shareholder approval for the Directors' Remuneration Policy and this report including the proposed remuneration at the AGM on 20 July 2022.

The total fees paid to Directors in the year were within the annual fee cap of £700,000, contained in the Remuneration Policy approved by shareholders at the AGM on 20 July 2021.

Directors' remuneration – audited

Total Remuneration paid / due in year	Year ended 31 March 2022	Year ended 31 March 2021
Mr I Russell*	£100,000	£78,000
Mr F Nelson	£67,000	£60,000
Ms R Akushie	£53,000	£47,000
Mr M Bane**	£60,000	£53,000
Mrs F Davies	£53,000	£47,000
Mrs S Farnon	£66,000	£59,000
Mr S Holden	£64,000	£54,500
Mr K Reid	£53,000	£47,000
Total	**£516,000**	£445,500

*The chairman was the highest paid Director
**Includes £7,000 in respect of Luxembourg subsidiary

Statement of Directors shareholdings – audited

The Directors of the Company on 31 March 2022, and their interests in the shares of the Company, are shown in the table below:

All of the holdings of the Directors and their families are beneficial. No changes to these holdings had been notified up to the date of this report.

Number of Ordinary Shares	31 March 2022	31 March 2021
Mr I Russell	95,979	95,979
Mr F Nelson	51,568	51,568
Ms R Akushie	0	0
Mr M Bane	14,394	14,394
Mrs F Davies	0	0
Mrs S Farnon	59,931	59,931
Mr S Holden	27,694	27,694
Mr K Reid	11,098	10,975
Total	**260,664**	**260,541**

Statement of shareholder voting

At the last AGM held on 20 July 2021, the resolutions relating to the Directors' remuneration report for the year ended 31 March 2021, the Directors' Remuneration Policy and an increase to the Directors' aggregate remuneration cap were approved.

The percentage of votes cast was 58.97%. The results of the votes on resolutions relating to remuneration are summarised in the table below:

	In Favour		Discretion		Against		Withheld	
Resolution	Votes	%	Votes	%	Votes	%	Votes	%
10 – Remuneration Report	1,141,389,564	99.93	9,332	0.00	580,448	0.05	181,682	0.02
11 – Remuneration Policy	1,127,715,616	98.74	4,814	0.00	14,260,298	1.25	180,298	0.02
12 – Directors' aggregate remuneration cap	1,129,778,426	98.92	2,575	0.00	12,213,946	1.07	166,079	0.01

4.7
Report of the Directors

The Directors present their Annual Report on the affairs of HICL, together with the financial statements and auditor's report, for the year to 31 March 2022. The Corporate Governance Statement forms part of this report.

Details of significant events since the balance sheet date are contained in Note 20 to the financial statements.

An indication of likely future developments in the business of HICL and details of research and development activities are included in the Strategic Report.

Information about the use of financial instruments by HICL and its subsidiaries is given in Note 14 to the financial statements.

Principal Activity
HICL is a registered investment company under section 833 of the Companies Act 2006, incorporated in the UK. Its shares have a premium listing on the Official List of the UK Listing Authority and trade on the main market of the London Stock Exchange.

Investment Trust Status
The Company has been approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010. The Company had to meet relevant eligibility conditions to obtain approval as an ITC, and must adhere to ongoing requirements to maintain its ITC status including, but not limited to, retaining no more than 15% of its annual income. The Company has conducted its affairs to ensure it complies with these requirements.

Results
HICL's results for the year are summarised in Section 3.1 – Financial Review and are set out in detail in the financial statements.

Distributions and Share Capital
HICL declared three quarterly interim distributions, totalling 6.18p per share, for the year ended 31 March 2022 as follows:

Amount	Declared	Record date	Paid / to be paid
2.06p	23/02/2022	04/03/2022	31/03/2022
2.06p	17/11/2021	26/11/2021	31/12/2021
2.06p	21/07/2021	27/08/2021	30/09/2021

The fourth quarterly interim distribution, of 2.07p per share, for the year ended 31 March 2022 was declared by HICL on 19 May 2022, and is due to be paid on 30 June 2022.

HICL has one class of share capital, Ordinary Shares, of which there were 1,936,813,501 in issue as at 1 April 2021. This number did not change over the course of the year. Shareholders may reinvest their dividends via a Dividend Reinvestment Plan ("DRIP"), the details of which can obtained by emailing shares@linkgroup.co.uk

Dividend History

Interim dividend	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018
3 month period ending 30 June	2.06	2.06	2.06	2.01	1.96
3 month period ending 30 September	2.06	2.06	2.06	2.01	1.96
3 month period ending 31 December	2.06	2.06	2.06	2.01	1.96
3 month period ending 31 March	2.07	2.07	2.07	2.02	1.97
Paid / declared	**8.25p**	**8.25p**	**8.25p**	**8.05p**	**7.85p**

Directors
The Directors who held office during the year to 31 March 2022 were:

Director	Role(s)	Years of Service*
Mr I Russell	Chairman of the Board, Chair of Nomination Committee	8 years 11 months
Mr F Nelson	Senior Independent Director, Chair of Management Engagement Committee	7 years 10 months
Ms R Akushie	Director	2 years 3 months
Mr M Bane	Chair of the Remuneration Committee	3 years 9 months
Ms F Davies	Director	3 years 0 months
Mrs S Farnon	Chair of the Audit Committee	8 years 11 months
Mr S Holden	Chair of the Risk Committee	5 years 9 months
Mr K Reid	Director	5 years 7 months

*Assuming a continuation of the years of service as a Director of HICL Infrastructure Company Limited

Directors' Indemnities
HICL has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Employees
HICL has no employees.

Diversity Policy
The Board believes that a diversity of viewpoints and personal experiences, along with broad professional expertise, lead to better decisions, are critical to innovation and provide a competitive advantage in HICL's marketplace. When recruiting new Directors, the Board searches for candidates from a diverse range of backgrounds and communities to attract the widest breadth of talent, skills and outlook. The Board's policy is to appoint individuals on merit, based on their skills, experience and expertise.

HICL has achieved the key targets of the Hampton-Alexander Review and the Parker Review, that 33% of the Board of Directors should be women by the end of 2020 and at least one Director is from an ethnic minority by 2024. As at 31 March 2022, 37% (three) of the Board of Directors were women and 12% (one) was from an ethnic minority.

The Board notes the FCA's April 2022 Policy Statement on diversity and inclusion on company boards which HICL plans to address.

HICL is an investment company and as such does not have a senior management team. Day-to-day management of HICL is delegated to InfraRed Capital Partners ("InfraRed"), HICL's Investment Manager. InfraRed's diversity policy and statistics are published at: https://www.ircp.com/corporate-life

Corporate Governance
Section 4.4 – Corporate Governance Statement outlines the code of corporate governance against which HICL reports and its compliance, or otherwise, with the individual principles. It includes detail on the various committees of the Board, their composition and their terms of reference.

Annual General Meeting ("AGM")
HICL's AGM is held in July each year. The forthcoming meeting is scheduled for July 2022.

Investment Manager and Operator
InfraRed Capital Partners Limited (the "Investment Manager" or "InfraRed") acts as Investment Manager to HICL and acts as Operator of the limited partnership which holds and manages HICL's investments. A summary of the contract between HICL, its subsidiaries and InfraRed in respect of services provided is set out in Note 18 to the financial statements.

Further information on the Investment Manager, including fee arrangements with HICL can be found in Section 4.3 – The Investment Manager.

The Investment Management Agreement was entered into in March 2019 and was reviewed and approved by the Board in connection with the change in domicile of HICL from Guernsey to the United Kingdom and shareholders had an opportunity to vote on the Investment Management Agreement as part of those proposals.

The Board assesses InfraRed's performance as Investment Manager annually through the Management Engagement Committee. For more information, see Section 4.4 – Corporate Governance Statement.

The Directors are of the opinion that the continued appointment of InfraRed as HICL's investment manager is in the best interests of the shareholders of HICL.

AIFMD Disclosures
In accordance with the Alternative Investment Fund Managers Directive:

- information in relation to HICL's leverage can be found in the Strategic Report;
- remuneration of InfraRed as HICL's AIFM can be found below in AIFM Remuneration;
- a summary of the activities of HICL can be found in Section 2.5 – Investment Manager's Report;
- a full list of the risks facing HICL can be found in HICL's March 2019 Prospectus, available from the Company's website (see also Section 3.6 – Risk Committee Report; and
- none of HICL's assets are subject to special arrangements arising from their illiquid nature.

AIFM Remuneration
The AIFMD Remuneration Code requires InfraRed in its capacity as AIFM of HICL, to make relevant remuneration disclosures available to investors.

InfraRed assesses its list of AIFMD Code Staff. AIFMD Code Staff are notified of their status and the associated implications.

InfraRed has established a remuneration policy. A summary of InfraRed's remuneration policy is contained in the annual report and accounts of InfraRed Capital Partners (Management) LLP, which are available from Companies House.

The aggregate total remuneration paid by the group which contains InfraRed for the year ended 31 March 2022 was £36,134,693. This was divided into fixed remuneration of £19,398,990 attributable to 178 beneficiaries and variable remuneration of £16,735,703 attributable to 161 beneficiaries. The aggregate total remuneration paid by the group which contains InfraRed to AIFMD Code Staff in the year was £7,481,962 and the number of senior management and risk takers was 16.

The Investment Manager fees charged to the Company were £0.1m (disclosed as Investment Manager fees in Note 6), of which the full balance remained payable at 31 March 2022. InfraRed is also the Operator of IILP, the Corporate Subsidiary through which HICL holds its investments. The total Operator fees were £29.3m of which £7.4m remained payable at 31 March 2022.

Brokers, Administrator and Company Secretary
HICL's joint corporate brokers at 31 March 2022 are Investec Bank plc and RBC Capital Markets.

The Administrator and Company Secretary is Aztec Financial Services (UK) Limited.

4.7
Report of the Directors (continued)

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which HICL'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 HICL's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report. The Strategic Report includes information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2008.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of HICL is to be proposed at the forthcoming Annual General Meeting.

