HICL Infrastructure

Enriching lives through infrastructure

HICL Annual Report 2024

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For definitions of our financial terms used throughout this report, please see our Glossary on pages 162 to 163

2024 Highlights

Delivering sustainable income and capital growth from a diversified core infrastructure portfolio

158.2p
NAV[1] per share
2023: 164.9p

8.35p
New Dividend Guidance[2] for 2026
Reaffirmed Dividend Guidance 8.25p for 2025

8.7% p.a.
Total Shareholder Return since IPO[3]

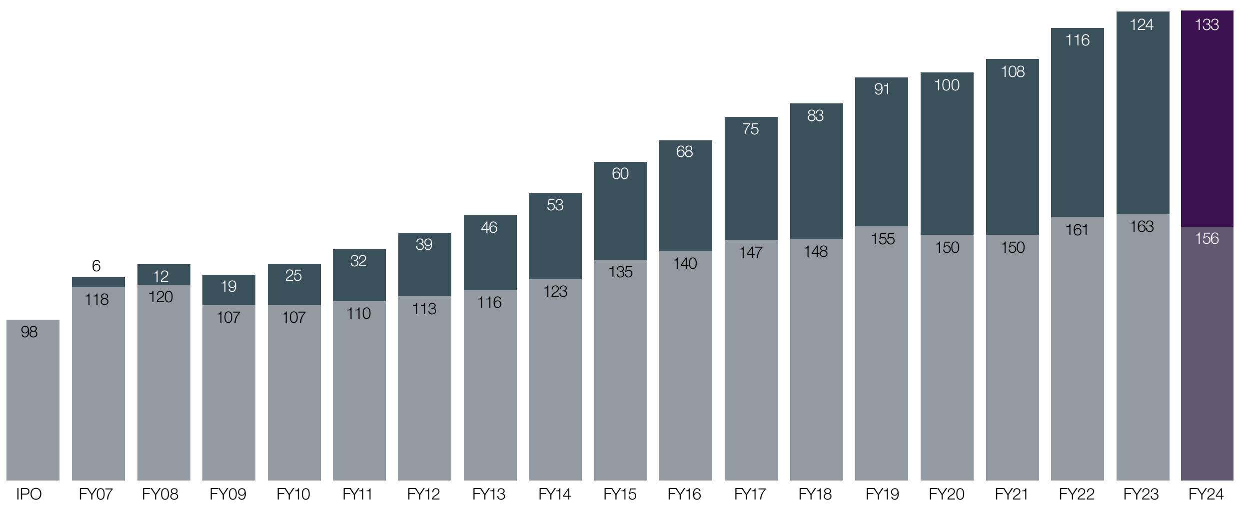
0.7x
Inflation correlation[4]
2023: 0.8x

£736m
Transactions announced in the year

1.37x/1.05x
Dividend cash cover including/excluding profits on disposal[5]
2023: 1.31x / 1.03x

Total return of 8.7% p.a. since IPO

The chart below shows how the combination of dividend and Net Asset Value (NAV) growth has delivered a total return of 8.7% p.a. from IPO to 31 March 2024.



References are made throughout to Alternative Performance Measures 'APMs'. These APMs, which include the Investment Basis, are provided alongside IFRS accounting measures to provide additional information to shareholders.
A full reconciliation of the APMs used is disclosed on page 43

1 Net Asset Value, including the dividend of 2.07p declared on 15 May 2024
2 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
3 Based on interim dividends paid plus change in NAV per share in the year
4 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 0.7%
5 Stated on an Investment Basis, including profits on disposal versus original acquisition cost of £53.4m (2023: £45.5m). Excluding this, dividend cash cover is 1.05x

Chair's Statement

I am pleased to present resilient annual results for HICL. The significant level of transactions completed over the year has materially reduced gearing and enabled a share buyback programme, whilst enhanced cash flow generation and improved prospects for longer-term earnings support a return to sustainable dividend growth.

With the uncertain macroeconomic backdrop persisting, the Board and Investment Manager prioritised balance sheet management and disciplined capital allocation in the year. The acceleration of HICL's (HICL Infrastructure PLC and its subsidiaries, defined as "HICL" or "the Group")[1] strategic asset disposal programme, generating over £500m of proceeds, will enable the complete repayment of HICL's Revolving Credit Facility ("RCF") and the launch of a £50m share buyback. These are responsible, long-term decisions which have created value and demonstrate the Board's approach to capital allocation.

HICL's diversified portfolio of high-quality core infrastructure assets is, by design, substantially insulated from market volatility and performed in line with expectations during the period. Despite this, the Company's[2] shares have traded at a significant discount to their Net Asset Value ("NAV"). The Board and Investment Manager have been aligned in their view that sustained transaction activity is fundamental to demonstrating the robustness of the Company's valuation. With this in mind, HICL disposed of nine assets, all at or above carrying value and representing 13.5% of the opening investment portfolio by value. The most recent was Northwest Parkway in February 2024 at a 30% premium to its most recent valuation. These transactions reinforce the Board's conviction that the Company's stock remains materially undervalued.

The share price at 31 March 2024 implies a long-term expected return from the portfolio of 8.9% p.a. net of costs, representing a 4.8% implied equity risk premium which has widened by 60bps since the Company's interim results at 30 September 2023[3]. The Board believes this represents compelling risk-adjusted value, as demonstrated by its commitment to undertake up to £50m in share buybacks over a 12-month period.

Financial performance

HICL's NAV per share at 31 March 2024 was 158.2p (March 2023: 164.9p). This resilient result was underpinned by the underlying return from the portfolio of 9.0% (March 2023: 10.2%), which exceeded HICL's weighted average discount rate of 7.2% as at 31 March 2023. This outperformance was offset by the effects of macroeconomic assumptions, particularly increased discount rates, which resulted in earnings per share for the year of 1.5p (March 2023: earnings of 9.9p). Total Shareholder Return ("TSR") was 1.0%[4] (March 2023: 6.3%).

> "HICL invests in assets with strong social foundations such as healthcare and education, assets that connect communities from rail and road to communications; and assets that support the transition to a low-carbon modern economy."

1 HICL Infrastructure PLC and its subsidiaries is defined as either HICL or the Group throughout the Report
2 HICL Infrastructure PLC, the Company only, is defined as the Company throughout the Report
3 Based on discount rate, less Ongoing Charges Ratio, adjusted to reflect the share price discount to the NAV using published discount rate sensitivities
4 Based on interim dividends paid plus change in NAV per share in the year

Chair's Statement continued

> "The Board is pleased to issue new dividend guidance of 8.35pps for the year to 31 March 2026, signifying a return to sustainable, long-term dividend growth."

The primary driver of the decrease in NAV per share in the year was an 80bps increase in the weighted average discount rate used to value the portfolio, reflecting increased long-term government bond yields in HICL's key markets. This was materially offset by higher near-term forecast inflation rates as well as profitable transaction activity in the year.

A more detailed explanation of the portfolio's valuation and discount rate movements over the year is given in the Valuation of the Portfolio section, starting on page 46.

Business model in action

Accretive asset rotation has long been a key component of HICL's differentiated strategy, with 26 disposals contributing over 10.1p to NAV per share since its IPO in 2006. During the year, the Board and Investment Manager accelerated HICL's disposal programme across a range of sectors and geographies generating over £500m in cash proceeds. This decisive action enabled HICL to self-fund portfolio evolution, repay the RCF and launch a £50m buyback programme.

The combined £736m of transactions announced during the year have contributed c.3.3p to HICL's NAV per share, improved portfolio composition and contributed positively to key portfolio metrics.

More information on these transactions can be found in the Investment Manager's Report starting on page 20.

Race Bank OFTO

158.2p
NAV per share
at 31 March 2024

8.35pps
New dividend guidance
for FY 2026

£736m
of transactions announced

Portfolio evolution

HICL's strategic approach to portfolio construction underpins its ability to deliver an attractive investment proposition for decades to come. Careful and considered transaction activity in recent years has deliberately extended HICL's revenue streams, introducing assets positioned to capture real growth and to balance the increasing maturity of the Group's PPP concessions.

This strategic evolution is now reflected in HICL's asset base: mature shorter-life assets providing a strong yield ("Yielders"), complemented by assets with longer asset life, stronger inflation correlation and greater growth potential ("Growers"). HICL's Yielders deliver a forecast 10-year cash yield of c.10% against a weighted average life of 14 years, contrasted with HICL's Growers which are forecast to deliver a 10-year growth rate of 7% p.a. and benefit from a weighted average asset life of 48 years. The combination of these two asset groups provides a robust and enduring earnings platform from which the Company expects to deliver dividend and NAV growth for shareholders over the long term.

Return to dividend growth

The Board reconfirms the dividend guidance of 8.25pps for the year to 31 March 2025, and is pleased to issue new dividend guidance of 8.35pps for the year to 31 March 2026, signifying a return to sustainable, long-term dividend growth[1].

The Board recognises the important role played by the Company's dividend in delivering its compelling total return proposition, and remains focused on providing investors with an attractive income stream alongside a growing earnings base. This approach requires appropriate balance, over the long term, between distributions to shareholders and reinvestment for future growth.

The impact of high inflation over the past 18 months is increasingly flowing through into higher cash receipts across the portfolio, and is supported by real growth in HICL's demand-based assets, all of which are now making regular distributions. In addition, the asset rotation undertaken in the year has improved the portfolio's yield profile. Together this provides the Board with the confidence that dividend cash cover will continue to improve in the coming years and that a growing dividend will be appropriately supported both by cash and earnings over the long term.

The Board will continue to assess the ability for further dividend growth over the coming year, as Affinity Water progresses through its regulatory review.

1 This is a target only and not a profit forecast. There can be no assurance that this target will be met

Sustainability progress

HICL's critical infrastructure investments form the foundations of societies, economies and local communities. The Group's assets respond to fundamental socioeconomic needs and provide critical services. Over 35 million people worldwide use HICL's assets in their daily lives, with the underlying assets employing over 2,300 people directly and thousands more through their supply chains. The Board recognises that positive outcomes for HICL shareholders are intrinsically linked to positive outcomes for the communities served by HICL's assets.

The Board's strategy is to improve both the impact and disclosure of HICL's sustainability approach. Improvements this year have included an investor survey, led by a third party, on HICL's sustainability approach. HICL received an average rating of 7.8 out of 10 for its ESG disclosures and 7.6 out of 10 for its ESG metrics and targets. The survey also provided valuable perspectives on the evolving landscape of ESG reporting frameworks, and the metrics most commonly used by investors. This information will enable the Company to continue to meet sustainability reporting expectations and offer accountability to investors.

Further information on this shareholder survey, as well as an in-depth review of HICL's and Investment Manager's sustainability performance and ambitions, can be found in HICL's standalone Sustainability Report, available on the Company's website under Reports & Publications, the highlights of which are on page 36 of this report.

Capital allocation

The Board maintains a strong focus on capital allocation. This was evidenced during the year by the acceleration of HICL's strategic asset disposal programme, the prioritisation of reducing RCF drawings, the announcement of a share buyback programme and the execution of highly selective accretive investments.

Going forward, the Board will continue to apply a highly-disciplined approach to capital allocation, with a suitably high bar for new acquisitions, guided by the relative attraction of further share buybacks.

> "The Board recognises that positive outcomes for HICL shareholders are intrinsically linked to positive outcomes for the communities served by HICL's assets."

Lewisham School

Outlook

The Board and Investment Manager's disciplined approach to balance sheet management has provided a platform from which HICL can execute its strategy with flexibility and enhanced financial firepower.

The growth potential in the infrastructure sector, particularly in those areas that support the modern economy, is considered vast. Alongside HICL's resilient concession-based portfolio, more recent growth-oriented investments enhance the Company's long-term earnings drivers and provide greater potential for outperformance through active management. I invite you to look at the increased disclosure on the key growth drivers for these assets which are included in the Top 10 assets section starting on page 26.

Driven by the Manager's proven ability to consistently realise investments at attractive valuations, the Company expects to continue to progress strategic and accretive asset rotation. Prevailing market dislocation is anticipated to provide opportunities to further enhance portfolio construction and generate shareholder value through selective investments, without recourse to equity markets.

HICL's diversified portfolio of over 100 high-quality, inflation-linked assets reflects the evolution of the core infrastructure market – offering shareholders attractive risk-adjusted value for today, with exposure to the powerful infrastructure megatrends driving the returns of tomorrow.