Substantial Interests in Share Capital

As at 31 March 2022, HICL is aware of or has received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 3% or more of HICL's shares to which voting rights are attached (at the date of notification):

	Number of Shares Held	Percentage Held
Investec Wealth & Investment Limited	123,627,850	6.4%
Brewin Dolphin Limited	116,881,789	6.0%
Rathbones Investment Management	112,958,933	5.8%
Fidelity International Ltd	62,294,660	3.2%

Payment of Suppliers

It is the policy of HICL to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. HICL PLC met the criteria for the first time in September 2021 to qualify for Payment Practice Reporting. This requires HICL PLC to report on their payment policies and specific data on payments and suppliers that demonstrate achieved performance every six months. For the purpose of this reporting HICL PLC is required to state a standard payment term. As HICL PLC does not have standard payment terms defined, the standard payment period in line with government guidance is the contractual payment period most commonly used in the period, this has been deemed to be 30 days.

Greenhouse Gas Emissions (GHG) Reporting

See Section 2.7 – Sustainability Highlights.

Political Contributions

HICL made no political donations during the year (2021: nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in Section 2.2 – HICL's Business Model. The financial position of the Company, its cash flow and liquidity position are described in Sections 2.5 – Investment Manager's Report and 3.1 – Financial Review. In addition, the Notes of the financial statements include 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 assessed going concern by considering areas of financial risk, the Company's access to credit facilities and by reviewing cash flow forecasts with a number of stress scenarios. They also considered the Company's considerable financial resources, including investments in a significant number of project assets and access to credit facilities (details of which are set out in Section 3.1 – Financial Review and Note 15 to the financial statements). The majority of these project assets operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. As explained in the Investment Manager's Report, these infrastructure projects include several demand-based assets that have been impacted by Covid-19, and a large number of availability assets that have no exposure to economic growth. The financing for these projects is non-recourse to the Company.

Based on this analysis, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approving these financial statements. Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Share Repurchases

No shares have been bought back in the year. The latest authority to purchase shares for cancellation was granted to the Directors on 20 July 2021.

Sustainability

The Board is committed to sustainability leadership in the sector. To minimise the environmental impact of HICL's corporate affairs, all reporting to the Board and its various committees is paperless. In addition, the Investment Manager has offset all emissions associated with Directors' travel with an accredited scheme and will continue to do so going forward. For more information, see Section 2.7 – Sustainability Highlights.

Treasury Shares

Section 724 of the UK 2006 Companies Act allows companies to hold shares acquired by market purchase as treasury shares, rather than having to cancel them. Issued shares may be held in treasury and may be subsequently cancelled or sold for cash in the market. This gives HICL the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing HICL with additional flexibility in the management of its capital base.

While there are currently no shares held in treasury, the Board would only authorise the resale of such shares from treasury at prices at or above the prevailing net asset value per share (plus costs of the relevant sale). If such a measure were to be implemented, this would result in a positive overall effect on HICL's net asset value. In the interests of all shareholders the Board will keep the matter of treasury shares under review.

4.8 Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

By order of the Board

Authorised signatory

Aztec Financial Services (UK) Limited
Company Secretary
24 May 2022

Registered Office:
Aztec Financial Services (UK) Limited:
Forum 4, Solent Business Park, Parkway South, Whiteley, Fareham, PO15 7AD

Newcastle Libraries, UK

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Financial Statements

5.1
Independent Auditor's Report to the Members of HICL Infrastructure PLC

KPMG

Independent auditor's report

to the members of HICL Infrastructure PLC

1. Our opinion is unmodified

We have audited the financial statements of HICL Infrastructure PLC ("the Company") for the year ended 31 March 2022 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Shareholders' Equity, Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of Company's affairs as at 31 March 2022 and of its profit for the year then ended;

— have been properly prepared in accordance with UK-adopted international accounting standards; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 26 February 2019. The period of total uninterrupted engagement, including HICL Infrastructure Company Limited the previous Guernsey listed entity, is for sixteen years ended 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£30m (2021:£28m) 1% (2021:0.95%) of Company net asset value	
Key audit matters		**vs 2021**
Recurring risks	Valuation of investment in investment entity subsidiary	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matter (unchanged from 2021), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response

Valuation of investment in investment entity subsidiary
 	
(£3,158.5m; 2021: £2,950.3m)
 	
Refer to:
 	
Audit Committee Report on page 87
 	
Accounting policy on pages 115
 	
Financial disclosures on pages 120 and 121
	Forecast based valuation:
	
	— The Company's investments in its immediate subsidiary is carried at fair value through profit or loss and represents a significant proportion of the Company's net assets. The fair value of the immediate subsidiary reflects its net asset value incorporating the fair value of the underlying infrastructure projects and holding companies.
	
	— The fair value of infrastructure investments is determined using the income approach whereby the long term forecasted cash flows of each individual infrastructure asset are discounted, with their cashflows and/ or discount rate adjusted to reflect risk profile associated with these investments. In addition, inherent in these long term forecasted cash flows are key macro-economic assumptions such as inflation, foreign exchange rates, tax rates, deposit rates and (for certain demand-based investments) GDP.
	
	— The valuation risk represents a risk of error associated with estimating the timing and amounts of long term forecasted cash flows and a risk of both fraud and error associated with the selection and application of discount rates, appropriate macro-economic assumptions and specific project adjustments to reflect risk. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation for the infrastructure investments.
	
	— In the current year the macro-economic assumptions impacting all investments and specifically the forecasted cash flows of demand based investments continue to be impacted by the economic disruption caused by COVID-19 and broader geopolitical and economic factors. This results in a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 14) disclose the sensitivity estimated by the Company.
		Our procedures included:
		
		— **Assessing forecasted distributions:** we have compared the prior year forecasts to current year actual distributions to consider historical accuracy of forecasting. We assessed the valuation for each investment focusing on changes since the prior reporting date. We risk-assessed the portfolio, selecting specific investments to perform additional procedures on. This sample included specific investments where there has been a significant movement in valuation, investments with known operational issues and a haphazard selection of investments from the residual population.
		  — considered whether the cash flows used for the calculation are consistent with the forecasts prepared by the underlying investments and assessed responses from underlying project entities to identify significant matters identified for the projects and whether these have a material impact on the forecasted distributions;
		  — held discussions with the investment manager to identify any specific operational issues relating to the investments, and assessed and challenged the impact of these issues on the forecasted distributions and discount rate;
		  — gained an understanding of and challenged any significant adjustments, either to the cash flows and/ or discount rates, that impact forecasted distributions, including adjustments related to COVID-19; and
		  — tested evidence to support all significant acquisitions and disposal during the year.
		
		— **Benchmarking valuation assumptions:** with support from KPMG valuation specialists, we reviewed and challenged the Company's assumed discount rates and the macro-economic assumptions applied in the valuation models by benchmarking against independent market data, market transactions and valuation specialists' experience in valuing similar investments.
		
		— We considered the impact on discount rates and macro-economic assumptions in light of COVID-19 and its impact on demand based assets. We reviewed the methodology used and with input from the valuation specialists assessed the reasonableness of this methodology and assumptions applied;
		
		— **Evaluation of the third party expert:** we assessed the objectivity, capabilities and competence of the third party valuation expert engaged by the Company to challenge the reasonableness of the Company's investment valuations. We considered the methodology applied by the valuation expert in performing their work. We obtained and assessed the valuation expert's findings, held discussions with them and considered the impact, if any, on our audit work; and
		
		— **Assessing disclosures:** we considered the Company's disclosures in relation to the use of estimations and judgements regarding the fair value of investments and the Company's investment valuation policies. Additionally we assessed the transparency provided by the disclosures with regards to outlining sensitivities in investment values in relation to economic assumptions applied.
		
		Our results
		
		— As a result of our work we found the valuation of the investment in investment entity subsidiary and related sensitivity disclosures to be acceptable. (2021: Acceptable)

5.1 Independent Auditor's Report to the Members of HICL Infrastructure PLC (continued)

3. Our application of materiality and an overview of the scope of our audit

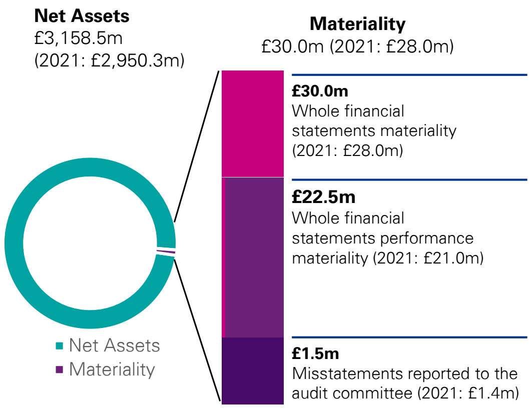
Materiality for the financial statements as a whole was set at £30.0m (2021: £28.0m), determined with reference to a benchmark of Net Assets, of which it represents 1% (2021: 0.95%).

We consider Net Assets to be the key financial statement benchmark used by shareholders of the Company is assessing financial performance.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £22.5m (2021: £21.0m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.5m (2021: £1.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.



4. The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of planning our audit. This included the impacts on the infrastructure assets the Company invests in along with the assets the Company holds on its Statement of Financial Position.

As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Company's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Taking into account the nature of the Company's underlying investments, our assessment is that the climate related risks to the Company's business strategy and financial planning did not have a significant impact on our audit, including our key audit matters. The potential impacts of climate change on the Company's investments have been assessed as part of our procedures performed over the adjustments to future cash flows and discount rates.

We have also read the Board's Task Force on Climate-related Financial Disclosure (TCFD) in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources was operational or performance issues within the portfolio which increases the number of projects not distributing and its impact on the Company's distribution income and cash flows.

We considered whether this risk could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and facilities (a reverse stress test).

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;

- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 74 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and the Audit Committee, as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's policy and channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading Board and Audit Committee minutes.
- considering the investment manager's fee arrangement and how closely it is linked to the valuation of the Company's assets.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit or investment valuation targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that the Company may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because of the simplistic nature of income, which principally comprises dividend income. We deemed that there is limited opportunity or incentive to manipulate income recognition.

We have identified a fraud risk associated with the valuation of investments, further detail in respect of this fraud risk is set out in the key audit matter disclosures section 2 of this report.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management; those posted and approved by the same user; and those posted to unusual accounts.
- assessing the accounting estimate related to fair value of investments for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

5.1
Independent Auditor's Report to the Members of HICL Infrastructure PLC (continued)

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement page 63 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

— the disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 63 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 101, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.