Mike Bane
Chair
21 May 2024

8.7% p.a.
Total return since IPO in 2006

0.7x
Inflation correlation

29.4 years
Weighted average asset life

£50m
Announced share buyback programme

Download the HICL Sustainability Report online www.HICL.com

HICL at a glance

Our **purpose** is to be a pre-eminent investor in essential core infrastructure in our chosen markets

Our **vision** is to enrich lives through infrastructure

Strong social foundations

45%

of portfolio

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

- Health
- Education
- Fire, Law and Order
- Accommodation

Connecting communities

37%

of portfolio

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

- Availability or toll roads
- Rail and rolling stock
- Fibre networks
- Mobile towers

Sustainable modern economies

18%

of portfolio

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

- Water
- OFTOs
- Electricity transmission

Read more about our Top 10 investments on page 26

A commitment to **sustainability**

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

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Read more about HICL's sustainability highlights on page 36

"As a trusted steward of essential infrastructure that sits at the heart of communities, sustainability and a focus on creating positive societal impacts are firmly embedded in HICL's business model."

Mike Bane
Chair of the Board of Directors

InfraRed is the **Investment Manager**, operating for the investment portfolio and responsible for delivering HICL's purpose and vision

InfraRed Capital Partners

Read more at www.ircp.com

- US$13bn+ Equity under management
- 230+ Investments
- 100+ Infrastructure professionals
- 25+ yr Track record
- 160+ Employees in five international offices

A strong **investment proposition**

Read more on page 14

HICL's Investment Proposition is to deliver sustainable income and capital growth from a diversified portfolio of investments in core infrastructure.

Diversification

We provide shareholders with immediate access to a portfolio of

100+

assets

Sustainability

We invest in assets that sit at the heart of communities. 35 million people have access to our infrastructure

35m

people

Total return

Since IPO we have delivered a Total Shareholder Return of

8.7% p.a.

Yield

We deliver a sustainable dividend

8.25p

per share 2024

Inflation correlation

We deliver a return that correlates to long-term inflation

0.7x

Asset life

We offer cash flow visibility from long-life infrastructure assets

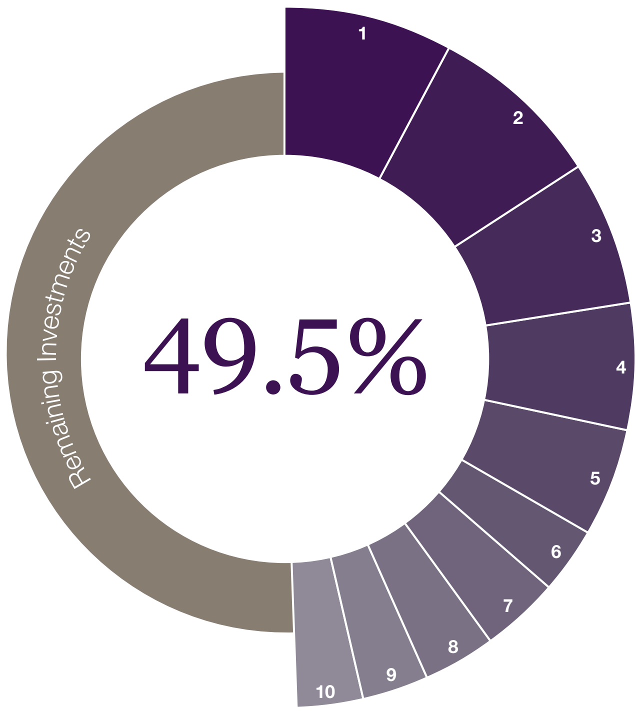
29.4 yr

weighted average asset life

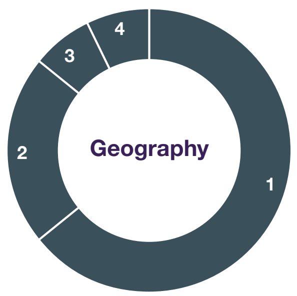
HICL at a glance continued

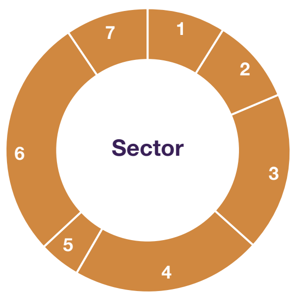
A diverse portfolio with over 100 assets[1]

Read more about out Top 10 investments on page 26



A diverse portfolio of over 100 assets

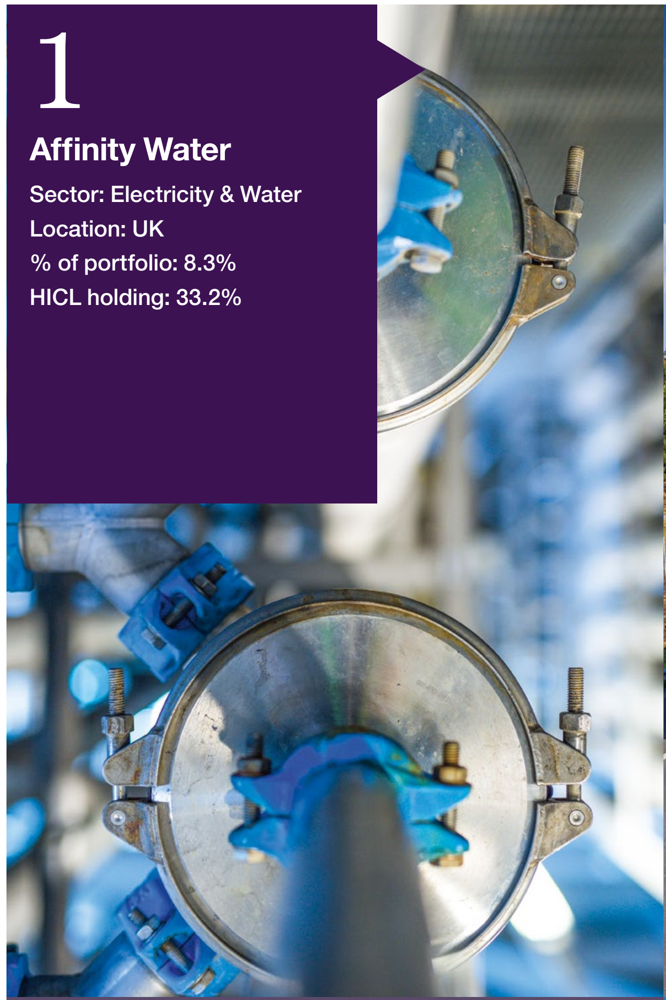




1	UK	64%
2	EU	22%
3	North America	7%
4	Australia/New Zealand	7%

1	Accommodation	9%
2	Education	10%
3	Electricity & Water	18%
4	Health	22%
5	Fire, Law & Order	5%
6	Transport	27%
7	Communications	9%

1 By value, at 31 March 2024, using Directors' Valuation



1
Affinity Water
Sector: Electricity & Water
Location: UK
% of portfolio: 8.3%
HICL holding: 33.2%

2
A63 Motorway
Sector: Transport
Location: France
% of portfolio: 7.9%
HICL holding: 24.0%

3
Fortysouth
Sector: Communications
Location: New Zealand
% of portfolio: 6.5%
HICL holding: 40.0%

4
Texas Nevada Transmission
Sector: Electricity & Water
Location: USA
% of portfolio: 5.6%
HICL holding: 45.8%

5
High Speed 1
Sector: Transport
Location: UK
% of portfolio: 4.6%
HICL holding: 21.8%

6
Southmead Hospital
Sector: Health
Location: UK
% of portfolio: 3.9%
HICL holding: 62.5%

7
Royal School of Military Engineering
Sector: Accommodation
Location: UK
% of portfolio: 3.5%
HICL holding: 100.0%

8
Pinderfields & Pontefract Hospitals
Sector: Health
Location: UK
% of portfolio: 3.5%
HICL holding: 100.0%

9
Home Office
Sector: Accommodation
Location: UK
% of portfolio: 3.0%
HICL holding: 100.0%

10
Cross London Trains
Sector: Transport
Location: UK
% of portfolio: 2.7%
HICL holding: 6.5%

The infrastructure market

HICL's market directly connects with its vision, to develop strong social foundations, connect communities and support sustainable modern economies.

Underpinning each of these three themes is a fundamental need for infrastructure investment across the world, driven by demographic shifts, increasing urbanisation, technological advancement and climate change.

HICL invests in core infrastructure, the segment of the infrastructure market at the lower end of the risk spectrum, and informed by HICL's core infrastructure framework (see page 14). Core infrastructure captures those critical assets that underpin the functioning of economies and societies, and therefore represents the most pressing investment need.

In the OECD, the core infrastructure sectors in need of investment include transport, healthcare, electricity grid infrastructure and digitalisation. Investment decisions in infrastructure, which are inherently long term, will increasingly be viewed through a sustainability lens as developed economies look to harness technology to combat climate change and grow economies.

Driven by the fundamental trends set out in this section, the scale of investment required across HICL's target sectors and geographies is significant. As a result, the Company expects to benefit from attractive opportunities to invest in a range of core infrastructure assets.

The scale of the investment challenge

McKinsey estimates that an average of $3.7 trillion per year of infrastructure investment is required globally by 2035, just to keep pace with economic growth.

$3.7 trillion

per year of infrastructure investment is required globally by 2035

The World Bank estimates that roughly $2.6 trillion is required annually until 2030 in sustainability-related infrastructure spending alone, to meet the UN SDGs and stay on a path to a net zero society by 2050.

$2.6 trillion

required annually in sustainability-related infrastructure spending to meet the UN SDGs

The G20 Global Infrastructure Outlook estimates that the world needs to invest $94 trillion in infrastructure by 2040 to meet global economic growth and development goals.

$94 trillion

investment needed to meet global economic growth

Sources: Please see Appendix 3 on page 161

Strong social foundations

From schools and hospitals to police and fire stations, social infrastructure assets are critical to the functioning of communities and play a crucial role in the global economy. As new technologies emerge, existing assets decay and the needs of societies shift over time, upgrading and building new social infrastructure is critical to people's quality of life.

In response, investment is required to both adequately replace ageing infrastructure, and to adapt infrastructure, old and new, to changing patterns of service delivery, urbanisation and demographic shifts, including rapidly ageing populations across developed markets.

For over 30 years, governments across developed markets have utilised the Public Private Partnership ("PPP") procurement model to deliver social infrastructure assets, working collaboratively with long-term private investors, such as HICL. Although use of the PPP framework is now more limited in the UK, it continues to be employed across Europe, North America and Australasia.

Key policy and market developments in the year:

- c.£24.7bn of PPP transactions across the EU, North America, Australia and New Zealand over FY24.
- In the UK, sporadic adoption of PPP for small scale projects, noting more recent adoption in growth areas such as district heating; no clear national successor framework to PFI/PF2, abolished in 2018.
- The Welsh government committed to deliver £1bn of infrastructure through a new Mutual Investment Model ("MIM"), reaching financial close in April 2024 on the first facility, a £180m hospital in Cardiff.
- In November 2023, the UK's Shadow Chancellor Rachel Reeves convened a new British Infrastructure Council that will work to unlock private investment for national infrastructure projects.

Relevant sectors include: Health / Education / Fire, Law and Order / Accommodation

Exploring the PPP model

PPPs benefit from availability-based revenues, underpinned by long-term inflation-linked contracts with public sector clients. For HICL, these high-quality revenues play an important role in supporting yield. For the community, these critical assets deliver a range of benefits to key stakeholders:

Facility condition

The consequences of ageing social infrastructure is increasingly apparent. Various public reports in the year detailed widespread and serious issues with UK public sector facility condition, affecting schools, hospitals and prisons leading in some cases to evacuation of the facilities. The issues relate to outdated construction materials and methods, in particular aerated concrete (RAAC) and asbestos.

In response, InfraRed surveyed HICL's entire portfolio and did not identify RAAC in any PPP-procured facilities. This reflects the modern construction techniques employed for PPPs, as well as the high standard of facility maintenance delivered through the PPP contractual framework, requiring whole-of-life capex optimisation and clear performance regimes.

Flexibility

Collaborative partnership under the PPP model enables facilities and services to evolve with public sector needs, including responding to complex requests from clients in a timely and cooperative manner.

Recent examples of such 'variations' include:

- The recent conversion of administrative areas into clinical accommodation to provide 30 additional patient beds at Southmead Hospital (see page 32)
- The completion of bespoke contract variations across 24 hospitals in response to the Covid-19 pandemic, predominantly to increase capacity

In these cases, the Company has prioritised the delivery of augmented works, with the formal contractual variations being agreed subsequently with the relevant clients.