Ian Griffiths (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

24 May 2022

5.2
Income Statement

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 Total £m	Year ended 31 March 2021 Total £m
Dividends received		79.3	37.3
Interest received		80.5	121.0
Net gain / (loss) on revaluation of investment in Investment Entity Subsidiary		212.0	(3.5)
Total income	5	**371.8**	**154.8**
Company expenses	6	(3.1)	(2.9)
Profit before tax		**368.7**	**151.9**
Profit for the year	9	**368.7**	**151.9**
Earnings per share – basic and diluted (pence)	9	**19.0**	**7.9**

All results are derived from continuing operations. There is no other comprehensive income or expense and consequently a statement of other comprehensive income has not been prepared.

The accompanying Notes are an integral part of these financial statements.

5.2
Statement of Financial Position

As at 31 March 2022

	Note	31 March 2022 £m	31 March 2021 £m
Non-current assets			
Investment in Investment Entity subsidiary	12, 14	3,158.5	2,950.3
Total non-current assets		**3,158.5**	**2,950.3**
Current assets			
Trade and other receivables		0.2	0.2
Cash and cash equivalents		1.2	0.4
Total current assets		**1.4**	**0.6**
Total assets		**3,159.9**	**2,950.9**
Current liabilities			
Trade and other payables		(0.8)	(0.7)
Total current liabilities		**(0.8)**	**(0.7)**
Total liabilities		**(0.8)**	**(0.7)**
Net assets		**3,159.1**	**2,950.2**
Equity			
Share capital	16	0.2	0.2
Share premium	16	1,055.3	1,055.3
Revenue reserve	16	1,993.3	1,996.4
Capital reserve	16	110.3	(101.7)
Total equity	11	**3,159.1**	**2,950.2**
Net assets per Ordinary Share (pence)	11	**163.1**	**152.3**

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24 May 2022, and signed on its behalf by:

I Russell
Director

M Bane
Director

Company registered number: 11738373

5.2
Statement of Changes in Shareholders' Equity

For the year ended 31 March 2022

	Note	Share capital and share premium £m	Revenue reserve[1] £m	Capital reserve[1] £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2021		1,055.5	**1,996.4**	(101.7)	2,950.2
Profit for the year		**–**	**156.7**	**212.0**	**368.7**
Distributions paid to Company shareholders	10	–	(159.8)	–	(159.8)
Shareholders' equity as at 31 March 2022		**1,055.5**	**1,993.3**	**110.3**	**3,159.1**

[1] Revenue and Capital reserves are described in accounting policies Note 16 – Share Capital and Reserves

For the year ended 31 March 2021

	Note	Share capital and share premium £m	Revenue reserve[1] £m	Capital reserve[1] £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2020		936.9	**1,999.3**	(98.2)	2,838.0
Profit for the year		**–**	**155.4**	**(3.5)1**	**151.9**
Distributions paid to Company shareholders	10	–	(158.3)	–	(158.3)
Issues of Ordinary Shares	16	120.0	–	–	120.0
Costs of issue of Ordinary Shares	16	(1.4)	–	–	(1.4)
Shareholders' equity as at 31 March 2021		**1,055.5**	**1,996.4**	**(101.7)**	**2,950.2**

[1] Revenue and Capital reserves are described in accounting policies Note 16 – Share Capital and Reserves

The accompanying Notes are an integral part of these financial statements.

5.2
Cash Flow Statement

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Cash flows from operating activities			
Profit before tax	9	368.7	151.9
Adjustments for:			
Investment income	5	(371.8)	(154.8)
Operating cash flows before movements in working capital		(3.1)	(2.9)
Changes in working capital:			
Increase in receivables		–	(0.1)
Increase in payables		0.1	0.1
Cash outflow from operations		**(3.0)**	**(2.9)**
Investment income received		163.6	160.8
Net cash from operating activities		**160.6**	**157.9**
Cash flows from investing activities			
Investment in subsidiary		–	(118.4)
Net cash used in investing activities		**–**	**(118.4)**
Cash flows from financing activities			
Net proceeds from issue of share capital	16	–	118.6
Distributions paid to Company shareholders	10	(159.8)	(158.3)
Net cash used in financing activities		**(159.8)**	**(39.7)**
Net increase / (decrease) in cash and cash equivalents		**0.8**	**(0.2)**
Cash and cash equivalents at beginning of year		**0.4**	**0.6**
Cash and cash equivalents at end of year		**1.2**	**0.4**

The accompanying Notes are an integral part of these financial statements.

5.3
Notes to the Financial Statements

For the year ended 31 March 2022

1. REPORTING ENTITY

HICL Infrastructure PLC (the "Company" or "HICL") is a public limited company incorporated, domiciled and registered in England and Wales in the United Kingdom. The financial statements as at and for the year ended 31 March 2022 comprise the financial statements for the Company only as explained in Note 2.

The Company has two corporate subsidiaries being HICL Infrastructure 2 S.a.r.l. ("Luxco") and Infrastructure Investments Limited Partnership ("IILP") (each a "Corporate Subsidiary" and together the "Corporate Subsidiaries"). IILP is a direct subsidiary of Luxco.

The Company and its Corporate Subsidiaries invest in infrastructure projects in the United Kingdom, North America and Europe.

2. KEY ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs").

The financial statements are presented in Pounds Sterling, which is the Company's functional currency. The principal accounting policies applied to the preparation of the Company's accounts are shown below. These policies have been consistently applied and apply to all years presented.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in Section 2.2 – HICL's Business Model. The financial position of the Company, its cash flows, and liquidity position are described in Section 3.1 – Financial Review. In addition, Notes 2 to 17 and 19 of the financial statements include 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 assessed going concern by considering areas of financial risk, the Company's access to a Revolving Credit Facility and Letter of Credit Facility, both via a Corporate Subsidiary (details of which are set out in Section 3.1 – Financial Review) and by reviewing cash flow forecasts with a number of stress scenarios, including actual and potential downside impacts, such as an increase in projects not distributing and increasing operational costs, resulting in adverse asset cash flows. They also considered the Company's considerable financial resources, including investments in a significant and diversified number of project assets. The majority of these project assets operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. As explained in Section 2.5 – Investment Manager's Report, these infrastructure projects include several demand-based assets that were impacted by Covid-19 but are now recovering, and a large number of availability assets that have no direct exposure to economic growth. The financing for these projects is non-recourse to the Company.

Based on this analysis, the Directors have concluded that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements ("the going concern period"). Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

New and revised standards

The Company notes the following standards and interpretations which were in issue but not effective at the date of these financial statements. They are not expected to have a material impact on the Company's financial statements.

- Amendments to IFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 3 Reference to the Conceptual Framework (effective for business combinations for which date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022)
- Annual improvements to IFRS standards 2018-2020 Cycle (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 8 Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)

2. KEY ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are de-recognised when the contractual rights to the cash flows from the instrument expire or the asset or liability is transferred and the transfer qualifies for de-recognition in accordance with IFRS 9 'Financial Instruments: Recognition and measurement'.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise the Company's investment in the equity and debt of Luxco, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value including directly attributable transaction costs, except for financial instruments measured at fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Investments in equity and debt securities

Investments in the equity and loanstock of entities engaged in infrastructure activities, which are not classified as subsidiaries of the Company or which are subsidiaries not consolidated in the Company's results, are designated at fair value through profit or loss since the Company manages these investments and makes purchase and sale decisions based on their fair value.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses for financial assets. Interest income or expenses, foreign exchange gains and losses and impairment are recognised in the Income Statement. Any gain or loss on derecognition is recognised in the Income Statement.

(ii) Fair values

Fair value is 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The fair value of the Company's investment in Luxco is based on the Net Asset Value of IILP and the sundry assets and liabilities of Luxco. IILP's Net Asset Value is based on the fair value of the underlying investments in its portfolio of infrastructure assets, since IILP manages these investments and makes purchase and sale decisions based on their fair value.

The fair value of IILP's underlying investments are determined using the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at its fair value. In determining the appropriate discount rate, regard is given to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions. Further detail on methods and assumptions used in estimating the fair values of the financial instruments is included in Note 14.

(c) Investment income

Investment income comprises interest income, dividend income and gains/(losses) on investments, which comprise the change in fair value of the Company's direct subsidiary. Interest income is recognised in the Income Statement using the effective interest method. Dividend income is recognised when the Company's right to receive payment is established.

(d) Share capital and share premium

Ordinary Shares are classified as equity. Costs associated with the establishment of the Company or directly attributable to the issue of new shares are recognised as a deduction from the share premium account.

(e) Equity and reserves

The Company is a UK approved investment trust company. 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 AIC SORP. The Directors have chosen to rename distributable and other reserves into a Revenue reserve and a Capital reserve respectively. 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;

5.3
Notes to the Financial Statements (continued)

2. KEY ACCOUNTING POLICIES (CONTINUED)

- ▲ 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;
- ▲ 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
- ▲ Foreign exchange movements are applied to the Revenue reserve where they relate to movements on non-portfolio assets.

(f) Cash and cash equivalents
Cash and cash equivalents held by the Company comprise cash balances, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less. Cash equivalents, including demand deposits, are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Income tax
Income tax represents the sum of the tax currently payable and deferred tax. Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement 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. Tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(h) Foreign exchange gains and losses
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 at the rates ruling at the balance sheet date. Exchange differences arising on the re-translation of unsettled monetary assets and liabilities are recognised immediately in the Income Statement.

(i) Expenses
All expenses are accounted for on an accruals basis. The Company's investment management fee, administration fees and all other expenses are charged through the Income Statement.

(j) Dividends payable
Dividends payable to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the Annual General Meeting.

(k) Segmental reporting
The Chief Operating Decision Maker (the "CODM") has been determined to be the Board, who are of the opinion that the Company is engaged in a single segment of business, being the investment in infrastructure, which is principally in private finance initiatives and public private partnership companies. The Company has no single major customer.

The internal financial information used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company presents the business as a single segment comprising the portfolio of investments in infrastructure assets.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with UK adopted IFRS requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the disclosure or to the carrying amounts of assets and liabilities are outlined below.

Key judgements
(i) Investment entities
The Company has applied IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other entities' in these financial statements, which require investment entities to measure certain subsidiaries, including those that are themselves investment entities, at fair value through the Income Statement, rather than consolidating their results.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

1. It obtains funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. It commits to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. It measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporate Subsidiaries carry out investment activities and incur overheads and borrowings on behalf of the Company. They are considered investment entities themselves and are therefore measured at fair value in these financial statements.