Meeting community demand

Harnessing private capital has proved a valuable enabler of the delivery of much-needed critical social infrastructure. Between 1999-2014, c.100 new hospital facilities were delivered in the UK under the PPP model. Since the UK reduced its adoption of the PPP model, only nine new hospitals were built between 2015-2024[1]

InfraRed is a leading player in the PPP space

HICL's Investment Manager, InfraRed, has over 25 years of experience developing and managing social infrastructure assets around the world under PPP frameworks. During the year, InfraRed, alongside peers, formed The Association of Infrastructure Investors in Public Private Partnerships (AIIP) to provide a co-ordinated voice on industry issues with stakeholders including the UK Government. In addition, InfraRed is a member of the IPA's PPP steering committee, as well as its specialised working groups focused on handback and net zero.

1 As at 21 February 2024

The infrastructure market continued

Connecting communities

Infrastructure that connects communities, such as roads, bridges and digital communication networks, plays a vital role in driving development, connecting people to employment and education and is fundamental to our social wellbeing.

Investment in transport infrastructure is essential to meet the growing demand for mobility, inter-regional connectivity, and decarbonisation. The trends of ageing infrastructure, urbanisation and decarbonisation continue to drive further investment in this space. Physical connectivity is complemented by the rapidly growing adoption of digital connectivity, with material increases in data consumption driving investment across fibre, mobile and data centres.

Digital infrastructure remains in various stages of maturity, with a wide range of market structures available. For example, in certain mature geographies, such as the UK and Germany, the fibre industry remains in development and presents higher risk versus mature, regulated and wholesale fibre markets such as France, where HICL has an investment in Altitude fibre. InfraRed's deep experience across the digital space is crucial to evaluate and navigate market and asset risks in the sector.

Key policy and market developments in the year:

- Over €9.1bn of European transport concessions launched in 2023, a 75% increase from 2022.
- In December 2023, the UK government announced a new target to grow rail freight by at least 75% by 2050, reinforcing its commitment to modal shift to cut congestion and carbon emissions.
- In April 2024, the European Council adopted the Gigabit Infrastructure Act which aims to simplify and accelerate the roll-out of high-speed networks including fibre and 5G.
- As at September 2023, there were over 18,500 5G deployments in place in the UK across c.81,000 sites, up from c.12,000 deployments reported in 2022.

Relevant sectors include: / Transport / Fibre / Towers / Data centres

Growth sector case study: Data centres

What is a data centre?

A data centre is a building and its adjoining utilities, designed to provide a highly secure environment to host customer servers at scale.

The growing role of data centres

- The amount of digital data created worldwide in 2017 32 zettabytes; is expected to reach 291 zettabytes by 2027[1]
- The need to store these increasing amounts of data has accelerated demand for data centres
- In 2022, Savills estimated that Europe's pipeline of data centres would need to more than double by 2025

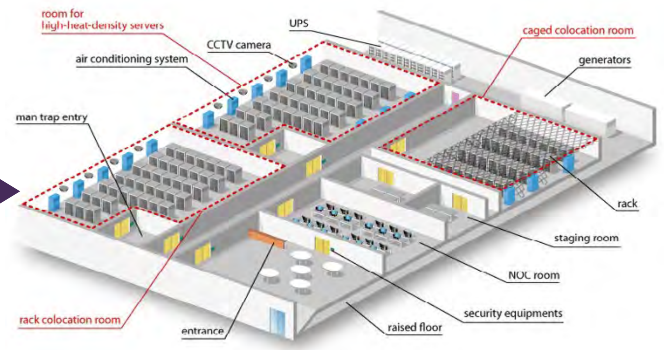
The investment case for data centres

- Alongside the rapid growth in the sector, pockets of the market are now mature and represent derisked and yielding core infrastructure investment opportunities. Mature "hyperscale" data centres house critical computing and network infrastructure for big data-producing companies, who lease dedicated space to manage their cloud computing, big data analytics and storage requirements. In Europe, the most mature hyperscale datacentres are found in Frankfurt, London, Amsterdam, and Paris

InfraRed has been actively involved in the data centre market for several years, and believes that within the next one to three years, the sector will increasingly exhibit core infrastructure characteristics:

- Long term leases are agreed with investment grade counterparties and often benefit from a degree of inflation linkage
- Sticky customer base due to high switching costs and barriers to entry
- Risks related to energy consumption and server equipment often sit with the end user
- Critical infrastructure supporting and enabling core digital services

Typical data centre layout: The portfolio company would own and be responsible for all items excluding computing and server equipment



1 IDC intelligence

Sustainable modern economies

In the face of a changing climate, sustainable modern economies need to increasingly manage essential resource scarcity (e.g. water) and the transition to a low-carbon economy. Significant investment in the generation, transmission, distribution and storage of clean energy is essential to deliver net zero by 2050.

Energy planning continues to be driven by the three concerns of decarbonisation, security and affordability – together the 'energy trilemma'. Over the year, focus on security and affordability has been heightened due to enduring geopolitical volatility and cost of living stress, respectively. These considerations are expected to continue to drive significant investment in energy infrastructure across the electricity system value chain (generation, transmission, distribution).

Addressing this trilemma requires new sources of green electricity supply, substantial shifts in electricity demand due to the decarbonisation of heat and transport, and substantially evolved grid infrastructure to accommodate these material shifts in both.

Key policy and market developments in the year:

- A 2024 GB Electricity System Operator (ESO) report proposes a £58 billion investment in the electricity grid to meet the growing and decarbonising demand for electricity in Great Britain by 2035.
- Annual spending on electricity transmission grids across EU member states is currently c.€63bn, exceeding the European Commission's €58.4bn estimate for annual grid investment until 2030.
- A US consultancy Grid Strategies 2023 forecast of US electricity demand growth over the next five years rose from 2.6% in 2022 to 4.7%.
- The UK government has allocated £65m to supporting five district heating networks that will use waste heat from data centres to provide heating and hot water to more than 10,000 homes.
- The UK government, alongside Ofgem, published Connections Action Plan setting out its intention to improve access to the electricity grid.

Relevant sectors include: / Water / OFTOs / Transmission / District heating

Growth sector case study: District heating

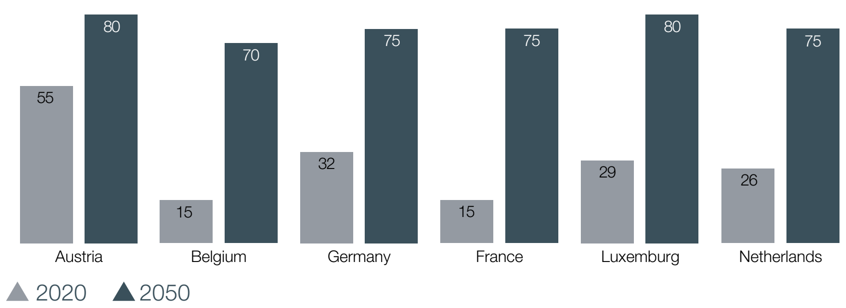
What are district heating networks?

District heating networks distribute heat from centralised sources to customers via underground pipes, more efficiently delivering heat versus traditional in-house boilers.

The growing role of district heating

- In the UK, heating represents 37% of total greenhouse gas emissions
- District heating networks can harness various low-carbon energy sources such as biomass and geothermal
- The UK government has committed to growing the proportion of its heat from these networks to 20% by 2050, up from less than 3% in 2022
- Many European countries are pursuing district heating within their decarbonisation strategies (see chart above for projected district heating market shares in 2050 relative to 2020 positions). In recent years, district heating has accounted for over 50% of heat delivered across certain Nordic countries

District heating market shares in district heating areas[1] within the EU



The investment case for district heating

InfraRed has been tracking the district heating market for several years, and believes that within the next one to three years, the sector will increasingly exhibit core infrastructure characteristics:

- Revenues underpinned by availability-based payments and consumption charges
- Pass-through pricing mechanisms mitigate underlying commodity price exposure
- High barriers to entry and sticky customer base
- High quality counterparties e.g. universities, hospitals, supported by local authorities

1 A district heating area is defined as an area within a region where a district heating system partially or fully supplies heat to the buildings

Business model
How we create value

1.
Core infrastructure characteristics we look for…

InfraRed evaluates the infrastructure market systematically using HICL's core infrastructure framework:

Cash flow quality

- Low volatility in a range of macro environments
- Suitable / diverse counterparties
- Inflation protection
- High capital cost
- Low operational complexity

Market positioning

- Monopolistic characteristics
- Regulated in some circumstances
- Capital intensive business model
- Structural protections

Criticality

- Strong social licence and public benefit
- Real assets supporting essential services or facilitating important social function

2.
to deliver on our strategy…

Developed by the Board and Investment Manager to ensure we deliver on our Investment Proposition

Deliver a sustainable dividend

An annual distribution of at least that achieved in the prior year, fully cash covered and supported by long-term portfolio earnings.

Grow Net Asset Value

Preserve and grow the capital value of the investment portfolio over the long term.

Build a diversified portfolio to manage risk

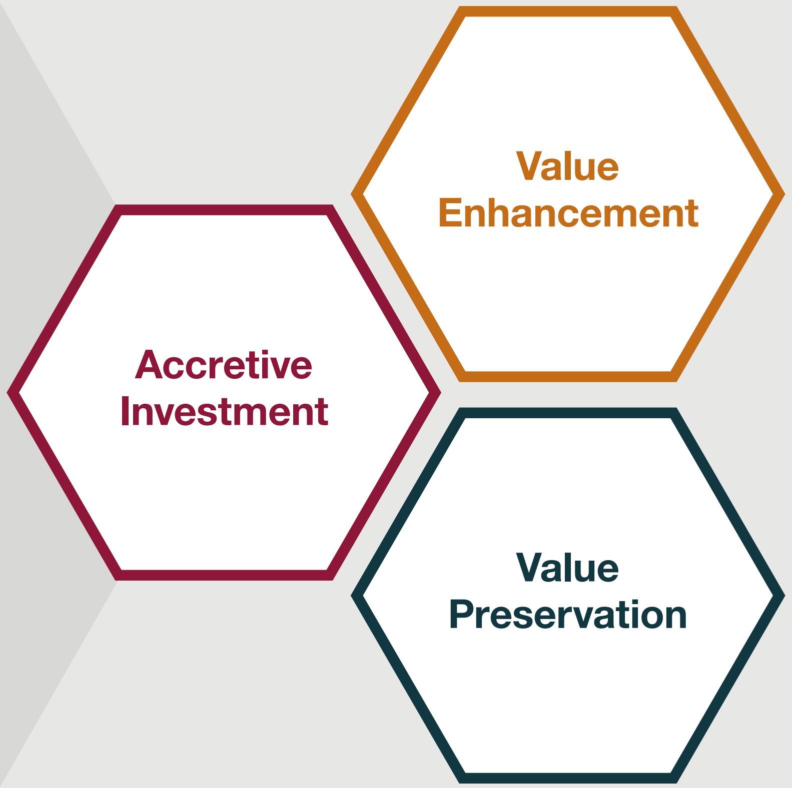
Spanning high-quality assets across the core infrastructure market.

Provide a compelling cost proposition

Evidenced through a competitive Ongoing Charges Ratio.

3.
through our sustainable approach to value creation…

See next page for more detail on the three pillars of HICL's business model



4.
for the benefit of our key stakeholders

Our communities and end-users

We invest in essential assets which have a social purpose and will have a beneficial impact on the quality of life for the communities where they are located.

8m+
people with direct access to healthcare facilities

500km+
of road and high-speed railways

120,000
student places across schools, colleges and university facilities

Our clients

We work together with corporate partners and public sector clients, including the UK's National Health Service (NHS), local councils, National Highways, and various government departments.

19
NHS Trusts in the portfolio

Our shareholders

A long-term sustainable mindset is imperative to achieve outperformance for shareholders. We offer long-term real returns from core infrastructure assets.

8.7% p.a.
Total Shareholder Return since IPO

158.2p
NAV per share

The three pillars of our business model

1 Accretive Investment

HICL has a clearly defined Investment Policy. 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.

Fundamentally it does this through:

- A structured asset quality evaluation framework focusing on cash flow quality, market positioning and criticality
- Careful and deliberate portfolio construction to limit exposure to any one factor and in so doing improve portfolio resilience
- An overarching focus on sustainability that is built into the investment process (see HICL's 2024 Sustainability Report)
- An objective that acquisitions are generally accretive to key portfolio metrics

Working within investment parameters approved by the HICL Board, InfraRed is responsible for the selection and pricing of new investments and, from time-to-time, disposals. The Acquisition Strategy is periodically reviewed by the Board and agreed with InfraRed.