Consistent with previous years, the Company meets the criteria due to the following reasons:

- It delivers stable returns to shareholders through a mix of income yield and capital appreciation;
- It 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
- It has elected to measure and evaluate the performance of all 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.

Key estimation uncertainties

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 the valuation of the Company's investment entity subsidiary. The Company's corporate subsidiary, IILP, holds investments in infrastructure assets which are held at fair value. 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 & Risk Management report on page 52, with the valuation assumptions discussed on page 48.

4. GEOGRAPHICAL ANALYSIS

The tables below provide an analysis based on the geographical location of the Company's underlying investments.

Investment income	UK	Eurozone	North America	Total
31 March 2022	**£283.0m**	**£32.7m**	**£56.1m**	**£371.8m**
% of Total investment income	**76%**	**9%**	**15%**	**100%**
31 March 2021	£85.6m	£43.1m	£26.1m	£154.8m
% of Total investment income	55%	28%	17%	100%

Investment in investment entity subsidiaries	UK	Eurozone	North America	Total
31 March 2022	**£2,305.7m**	**£568.5m**	**£284.3m**	**£3,158.5m**
% of Total Investments	**73%**	**18%**	**9%**	**100%**
31 March 2021	£2,184.7m	£536.4m	£229.2m	£2,950.3m
% of Total investments	74%	18%	8%	100%

5.3 Notes to the Financial Statements (continued)

5. TOTAL INCOME

	Year ended 31 March 2022 Total £m	Year ended 31 March 2021 Total £m
Dividends received	79.3	37.3
Interest received	80.5	121.0
Net gain / (loss) on revaluation of investment in Investment Entity Subsidiary	212.0	(3.5)
Total	**371.8**	**154.8**

6. COMPANY EXPENSES

	Year ended 31 March 2022 Total £m	Year ended 31 March 2021 Total £m
Fees to the auditor	0.4	0.4
Investment Manager fees (Note 18)	0.1	0.1
Directors' fees (Note 18)	0.6	0.5
Professional fees	2.0	1.9
Total	**3.1**	**2.9**

Fees to the auditor comprise the Company's £0.3m audit fees as well as £0.1m fees to KPMG LLP, in respect of their review of the Company's interim accounts (31 March 2021: £0.3m audit fees and £0.1m interim review fees).

7. EMPLOYEES

The Company had no employees during the year (31 March 2021: Nil).

8. INCOME TAX

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Current taxes		
Current year	–	–
	–	–

The effective rate of corporation tax in the UK for a large company is 19% (2021: 19%). The tax charge in the year was lower than the standard and effective tax rate due to differences explained below.

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit before tax		
Profit before tax multiplied by the UK corporation tax rate of 19%	70.1	28.9
Effect of:		
Non-deductible capital (gains)/losses	(40.3)	0.7
Non-taxable dividend income	(15.1)	(7.1)
Dividends designated as interest distributions	(17.5)	(23.1)
Other	2.8	0.6
	–	–

8. INCOME TAX (CONTINUED)

The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010. This allows certain capital profits of the Company to be exempt from UK tax. Additionally, the Company may designate dividends wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

Tax payable by investments

The financial statements do not directly include the tax charges for any of the Company's intermediate holding companies or investments as these are held at fair value. All of these investments and intermediate holding companies are subject to taxes in the countries in which they operate.

9. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	Year ended 31 March 2022	Year ended 31 March 2021
Profit attributable to equity holders of the Company	£368.7m	£151.9m
Weighted average number of Ordinary Shares in issue	1,936.8m	1,914.0m
Total basic and diluted earnings per Ordinary Share	**19.0 pence**	**7.9 pence**

10. DISTRIBUTIONS TO COMPANY SHAREHOLDERS

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Amounts paid and recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend for the year ended 31 March 2021 of 2.07p per share	40.1	38.6
First quarterly interim dividend for the year ended 31 March 2022 of 2.06p per share	39.9	39.9
Second quarterly interim dividend for the year ended 31 March 2022 of 2.06p per share	39.9	39.9
Third quarterly interim dividend for the year ended 31 March 2022 of 2.06p per share	39.9	39.9
	159.8	**158.3**
Amounts not recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend proposed for the year ended 31 March 2022 of 2.07p per share	40.1	40.1

The Company has elected to distribute a percentage of the dividends paid to shareholders as an interest distribution for tax purposes. For the year ended 31 March 2022 the dividends distributed had an interest streaming percentage of 57% (2021: 76%), with the fourth quarterly interim dividend payable on 30 June 2022.

Quarterly interest streaming fluctuates due to several factors, including the forecast annual effective interest received from underlying projects.

5.3 Notes to the Financial Statements (continued)

11. NET ASSETS PER ORDINARY SHARE

	31 March 2022	31 March 2021
Shareholders' equity at 31 March	£3,159.1m	£2,950.2m
Less: fourth interim dividend	(£40.1m)	(£40.1m)
	£3,119.0m	£2,910.1m
Number of Ordinary Shares at 31 March	1,936.8m	1,936.8m
Net assets per Ordinary Share after deducting fourth interim dividend	161.1p	150.3p
Add fourth interim dividend	2.07p	2.07p
Net assets per Ordinary Share at 31 March	**163.1p**	**152.3p**

12. INVESTMENT IN INVESTMENT ENTITY SUBSIDIARY

	31 March 2022 £m	31 March 2021 £m
Opening balance	**2,950.3**	**2,837.9**
Additions to investment in investment entity subsidiary in the year	–	118.4
Gain/(loss) on revaluation of investment (Note 5)	212.0	(3.5)
Other	(3.8)	(2.5)
Carrying amount at year end	**3,158.5**	**2,950.3**
NAV per share (pence)	**163.1p**	**152.3p**

The Company records the fair value of its direct Corporate Subsidiary, Luxco, based on the Net Asset Value of IILP and the sundry assets and liabilities of its direct Corporate Subsidiary. IILP's Net Asset Value is based on the aggregate fair value of each of the individual project companies and holding companies in which the Company holds an indirect investment, along with the working capital of intermediate holding companies.

Refer to pages 48 and 140 for the valuation techniques and key model inputs used for determining investment fair values.

The Investment Manager has carried out fair market valuations of the portfolio companies as at 31 March 2022. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation. The Directors have also engaged an independent third party with experience in valuing these types of investments to assess and opine on the appropriateness of the assumptions and valuations determined by the Investment Manager. This work included using independent market information, reviewing a selection of underlying data and determining an appropriate range. Based on this, the Directors received an independent opinion supporting the reasonableness of the valuation. All equity investments are valued using a discounted cash flow methodology except for the A13 investment in listed senior bonds which is valued based on quoted market price at the balance sheet date. The valuation techniques and methodologies have been applied consistently with the prior year. Discount rates (including the effective rate on A13) range from 1.29% to 7.75% (weighted average of 6.6%) (2021: weighted average of 6.8%).

Investments are generally restricted on their ability to transfer funds to HICL under the terms of their senior funding arrangements for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the project company;
- Investment company is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

13. INVESTMENTS – ACQUISITIONS AND DISPOSALS VIA THE CORPORATE SUBSIDIARIES

Acquisitions

The Company, via its Corporate Subsidiaries, made the following acquisitions during the year ended 31 March 2022:

- An investment of £12.2m into a UK healthcare project;
- An incremental investment of £16.1m to acquire a further 18.5% in the Bradford 1 and 28.3% of the Bradford 2 Schools projects;
- The acquisition of a 58% stake, in two tranches, in the Road Management Group for £56.1m; and
- The completion of an incremental 5% stake in the A9 project for £0.8m.

Disposals

The Company, via its Corporate Subsidiaries, made the following disposal and divestment during the year ended 31 March 2022:

- The disposal of a 50% stake in Health & Safety Headquarters generating proceeds of £11.3m; and
- A public sector PPP project (0.3% of the portfolio by value at 31 March 2021) was voluntarily terminated by the client and generated an initial termination payment of £7.2m.

Note 20 details the acquisitions made by the Company, via its Corporate Subsidiaries, since the year end. The amounts above reflect the acquisitions and disposals recognised under the IFRS basis. Amounts shown in the Valuation Report in Section 3.2 are under the Directors' Valuation basis, which includes commitments.

14. FINANCIAL INSTRUMENTS

Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

Where applicable, further information about the assumptions used in determining fair value is disclosed in the Notes specific to that asset or liability.

Classification of financial instruments

	31 March 2022 £m	31 March 2021 £m
Financial assets		
Investments in investment entity subsidiary	3,158.5	2,950.3
Financial assets at fair value through profit or loss	**3,158.5**	2,950.3
Trade and other receivables	0.2	0.2
Cash and cash equivalents	1.2	0.4
Financial assets – loans and receivables	**1.4**	**0.6**
Financial liabilities		
Trade and other payables	(0.8)	(0.7)
Financial liabilities – payables	**(0.8)**	**(0.7)**

The Directors are of the opinion that the carrying values of all financial instruments are approximately equal to their fair values.

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5.3 Notes to the Financial Statements (continued)

14. FINANCIAL INSTRUMENTS (CONTINUED)

				31 March 2022
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments in investment entity subsidiaries (Note 12)	–	–	**3,158.5**	**3,158.5**

				31 March 2021
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments in investment entity subsidiaries (Note 12)	–	–	**2,950.3**	**2,950.3**

There were no transfers between Level 1, 2 or 3 during the year. A reconciliation of the movement in Level 3 assets is disclosed in Note 12.

Level 3

Methodology	Description	Inputs	Fair value at 31 March (£m)	Sensitivity on key unobservable input	Fair value impact of sensitivities (£m) +5%/-5%
NAV	The fair value of the investment in HICL's investment entity subsidiary, Luxco, which is equal to its carrying value	Inputs that are not based on observable market data. The fair value of HICL's investment in Luxco is based on Luxco's holding in IILP that is held at fair value	£3,158.5 (2021: £2,950.3)	A 5% sensitivity on closing NAV	£157.9

The value of the Company's investment in its Investment Entity subsidiary is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. As part of its analysis, the Directors have 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 Directors are 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 Directors and the Investment Manager.

Sensitivities

In order to give investors a meaningful sensitivity analysis, the Directors have considered how changes in macroeconomic assumptions in the underlying assets for which the Company holds an indirect interest would affect the investment that the Company has in its direct Investment Entity subsidiary, rather than the sensitivity in the Investment Entity subsidiary. Consequently, the following numbers are presented on the Investment Basis.