InfraRed's Investments team, in coordination with the Fund Management team, uses a variety of channels to source accretive transactions for HICL.

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 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.

Fundamentally it does this through:

- Sponsoring the implementation of initiatives within portfolio companies to optimise asset business plans, pursue growth initiatives or enhance 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 (for example, management services and insurances for PPP projects)
- Exploring opportunities to add to or upgrade asset level facilities to improve stakeholder outcomes whilst supporting long-term shareholder returns (for example, undertaking contract variations on PPP projects that add to the scope of services)
- Driving efficient financial and treasury management of HICL, seeking opportunities to reduce ongoing costs
- Considering where value can be improved, or portfolio risk profile improved, through selective disposals

3 Value Preservation

InfraRed's Asset Management and Portfolio Management teams work closely together, in partnership with the management teams in HICL's portfolio companies, to deliver HICL's Investment Proposition by preserving 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.

Fundamentally it does this 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 at the asset level by promoting greater awareness within portfolio company management teams and driving the pursuit of specific initiatives to comply with regulation and support sustainable, responsible business operations
- Oversight of financial performance against HICL's forecasts
- Optimising cash efficiency by managing cash flow from HICL investments and minimising cash drag on returns
- Managing the process and analysis required for valuations of HICL's portfolio
- Following prudent financial management practices (e.g. accounting and tax policies, treasury processes)

Engaging with our stakeholders

As a responsible owner of essential public assets, HICL's ability to deliver its Investment Proposition over the long term is inextricably linked to the delivery of positive stakeholder outcomes for the broader community.

	Stakeholder expectations	Our approach and touchpoints
Our communities and the end-users of our assets		
We invest in infrastructure projects that provide essential services to local communities. In some instances, we deliver those services directly, such as the provision of clean energy or water, and in other instances these services are performed by our public sector clients such as healthcare services.	Communities expect seamless access to essential services like water, transport, and energy.	– We support community engagement initiatives at the company level – At the portfolio level, we facilitate the sharing of best practice for engagement and design of scalable solutions – At the Manager level, InfraRed forms dedicated groups to drive key initiatives
Our clients		
We work together with corporate partners and public sector clients, including the UK's NHS, local councils, National Highways, and various international government departments to deliver many of our essential infrastructure services.	Infrastructure assets are built and maintained in line with contractual requirements, so that clients can offer critical services to their communities.	– Direct and proactive client engagement at the portfolio company level – Client surveys to understand the needs of our clients and their communities. – This is a fundamental driver of InfraRed's Portfolio Impact Strategy – We engage in public-private working groups to identify solutions to industry challenges such as net zero and handback requirements
Our people		
HICL portfolio companies employ over 2,300 people, and thousands more through each asset's supply chain. InfraRed has a talented, diverse team of over 160 people worldwide which comprises over 20 nationalities speaking 20 different languages.	Make a positive impact on the environment and society whilst growing personally and professionally.	– Through our governance rights, we ensure portfolio companies who employ staff directly have current and appropriate policies in place such as diversity and inclusion and modern slavery – At the Manager level, InfraRed implements initiatives around the principles of attracting, retaining and cultivating diverse talent and empowering its employees
Our delivery and other partners		
To enable high-quality infrastructure assets, we partner with many specialist organisations which include management service providers, construction companies, facilities management companies, financiers, co-shareholders and advisers.	Collaborate with each company to fulfil their own business objectives whilst enabling the sustainable delivery of high-quality services to infrastructure assets.	– Targeted engagement with business partners at the asset and portfolio levels – Quarterly and annual monitoring – Manager-led semi-annual ESG summits with all portfolio companies
Our shareholders		
We invest in infrastructure assets using the capital provided by our investors. Our shareholders range from individuals to substantial international institutions, and pension funds which have a long-term investment horizon.	Maximise long-term sustainable financial returns for a given level of risk. Accessible and transparent reporting on the Company and portfolio.	– Investor presentations targeted at both institutional and retail investors – Responding to investor information requests – Transparent ESG reporting

AGM
2:00pm Wednesday, 17 July 2024
Brewers Hall, Aldermanbury Square, Barbican, London EC2V 7HR

Key Performance and Quality Indicators

The Board has identified metrics to measure HICL's performance against its strategic objectives. The results for the year ended 31 March 2024 are set out below.

Key Performance Indicators

Dividends

8.25p

2023: 8.25p

Measure
Aggregate interim dividends declared per share for the year.

Objective
An annual distribution of at least that achieved in the prior year.

Performance

2022	8.25p
2023	8.25p
2024	8.25p

Link to strategy

Total Shareholder Return[1]

8.7% p.a.

2023: 8.9% p.a.

Measure
NAV growth and dividends paid per share since IPO.

Objective
A long-term IRR target of 7% to 8% as set out at IPO[2].

Performance

2022	9.0%
2023	8.9%
2024	8.7%

Link to strategy

Cash-covered Dividends[3]

1.37x / 1.05x[4]

Including / excluding profits on disposal

2023: 1.31x / 1.03x[4]

Measure
Operational cash flow/dividends paid to shareholders.

Objective
Dividend payments are covered by cash received from the portfolio.

Performance

2022	1.05x
2023	1.31x
2024	1.37x

Link to strategy

Positive Inflation Correlation

0.7x

2023: 0.8x

Measure
Changes in the expected portfolio return for 1% p.a. inflation change for each and every future period.

Objective
Maintain positive correlation with a correlation of at least 0.5x.

Performance

2022	0.8x
2023	0.8x
2024	0.7x

Link to strategy

Competitive Cost Proposition

1.14%

2023: 1.09%

Measure
Annualised ongoing charges/average undiluted NAV[6].

Objective
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.