Sensitivities	-0.5% p.a. change	Investment in Investment Entity Subsidiary	+0.5% p.a. change
Discount rates			
31 March 2022	**+£173.5m**	**£3,216.6m**	**-£156.9m**
31 March 2021	+£162.1m	£2,938.1m	-£147.1m
Inflation rates			
31 March 2022	**-£147.3m**	**£3,216.6m**	**+£163.9m**
31 March 2021	-£140.8m	£2, 938.1m	+£155.1m
Cash deposit rates			
31 March 2022	**-£15.2m**	**£3, 216.6m**	**+£20.2m**
31 March 2021	-£18.2m	£2,938.1m	+£21.4m

The 0.5% sensitivity is consistent with that shown in previous reports and assumes that the changes are for all future periods. It is also consistent with that shown by the Company's listed infrastructure peers and this allows for comparisons to be determined. The mix of the portfolio means that the sensitivity is linear and it is possible to determine the impact if percentage changes are in multiples of this sensitivity. The Directors recognise that HICL's main geographies are currently experiencing higher inflation levels than have seen for a number of years, and therefore the valuation of the portfolio is being influenced by changes to short-term inflation assumptions. As explained in the Valuation report on page 47, if there is a 300bps increase in inflation over the next year (and all other factors remained unchanged), the Company's investment in its Investment Entity Subsidiary could increase by approximately £69m.

15. LOANS AND BORROWINGS

The Company had no loans or borrowings owing as at 31 March 2022 (2021: £nil).

16. SHARE CAPITAL AND RESERVES

Ordinary Shares	31 March 2022 m	31 March 2021 m
Authorised and issued at the beginning of the year	1,936.8	1,863.6
Issued for cash	–	73.2
Authorised and issued at end of year – fully paid	**1,936.8**	**1,936.8**

The holders of the 1,936,813,501 Ordinary Shares (31 March 2021: 1,936,813,501) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

For the year ended 31 March 2022
No new share issuances occurred during the year ended 31 March 2022.

For the year ended 31 March 2021
In July 2020, 73.2 million new Ordinary Shares of 0.01p each were issued to various institutional investors at an issue price per share (before expenses) of 164.0p.

Share capital and share premium	31 March 2022 £m	31 March 2021 £m
Opening balance	1,055.5	936.9
Issue of Ordinary Shares	–	120.0
Costs of issue of Ordinary Shares	–	(1.4)
Balance at end of year	**1,055.5**	**1,055.5**

The share capital is £0.2m at 31 March 2022 (31 March 2021: £0.2m).

Revenue and Capital reserves
Revenue and Capital reserves are detailed in the Statement of Changes in Equity. The Capital reserve represents the accumulated unrealised fair value gains / losses on the Company's investment in its subsidiary since acquisition on 1 April 2019. During the year the Distributable Reserve has been renamed the Revenue Reserve and the Other Reserves has been renamed to the Capital Reserve to align with the AIC SORP.

17. FINANCIAL RISK MANAGEMENT

A review of the Corporate Group's objectives, policies and processes for managing and monitoring risk is set out in the Risk management section on pages 52 to 62. This Note provides further detail on financial risk management, cross-referring to the Risk management section where applicable, and includes quantitative data on specific financial risks. The Corporate Group is exposed to market risk (which includes currency risk, interest rate risk and inflation risk), credit risk and liquidity risk arising from the financial instruments it holds through a Corporate Subsidiary as disclosed below.

The Corporate Group, via IILP, owns a portfolio of investments predominantly in the subordinated loanstock and equity of project finance companies. These companies are structured at the outset to minimise financial risks where possible, and the Investment Manager and Operator primarily focus their risk management on the direct financial risks of acquiring and holding the portfolio but continue to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the boards of the project companies and the receipt of regular financial and operational performance reports.

Market risk
Returns from HICL's investments are determined at acquisition but may be affected by market events giving rise to changes in the value of underlying portfolio assets. The value of these investments will be a function of the discounted value of their expected future cash flows and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets. HICL has seven demand-based assets in the portfolio representing 22% of the portfolio value at 31 March 2022 (31 March 2021: 22%). Over the course of the year, the negative impact of Covid-19 has reduced resulting in increased usage of these assets with some returning to pre-lockdown levels of utilisation. This has positively impacted revenues and, hence, valuation.

Four of these demand-based assets are sensitive to GDP which means their valuations were more significantly affected by the Covid-19 pandemic. The rate of recovery has been assessed using a variety of information sources including actual traffic figures, management assessments, consensus changes in GDP forecasts and sensitivity analysis.

5.3 Notes to the Financial Statements (continued)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Corporate Group has indirect exposure to interest rates through changes to the financial performance and the valuation of portfolio companies caused by interest rate fluctuations in loans and borrowings. The Company itself does not have any borrowings but does have an interest bearing loan with Luxco and therefore is exposed to interest rate risk.

Inflation risk

The infrastructure project companies in which the Corporate Group invests are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of mismatch between income and costs due to movements in inflation indexes. The Corporate Group's overall cash flows vary with inflation, although they are not fully correlated as not all flows are indexed. The effects of inflation changes do not always immediately flow through to the Corporate Group's cash flows, particularly where a project's loanstock debt carries a fixed coupon and the inflation changes flow through by way of changes to dividends in future periods. As RPI is to be aligned with CPI from 2030, RPI linked project companies have been aligned to CPI from this date. The sensitivity of the Corporate Group to inflation is shown on pages 49 and 122.

Currency risk

The Corporate Group monitors its foreign exchange exposures using its near-term and long-term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection against the effect of exchange rate fluctuations on the level of Sterling distributions that the Corporate Group expects to receive over the medium term, where considered appropriate. This may involve the use of forward exchange and other currency hedging contracts at IILP level, as well as the use of Euro, Canadian dollar, US dollar and other currency denominated borrowings. At 31 March 2022, the Corporate Group, via IILP, hedged its currency exposure through Euro, Canadian dollar and US dollar forward contracts. This has reduced the volatility in the NAV from foreign exchange movements.

The hedging policy is designed to provide confidence in the near-term yield and to limit NAV per share sensitivity to no more than 2% for a 10% foreign exchange movement. The sensitivity of the Corporate Group to currency risk is shown on page 49.

Credit risk

Credit risk is the risk that a counterparty of the Corporate Group will be unable or unwilling to meet a commitment that it has entered into with the Corporate Group.

The Corporate Group is subject to credit risk on its loans, receivables, cash and deposits. The Corporate Group's cash and deposits are held with reputable banks. The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies. For those assets 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.

The Corporate Group's maximum exposure to credit risk over financial assets is the carrying value of those assets in the Balance Sheet. The Corporate Group does not hold any collateral as security.

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

31 March 2022	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m
Trade and other payables	0.8	–	–	–
Total	0.8	–	–	–

31 March 2021	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m
Trade and other payables	0.7	–	–	–
Total	0.7	–	–	–

18. RELATED PARTY TRANSACTIONS

InfraRed is 80% owned by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"). InfraRed is a distinct business under SLC Management, the alternatives asset manager of Sun Life. The additional 20% may be acquired by Sun Life under a put and call framework agreed with the InfraRed owners, exercisable after four and five years respectively. InfraRed was appointed under an Investment Management Agreement, dated 4 March 2019, as Investment Manager to, and the AIFM of HICL. The Investment Management Agreement may be terminated by either party to the agreement, being HICL or InfraRed, giving three years' written notice or if InfraRed's appointment as Operator (see below) is terminated. Under the Investment Management Agreement, InfraRed is entitled to a fee of £0.1m per annum, payable half-yearly in arrears by the Company and which is subject to review, from time to time.

The Investment Manager fees charged to the Company were £0.1m (2021: £0.1m) (disclosed as Investment Manager fees in Note 6).

InfraRed is also the Operator of IILP, the Corporate Subsidiary through which HICL holds its investments. InfraRed has been appointed as the Operator by the General Partner of IILP, Infrastructure Investments General Partner Limited, a subsidiary of InfraRed. The Operator and the General Partner may each terminate the appointment of the Operator by either party giving three years' written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Management Agreement is terminated in accordance with its terms. The General Partner's appointment does not have a fixed term, however if InfraRed ceases to be the Operator, HICL has the option to buy the entire share capital of the General Partner and the InfraRed Group has the option to sell the entire share capital of the General Partner to HICL, in both cases for nominal consideration. The Directors consider the value of the option to be insignificant.

In the year to 31 March 2022, in aggregate InfraRed and the General Partner were entitled to fees and/or profit share equal to: 1.1 per cent per annum of the adjusted gross asset value of all investments of HICL up to £750m, 1.0 per cent per annum for the incremental value in excess of £750m up to £1,500m, 0.9 per cent for the incremental value in excess of £1,500m, 0.8 per cent for the incremental value in excess of £2,250m and 0.65 per cent for the incremental value in excess of £3,000m.

The total Operator fees were £29.1m (2021: £28.6m) of which £7.4m remained payable at 31 March 2022 (2021: £7.1m).

The Directors of the Company, who are considered to be key management, received fees for their services. Their fees were £0.6m (2021: £0.5m) for the year ended 31 March 2022 (see Note 6). One Director also receives fees for serving as Director of the Luxembourg subsidiary – the annual fees are £7k (2021: £6k).

All of the above transactions were undertaken on an arm's length basis.

19. GUARANTEES AND OTHER COMMITMENTS

As at 31 March 2022, the Company, via a Corporate Subsidiary, had £94.4m of commitments for future project investments (31 March 2021: £73.8m).

20. EVENTS AFTER THE BALANCE SHEET DATE

On 28 April, 2022 and subsequent to an Extraordinary General Meeting, the Board announced that, via a corporate subsidiary, that HICL has disposed of its 100% interest in the Queen Alexandra Hospital PFI Project ("QAH") to InfraRed European Infrastructure Income Fund 4 ("EIIF 4") for c. £108m.

On 17 May, 2022, the Board announced that, via a corporate subsidiary, HICL has acquired a 50% equity interest in the B247 Mühlhausen-Bad Langensalza Road PPP. The interest was acquired from Vinci Concessions Deutschland GmbH ("VINCI"), paving the way for future partnership on the German road PPP pipeline. HICL's total investment into the Project will amount to c. EUR 12.0m.

On 19th May, 2022, the Board announced that, via a corporate subsidiary, HICL has acquired its first fibre broadband investment through the acquisition of a 55% shareholding in ADTIM SAS in France from DIF Capital Partners from its DIF CIF I fund. Following completion, ADTIM will represent approximately 2% of HICL's portfolio, by value.

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS

Below is a list of the Company's subsidiaries and related undertakings – incorporated in the United Kingdom unless otherwise stated. Further, the following subsidiaries have not been consolidated in these financial statements, as a result of applying IFRS 10 and Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Academy Services Norwich Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Norwich Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Oldham Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Oldham Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Sheffield Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Sheffield Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
ADAGIA B.V. BV	Strawinskylaan 1021, 1077 XX, Amsterdam, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison (Holdings) Limited	C/O Sodexo Remote Sites Limited 5th Floor, Exchange No.2, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	67%	67%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison Limited	C/O Sodexo Remote Sites Limited 5th Floor, Exchange No.2, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	67%	67%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Acquisitions (HoldCo) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	0.7	375.9
Affinity Water Acquisitions (Investments) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire,United Kingdom,, AL10 9EZ	33%	33%	31 Mar '21	0.7	390.6
Affinity Water Acquisitions (MidCo) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	0.7	530.6
Affinity Water Acquisitions Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	0.7	487.6
Affinity Water Capital Funds Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	(6.6)	181.9
Affinity Water East Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	2.4	65.2
Affinity Water Finance (2004) PLC	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Finance PLC	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Holdco Finance Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	0.4	288.0
Affinity Water Holdings Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	1.0	291.7
Affinity Water Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	(51.3)	112.6
Affinity Water Pension Trustees Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Programme Finance Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Shared Services Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Southeast Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '21	2.0	66.7
AGP (2) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
AGP Holdings (1) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Doncaster) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Doncaster) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Oxford) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	25%	25%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Oxford) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	25%	25%	N/A[2]	N/A[2]	N/A[2]
Amalie Infrastructure Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A2
Amalie PFI (UK) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	3.6	36.1
Annes Gate Property Plc	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ashburton Services (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ashburton Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Finance plc	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Holdings Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Atlandes	15, avenue Léonard de Vinci, CS60024, Cedex, Pessac, 33615, France	14%	14%	31 Dec '21	143.2	44.6
Axiom Education (Edinburgh) Holdings Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	N/A[2]	N/A[2]	N/A[2]
Axiom Education (Edinburgh) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	31 Dec '20	0.0	(47.9)
Axiom Education (Perth & Kinross) Holdings Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	31 Dec '20	0.5	(87.9)
Axiom Education (Perth & Kinross) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	N/A[2]	N/A[2]	N/A2
BAAK Blankenburg B.V. (Project Co)	Strawinskylaan 1021, 1077 XX, Amsterdam, Netherlands	70%	70%	N/A[2]	N/A[2]	N/A[2]
Bangor & Nendrum Schools Services Holdings Limited	50 Bedford Street, Belfast, United Kingdom, BT2 7FW	26%	26%	N/A[2]	N/A[2]	N/A[2]
Bangor & Nendrum Schools Services Limited	50 Bedford Street, Belfast, United Kingdom, BT2 7FW	26%	26%	N/A[2]	N/A[2]	N/A[2]
BaSS LIFT Holdings Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Betjemen Holdings Jvco Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	21%	21%	31 Mar '21	(155.8)	336.4
Betjemen Holdings Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(155.8)	111.1
Betjemen Holdings Midco Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(66.5)	269.9
Birmingham and Solihull (Fundco 1) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]

5.3 Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Birmingham and Solihull (Fundco 2) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull (Fundco 3) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull (Fundco 4) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull Local Improvement Finance Trust Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Blue Light Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Blue3 (Gloucestershire Fire) (Holdings) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Blue3 (Gloucestershire Fire) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
BNC IXAS SPC Holding B.V (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	100%	80%	N/A[2]	N/A[2]	N/A[2]
BNC Pi2 Holding B.V. (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Boldon School (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Boldon School Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Brentwood Healthcare Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Brentwood Healthcare Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
By Education (Barking) Holdings Limited	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL	100%	100%	N/A[2]	N/A[2]	N/A[2]
By Education (Barking) Limited	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL	100%	100%	N/A[2]	N/A[2]	N/A[2]
ByCentral (Holdings) Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
ByCentral Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	31 Dec '20	0.6	(50.6)
ByWest (Holdings) Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A2
ByWest Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
CAE Aircrew Training Services Plc	Raf Benson, Wallingford, Oxfordshire, United Kingdom, OX10 6AA	22%	22%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Financing Plc	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Holdings Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Higher Education (Sheffield) Holdings Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	50%	50%	N/A[2]	N/A[2]	N/A[2]
Catalyst Higher Education (Sheffield) plc	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	50%	50%	N/A[2]	N/A[2]	N/A[2]
Central Blackpool PCC Holding Company Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Central Blackpool PCC Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Children's Ark Partnerships Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Children's Ark Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Citylink Telecommunications Holdings Limited	15 Canada Square, London, E14 5GL	34%	34%	N/A[2]	N/A[2]	N/A[2]
Citylink Telecommunications Limited	15 Canada Square, London, E14 5GL	34%	34%	N/A[2]	N/A[2]	N/A[2]
Claymore Road (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Claymore Road Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Connect M1-A1 Holdings Limited	6th Floor 350 Euston Road, Regents Place, London, United Kingdom, NW1 3AX	30%	30%	N/A[2]	N/A[2]	N/A[2]
Connect M1-A1 Limited	6th Floor 350 Euston Road, Regents Place, London, United Kingdom, NW1 3AX	30%	30%	31 Mar '21	(3.3)	42.6
Consort Healthcare (Birmingham) Funding plc	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A2
Consort Healthcare (Birmingham) Holdings Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Intermediate Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Funding Plc	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Holdings Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Intermediate Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Funding Plc	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Intermediate Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Holdings Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Intermediate Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Plc	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Holdings Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Intermediate Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]

5.3 Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Consort Healthcare (Tameside) Plc	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Plc	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
CSES (Dorset) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
CSM PPP Services Holdings Limited (Incorporated in Ireland)	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	76%	76%	N/A[2]	N/A[2]	N/A[2]
CSM PPP Services Limited (Incorporated in Ireland)	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	76%	76%	N/A[2]	N/A[2]	N/A[2]
CVS Leasing Limited	Raf Benson, Wallingford, Oxfordshire, United Kingdom, OX10 6AA	87%	87%	N/A[2]	N/A[2]	N/A[2]
D3 - Société de la deviation de Troissereux (Incorporated in France)	21 rue Hippolyte Bayard, PAE du Haut-Ville, 60000 Beauvais, France	90%	90%	N/A[2]	N/A[2]	N/A[2]
Daiwater Investment Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	37%	37%	31 Mar '21	1.6	747.9
Derby School Solutions (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A2
Derby School Solutions Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners BBE Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	50%	50%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners BBE Holdings Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	50%	50%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Galloper (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Galloper Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners RB (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners RB Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Walney Extension (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	29%	29%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Walney Extension Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	29%	29%	31 Mar '21	(0.1)	(455.9)
Directroute (Tuam) Holdings Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	100%	31 Dec '20	5.2	(42.8)
Directroute (Tuam) Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	100%	31 Dec '20	5.2	(42.8)
Dorset Emergency Services PPP (Holdings) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A2
Ealing Care Alliance (Holdings) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	63%	63%	N/A[2]	N/A[2]	N/A[2]
Ealing Care Alliance Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	63%	63%	N/A[2]	N/A[2]	N/A[2]
Ealing Schools Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Ealing Schools Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Eastbury Park (Holdings) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Eastbury Park Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Education 4 Ayrshire Holdings Limited	2 Lochside View Edinburgh, United Kingdom, EH12 1LB	100%	100%	N/A[2]	N/A[2]	N/A[2]
Education 4 Ayrshire Limited	2 Lochside View Edinburgh, United Kingdom, EH12 1LB	100%	100%	N/A[2]	N/A[2]	N/A[2]
EIPF	15, avenue Léonard de Vinci, CS60024, Cedex, Pessac, 33615, France	70%	70%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools (Holdings) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	30%	30%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	30%	30%	N/A[2]	N/A[2]	N/A[2]
Enterprise Civic Buildings (Holdings) Limited	Unit 18 Navigation Way, Ashton-On-Ribble, Preston,United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Civic Buildings Limited	Unit 18 Navigation Way, Ashton-On-Ribble, Preston,United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Education Conwy Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	90%	90%	N/A[2]	N/A[2]	N/A[2]
Enterprise Education Holdings Conwy Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	90%	90%	N/A[2]	N/A[2]	N/A[2]
Enterprise Healthcare Holdings Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, England, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Healthcare Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Euro IV PPP Platform Limited Partnership	1st Floor Connaught House, 1 Burlington Road, Dublin 4, Ireland	100%	100%	N/A[2]	N/A[2]	N/A[2]
European Healthcare Projects Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Falkirk Schools Gateway (Holdings)	Quartermile One, 15 Lauriston Place, Edinburgh, United Kingdom, EH3 9EP	29%	29%	N/A[2]	N/A[2]	N/A[2]
Falkirk Schools Gateway Limited	Quartermile One, 15 Lauriston Place, Edinburgh, United Kingdom, EH3 9EP	29%	29%	31 Mar '21	0.3	(41.9)
FCC (East Ayrshire) Holdings Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
FCC (East Ayrshire) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans B.V	Hagenweg 3 c, 4131 LX, Vianen, Netherlands	85%	85%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans Investco B.V	Hagenweg 3 c, 4131 LX, Vianen, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities (Holding) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	25%	25%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	25%	25%	31 Dec '20	1.7	(41.5)
GO-PASS Mobility Services LLC	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	33%	33%	N/A[2]	N/A[2]	N/A2
Green Timbers GP Limited (Incorporated in Canada)	1060 - 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	N/A[2]	N/A[2]	N/A[2]
Green Timbers Holdings Limited (Incorporated in Canada)	1060 - 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	N/A[2]	N/A[2]	N/A2
Green Timbers Limited Partnership (Incorporated in Canada)	1060 - 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	31 Mar '21	9.2	64.3

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Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
GT (NEPS) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	90%	N/A[2]	N/A[2]	N/A2
GT NEPS (Holdings) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	90%	N/A[2]	N/A[2]	N/A[2]
H&D Support Services (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
H&D Support Services Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom,WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Hadfield Healthcare Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Hadfield Healthcare Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
HDM Schools Solution Limited	C/O Dla Piper Scotland Llp Fao Stuart Mcmillan Collins House, Rutland Square, Edinburgh, United Kingdom, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]
HDM Schools Solutions (Holding) Limited	C/O Dla Piper Scotland Llp Fao Stuart Mcmillan Collins House, Rutland Square, Edinburgh, United Kingdom, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Holdings Limited	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Republic of Ireland	60%	60%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Limited	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Republic of Ireland	60%	60%	N/A[2]	N/A[2]	N/A[2]
Helix Acquisition Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(33.0)	(33.0)
Helix Bufferco Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(33.0)	(33.0)
Helix Holdings Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(62.3)	(685.9)
Helix MidCo Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	(33.0)	(33.0)
HICL Infrastructure (Green Timbers) Inc (Incorporated in Canada)	1060 - 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	N/A[2]	N/A[2]	N/A[2]
HICL Infrastructure 2 S.a.r.l.	6, rue Adolphe, L-1116, Luxembourg	100%	100%	31 Mar '21	37.0	191.0
HICL Infrastructure 3 S.a.r.l.	6, rue Adolphe, L-1116, Luxembourg	100%	100%	N/A[2]	N/A[2]	N/A[2]
HICL Infrastructure Canada Inc. (Incorporated in Canada)	Suite 2600, Three Bentall Centre, PO BOX 49314, 595 Burrard Street, Vancouver BC V7X 1L3, Canada	100%	100%	31 Mar '21	7.0	112.4
High Speed One (HS1) Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A2
High Speed Rail Finance (1) PLC	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A[2]
High Speed Rail Finance PLC	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A[2]
Highway Management M80 Investment Management Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	31 Dec '20	(0.5)	(53.7)
Highway Management Scotland (Holdings) Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	31 Dec '20	(0.5)	(50.0)
Highway Management Scotland Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	31 Dec '20	(0.5)	(50.0)
Holdfast Training Services Limited	Building 29, HQ RSME Brompton Barracks, Chatham, Kent, England, ME4 4UG	100%	100%	31 Mar '21	(12.1)	33.4
HS1 Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar '21	51.7	497.5

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Information Resources (Oldham) Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A2
Information Resources (Oldham) Investments	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Information Resources (Oldham) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Infraspeed (Holdings) BV (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, Netherlands	43%	43%	31 Mar '21	9.2	82.8
Infraspeed BV (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, Netherlands	43%	43%	31 Dec '20	9.7	81.5
Infrastructure Central Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investment Limited Partnership	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (A63) Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	25.5	174.9
Infrastructure Investments (Affinity) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	90%	90%	31 Mar '21	50.8	256.7
Infrastructure Investments (Aria) Holdco Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Aria) TopCo Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Australia) LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Bond) Holdings LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	(0.7)	47.8
Infrastructure Investments (Bond) LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	(0.7)	47.8
Infrastructure Investments (Colorado) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	40.0	195.4
Infrastructure Investments (Defence) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	7.9	75.3
Infrastructure Investments (Germany) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Health) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (HSL ZUID) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	(2.3)	39.5
Infrastructure Investments (No 7) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (No 8) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (OFTO 1) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) GP Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A2	N/A[2]	N/A[2]
Infrastructure Investments (Portal) Limited Partnership	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portsmouth) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Infrastructure Investments (Roads) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments Betjeman (Holdco) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments Betjeman Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	62%	62%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments Group Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	15.4	1,023.3
Infrastructure Investments Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	(56.3)	404.0
Infrastructure Investments Limited Partnership	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	155.2	2,951.0
Infrastructure Investments NWP (US) LLC	701 Northwest Parkway, Broomfield, CO 80023, USA	100%	100%	31 Dec '20	(3.2)	89.5
Infrastructure Investments PPP OFTO holdings LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments PPP OFTO LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments Roads Management Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford Hold Co Two Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	62%	34%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford Holdco One Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	48%	29%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV One Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	48%	29%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV Two Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	62%	34%	N/A[2]	N/A[2]	N/A[2]
Ivywood College Holdings Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ivywood College Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ivywood Colleges Parking Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
IXAS Zuid-Oost B.V (Incorporated in Holland)	Langbroekdreef 18, 1108 EB, Amsterdam	25%	20%	N/A[2]	N/A[2]	N/A[2]
Kajima Darlington Schools Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Darlington Schools Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Haverstock Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Haverstock Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Newcastle Libraries Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Newcastle Libraries Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima North Tyneside Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima North Tyneside Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kent Education Partnership (Holdings) Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Kent Education Partnership Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kluster (Incorporated in France)	1 avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	N/A[2]	N/A[2]	N/A[2]
Liaison Infrastructure Routière Investissement (Incorporated in France)	91, Rue du Faubourg Saint-Honoré, 75008 Paris	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP Equity) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP Subdebt) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP TopCo) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester School Services Holdings Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	76%	76%	N/A[2]	N/A[2]	N/A[2]
Manchester School Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	76%	76%	N/A[2]	N/A[2]	N/A[2]
Medway Community Estates Limited (Medway LiftCO)	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
Medway Fundco Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
Medway Fundco Two Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
Metier Healthcare Limited	4 Estates Yard, Wellhouse Lane, Barnet, Hertfordshire, United Kingdom, EN5 3DG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Metier Holdings Limited	4 Estates Yard, Wellhouse Lane, Barnet, Hertfordshire, United Kingdom, EN5 3DG	100%	100%	N/A[2]	N/A[2]	N/A[2]
New Intermediate Care Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
New Schools Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (Hold Co) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (Project Co) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (PSP) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newham Transformation Partnership Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newport School Solutions Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newport Schools Solutions (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newton Abbot Health Holdings Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newton Abbot Health Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Northwest Connect General Partnership (Incorporated in Canada)	10060 Jasper Avenue, Suite 1201, Edmonton, AB T5J 4E5, Canada	50%	50%	31 Dec '20	(21.4)	(55.9)
Northwest Connect Holdings Inc. (Incorporated in Canada)	10060 Jasper Avenue, Suite 1201, Edmonton, AB T5J 4E5, Canada	50%	50%	31 Dec '20	(18.9)	(65.5)
Northwest Connect Inc. (Incorporated in Canada)	10060 Jasper Avenue, Suite 1201, Edmonton, AB T5J 4E5, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]

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Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

		Shareholding				Aggregate
Entity	**Registered address**	**31-Mar 2022**	**31-Mar 2021**	**Year end**	**Profit / (Loss) £m**	**Capital & Reserves £m**
Northwest Connect Investment Inc. (Incorporated in Canada)	10060 Jasper Avenue, Suite 1201, Edmonton, AB T5J 4E5, Canada	50%	50%	31 Dec '20	3.5	48.5
Northwest Parkway LLC	701 Northwest Parkway, Broomfield, CO 80023, USA	33%	33%	N/A[2]	N/A[2]	N/A[2]
NWP Holdco LLC	701 Northwest Parkway, Broomfield, CO 80023, USA	33%	33%	N/A[2]	N/A[2]	N/A[2]
Ochre Solutions (Holdings) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	40%	40%	N/A[2]	N/A[2]	N/A[2]
Ochre Solutions Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	40%	40%	31 Dec '20	(2.5)	(78.5)
Paradigm (Sheffield BSF) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	59%	59%	N/A[2]	N/A[2]	N/A2
Paradigm (Sheffield BSF) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	59%	59%	N/A[2]	N/A[2]	N/A[2]
PFF (Dorset) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Pi2 B.V (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Pi2 Holding B.V (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
PIP Infrastructure Investments (Southmead) Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	25%	25%	N/A[2]	N/A[2]	N/A[2]
Playton- Saclay	1 Avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	31 Dec '21	(0.0)	62.8
PPP Services (North Ayrshire) Holdings Limited	Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
PPP Services (North Ayrshire) Limited	Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 1 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 2 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 3 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prime Infrastructure Investments Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Prime LIFT Investments	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Prisma 21 (Incorporated in France)	1 avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	N/A[2]	N/A[2]	N/A[2]
Prospect Healthcare (Hinchingbrooke) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	75%	75%	N/A[2]	N/A[2]	N/A[2]
Prospect Healthcare (Hinchingbrooke) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	75%	75%	N/A[2]	N/A[2]	N/A2
Ravensbourne Health Services Holdings Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ravensbourne Health Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH Medway Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH RWF Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Redwood Partnership Ventures 2 Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Redwood Partnership Ventures 3 Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Redwood Partnership Ventures Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Renaissance Miles Platting Holding Company Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Renaissance Miles Platting Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
RL Investment Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Road Infrastructure (Ireland) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '21	11.2	67.5
Road Management Consolidated PLC	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	N/A[2]	N/A[2]	N/A[2]
Road Management Group Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	N/A[2]	N/A[2]	N/A[2]
Road Management Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	N/A[2]	N/A[2]	N/A[2]
Road Management Services (Gloucester) Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	31 Dec '20	(2.6)	70.9
Road Management Services (NB: Bond)	Cannon Place, 78 Cannon Street, London, EC4N 6AF	42%	42%	N/A[2]	N/A[2]	N/A[2]
Road Management Services (Peterborough) Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	31 Dec '20	(5.8)	46.2
RSP (Holdings) Limited	Precision House, Mcneil Drive, Motherwell, United Kingdom, ML1 4UR	30%	30%	N/A[2]	N/A[2]	N/A[2]
RWF Health and Community Developers (Tranche 1) Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
RWF Health and Community Developers Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
S&W (Hold Co Two) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W (Hold Co) One Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co One) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co Two) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP One) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP Three) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP Two) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP Education Partnership Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
Salford Schools Solutions Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	26%	26%	N/A[2]	N/A[2]	N/A[2]

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Salford Schools Solutions Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	26%	26%	N/A[2]	N/A[2]	N/A[2]
Schools Capital Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	51%	51%	N/A[2]	N/A[2]	N/A[2]
Schools Investment Company (Irl) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Schools Public / Private Partnership (Ireland) Limited	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	50%	50%	N/A[2]	N/A[2]	N/A2
Services Support (Cleveland) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Services Support (Cleveland) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Services Support (Gravesend) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Gravesend) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Manchester) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A2
Services Support (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Sheffield Limited Education Partnership Limited (LEP)	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sheffield Schools Topco Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Sheppey Route (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sheppey Route Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sussex Custodial Services (Holdings) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Sussex Custodial Services Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Oxford John Radcliffe) Holdings Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Oxford John Radcliffe) Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	31 Dec '20	3.0	(75.1)
The Hospital Company (QAH Portsmouth) Holdings Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (QAH Portsmouth) Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Southmead) Limited	8 White Oak Square, London Road, Swanley, England, BR8 7AG	63%	63%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Southmead) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	63%	63%	N/A[2]	N/A[2]	N/A[2]
The Renfrewshire Schools Partnership Limited	Precision House, Mcneil Drive, Motherwell, United Kingdom, ML1 4UR	30%	30%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Finance Inc. (Incorporated in Canada)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway General Partnership (Incorporated in Canada)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2022	Shareholding 31-Mar 2021	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Transpark Highway Holdings Inc. (Incorporated in Canada)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Inc. (Incorporated in Canada)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Investment Inc. (Incorporated in Canada)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
TW Accommodation Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
TW Accommodation Services (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Holdco Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Topco Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Willcare (MIM) Limited	128 Buckingham Palace Road, London, United Kingdom, SW1W 9SA	100%	100%	N/A[2]	N/A[2]	N/A[2]
Willcare Holdings Limited	128 Buckingham Palace Road, London, United Kingdom, SW1W 9SA	100%	100%	N/A[2]	N/A[2]	N/A[2]
Wooldale Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Wooldale Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Yorker Holdings PKR Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Zealburg Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]

[1] Denotes a direct shareholding
[2] In line with Companies Act requirements, no disclosure has been made where capital and reserves and profit or loss amounts are not considered to be material

Appendix
Valuation Policy

As described in Section 3.2, the Group's investments are predominantly valued using a discounted cash flow ("DCF") analysis of the forecast investment cash flows from each portfolio company.

The following is an overview of the key assumptions and principles applied in the valuation and forecasting of future cash flows:

- Discount rates and other key valuation assumptions (as outlined above) continue to be applicable
- Contracts for PPP projects and demand-based assets are not terminated before their contractual expiry date
- A reasonable assessment is made of operational performance, including in relation to PPP projects, payment deductions and the ability to pass these down to subcontractors
- Distributions from each portfolio company reflect reasonable expectations, including consideration of financial covenant restrictions from senior lenders
- Lifecycle and capital maintenance risks are either not borne by the portfolio company because they are passed down to a subcontractor or, where borne by the portfolio company, are incurred per current forecasts
- For demand-based assets, a reasonable assessment is made of future revenue growth, typically supported by forecasts made by an independent third party
- Where assets are in construction, a reasonable assessment is made as to the timing of completion and the ability to pass down any costs of delay to subcontractors
- Where a portfolio company expects to receive residual value from an asset, that the projected amount for this value is realised
- Non-UK investments are valued in local currency and converted to Sterling at the period end exchange rates
- A reasonable assessment is made of regulatory changes in the future which may impact cash flow forecasts
- Perpetual investments are assumed to have a finite life (e.g. Affinity Water is valued using a terminal value assumption)
- In forming the above assessments, the Investment Manager works with portfolio companies' management teams, as well as engaging with suitably qualified third parties such as technical advisers, traffic consultants, legal advisers and regulatory experts.

Regulated Assets

The valuation drivers and metrics for certain regulated assets are different in certain aspects from the Company's other market segments – in particular, it is necessary to forecast future regulatory outcomes as well as operational performance against targets and allowances agreed with the regulator.

The Regulated Capital Value ("RCV") multiple, which measures a company's enterprise value as a multiple of RCV, is the most widely used valuation metric for UK regulated assets and forms a useful cross-check to the DCF-derived valuation. An RCV multiple will vary depending on a company's risk profile and operational performance, influenced by factors such as whether the business is listed, its level of gearing, whether it is responsible for funding a pension deficit, and its business scope and complexity.

Glossary

Item	Definition
Acquisition Strategy	This identifies the scope for current acquisitions; further details can be found in Section 2.2 – HICL's Business Model
AIPs	Approved Investment Parameters
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	The Alternative Investment Fund Managers Directive seeks to regulate alternative investment fund managers ("AIFM") and imposes obligations on managers who manage alternative investment funds ("AIF") in the EU or who market shares in such funds to EU investors
AIC	The Association of Investment Companies is a United Kingdom trade association for the closed-ended investment company industry
AIC Code	The 2019 AIC Code of Corporate Governance
AMP7	The UK water industry regulatory period from 2020 to 2025
Corporate assets	These are assets that provide services or access to essential assets for corporate counterparties. The relationship between the infrastructure asset owner and the corporate counterparty is usually contractual, with prices set through a commercial negotiation or a market-clearing price. See Section 2.3 – Core Infrastructure
Corporate Group	Refers to HICL and its Corporate Subsidiaries
Corporate Subsidiaries	HICL Infrastructure 2 S.a.r.l. and Infrastructure Investments Limited Partnership
Demand-based assets	Infrastructure assets with revenues linked to the usage of the underlying assets
Directors' Valuation	Fair market valuation of HICL's investments; further details can be found in Section 3.2 – Valuation of the Portfolio
ESG	Environmental, Social and Governance
EPS	Earnings per share
FATCA	The Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act
FCA	UK Financial Conduct Authority
FM	Facilities Management
IFRS Basis	Basis on which HICL prepares its IFRS financial statements. HICL applies IFRS 10 and Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) and therefore does not consolidate any of its subsidiaries, including those that are themselves investment entities
HICL	HICL Infrastructure Company Limited prior to 31 March 2019 and HICL Infrastructure PLC from 1 April 2019
InfraRed	InfraRed Capital Partners and its Group, more details of which can be found at www.ircp.com
Investment Manager	InfraRed Capital Partners Limited acting in its capacity as Investment Manager to HICL pursuant to the Investment Advisory Agreement
Investment Basis	Pro forma financial information on the basis that HICL consolidates the results of the Corporate Subsidiaries

Glossary (continued)

Item	Definition
Investment Policy	HICL's Investment Policy has not materially changed since IPO and can be found on the website at https://www.hicl.com/about-us/strategy-investment-policy/
IPO	Initial Public Offering, the act of offering the stock of a company on a public stock exchange for the first time. HICL completed its IPO in March 2006
Lifecycle	Concerns the replacement of material parts of an asset to maintain it over its concession life
Market capitalisation	A measure of the size of a company calculated by multiplying the number of shares in issue by the price of the shares
NAV	Net Asset Value, being the value of the investment company's assets, less any liabilities it has. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium
Ofwat	The Water Services Regulation Authority
Ongoing charges	A measure of the regular, recurring costs of running an investment company, expressed as a percentage of NAV
Operating company	A company that owns and operates infrastructure assets
Partnership	Infrastructure Investments Limited Partnership
Portfolio company	Project Companies and Operating Companies to HICL that own or operate infrastructure assets, in which HICL has an investment
PPP project	Public-Private Partnership projects involving long-term contracts between a public sector client and a private company for the delivery of a service or facility for the use by the general public, public bodies, authorities or agencies usually in return for an availability payment
PR19	Ofwat's final methodology for the 2019 Price Review, covering the regulatory period from 2020 to 2025 ("AMP7")
PR24	Ofwat's proposed methodology for the 2024 Price Review, covering the regulatory period from 2025 to 2030 ("AMP8")
PRI	Principles for Responsible Investment
Project company	An infrastructure project or concession with a defined expiry date, including a special purpose company (or other entity) formed with the specific purpose of undertaking an infrastructure project
Regulated assets	Infrastructure assets with monopolistic characteristics and which are subject to regulatory price controls
Revolving Credit Facility	An acquisition facility provided by lenders, held via a Corporate Subsidiary and expiring in June 2024. See Section 3.1 – Financial Review
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
Total Shareholder Return	Return based on interim dividends paid plus movement in the period, divided by opening NAV per share
UN SDG	United Nations' Sustainable Development Goals

Directors & Advisers

Directors
Ian Russell, CBE (Chairman)
Rita Akushie
Mike Bane
Frances Davies
Susie Farnon
Simon Holden
Frank Nelson
Kenneth D. Reid

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Directors & Advisers (continued)

Company
HICL Infrastructure PLC is incorporated in England and Wales under the Companies Act 2006 with registered no. 11738373 and registered as an investment company under Section 833 of the Companies Act 2006.

Investment Manager and Operator
InfraRed Capital Partners Limited is an English limited company registered in England & Wales under number 03364976 and authorised and regulated by the Financial Conduct Authority (authorisation number 195766). InfraRed is a part of SLC Management which is the institutional alternatives and traditional asset management business of Sun Life.

Company Secretary and Administrator
Aztec Financial Services (UK) Limited

Shareholders' Funds
£3.2bn as at 31 March 2022

Market Capitalisation
£3.4bn as at 31 March 2022

Investment Manager and Operator Fees
1.1% per annum of the Adjusted Gross Asset Value[1] of the portfolio up to £750m

1.0% from £750m up to £1.5bn

0.9% from £1.5bn up to £2.25bn

0.8% from £2.25bn to £3.0bn

0.65% above £3.0bn

plus £0.1m per annum investment management fee

No fee on new acquisitions

No performance fee

Fees relating to shareholder matters from underlying project companies are paid to the Group (and not to the Investment Manager).

ISA, NISA, PEP and SIPP Status
The shares are eligible for inclusion in NISAs, ISAs and PEPs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market, and they are permissible assets for SIPPs.

NMPI Status
HICL conducts its affairs as an investment trust. On this basis, the Ordinary Shares should qualify as an "excluded security" and therefore be excluded from the FCA's restrictions in COBS 4.12 of the FCA Handbook that apply to non-mainstream pooled investment products.

AIFMD Status
HICL is a UK domiciled and tax-resident public limited company, which will operate its affairs as a UK Investment Trust Company, and an Alternative Investment Fund under the AIFM Directive. HICL has appointed InfraRed Capital Partners Limited as its investment manager and AIFM under the Investment Management Agreement.

FATCA
HICL has registered for FATCA and has GIIN number E6TB47.99999.SL.826

Investment Policy
HICL's Investment Policy is set out in Section 3.8 – Strategic Report Disclosures of the Company's 2022 Annual Report and can be found in full on the website at www.hicl.com

ISIN and SEDOL
ISIN: GB00BJLP1Y77

SEDOL: BJLP1Y7

Website
www.hicl.com

[1] Adjusted Gross Asset Value means fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations

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HICL Infrastructure

Delivering Real Value.

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