Performance

2022	1.06%
2023	1.09%
2024	1.14%

Link to strategy

1 Return based on NAV growth and dividends paid per share since IPO
2 Set by reference to the issue price of 100p/share, at the time of HICL's IPO in February 2006
3 Further details on this APM are provided in the Financial review on page 43
4 Including profits on disposals versus original acquisition cost of £53.4m (2023: £45.5m). Excluding this, dividend cash cover would have been 1.05x (2023: 1.03x)
5 Including profits on disposals versus original acquisition cost of £45.5m. Excluding this, dividend cash cover would have been 1.03x
6 Calculated in accordance with Association of Investment Companies guidelines. Ongoing charges excluding non-recurring items such as acquisition costs

Link to strategy

- Deliver a sustainable dividend
- Grow Net Asset Value
- Build a diversified portfolio to manage risk
- Provide a compelling cost proposition

Key Quality Indicators

Investment Concentration Risk

49.5%[1], 8.3%[2]

2023: 49%, 7.3%

Measure
Percentage of portfolio value represented by the ten largest investments[3].

Percentage of portfolio value represented by the single largest investment[3].

Objective
Maintain a diversified portfolio of investments (thereby mitigating concentration risk) and, at all times, remain compliant with HICL's Investment Policy. Single asset concentration < 15%.

Performance

2022	48%
2023	49%
2024	49%

Link to strategy

Risk/Reward Characteristics

17.1%

2023: 21.8%

Measure
Percentage of portfolio value represented by the aggregate value of projects with construction and/or demand-based risk[4].

Objective
Compliance with HICL's Investment Policy, to be lower than the aggregate limit of 35% for such investment.

Performance

2022	25%
2023	22%
2024	17%

Link to strategy

Weighted Average Asset Life

29.4 years

2023: 32.2 years

Measure
Portfolio's weighted average unexpired concession length.

Objective
Seek where possible investments that maintain or extend the portfolio concession life such that it remains above 20 years.

Performance

2022	29.8 yrs
2023	32.2 yrs
2024	29.4 yrs

Link to strategy

Refinancing Risk

2.5%[5]

2023: 0.6%[5]

Measure
Investments with refinancing risk within 24 months as a percentage of portfolio value[6].

Objective
Manage exposure to refinancing risk to 20% of portfolio value.

Performance

2022	0.0%
2023	0.6%
2024	2.5%

Link to strategy

Sustainability Stewardship

98%

2023: 97%

Measure
Percentage of the portfolio that is rated 'high' for ESG performance[7].

Objective
> 75% of the portfolio rated high in ESG performance.

Performance

2022	98%
2023	97%
2024	98%

Link to strategy

1 49.5% is the sum of the Top 10 assets in HICL's portfolio by value
2 8.3% is the size of the largest asset in HICL's portfolio, Affinity Water, by value
3 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
4 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
5 Refinancing required on Texas Nevada Transmission and Affinity Water
6 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 at 31 March
7 'High' rating in ESG performance means scoring 4/5 stars in the HICL Sustainability Survey or subsequent metrics as ESG reporting evolves

Investment Manager's Report

Right:
Edward Hunt
Head of Core Infrastructure Funds, InfraRed
Edward leads the InfraRed team that manages HICL

Left:
Helen Price
CFO, InfraRed
Helen is responsible for managing the financial activities carried out by InfraRed for HICL

HICL has performed well operationally in the year, with the portfolio well insulated from rising interest rates and benefitting from strong inflation correlation. This solid foundation was supported by the enhancement of the Group's balance sheet and the continued strategic evolution of the portfolio during the year.

These achievements were underpinned by the acceleration of the Group's asset rotation strategy, resulting in over £700m of transactions, including over £500m of accretive disposals and complemented with highly targeted acquisitions. This activity improved key portfolio metrics, strengthened HICL's balance sheet and supported the valuations of the Group's portfolio.

This active management of the portfolio, supported by inflation pass-through and real growth in HICL's demand-based assets, continues to bolster actual and expected growth in distributable cash, enabling the recommencement of sustainable dividend growth from FY26.

With a robust balance sheet, keen investment discipline and a rapidly growing addressable market, HICL is in a strong position to deliver value for shareholders through both income and capital growth over the long term.

Operational highlights

The underlying return from the portfolio was solid for the year ended 31 March 2024, delivering an underlying return of 9.0% (10.2% at 31 March 2023), ahead of the expected return of 7.2% for the year (as at 31 March 2023) before the impact of changes to reference discount rates and macroeconomic assumptions.

This portfolio outperformance was primarily driven by accretive transaction activity and value enhancement at the asset level, partially offset by lower than forecast inflation in the second half of the year and increased lifecycle costs in the UK PPP sector.

Further details can be found in the Valuation section of this report starting on page 46.

InfraRed acts as the Investment Manager to HICL with day-to-day responsibility for the following activities:

- **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**
- **Capital raising, investor relations and preparation of key external communications**

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

- Chris Gill (Chair of Investment Committees)
- Jack Paris (CEO)
- Helen Price (CFO)
- Edward Hunt (Head of Core Infrastructure Funds)
- Stewart Orrell (Head of Asset Management)

Highlights

9.0%
Underlying portfolio return in FY24

8.3%
Largest single asset concentration (Affinity Water)

Operational performance overview

HICL's diversified portfolio of high-quality core infrastructure assets performed in line with the Investment Manager's expectations over the year.

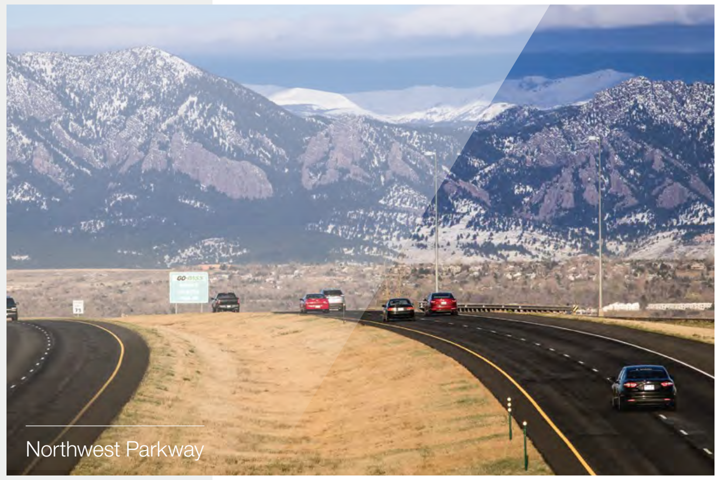
The Group's more recently acquired modern economy assets – Fortysouth, Texas Nevada Transmission ("TNT"), Hornsea II OFTO and Altitude Infra – are now fully integrated into the portfolio and are performing broadly in line with their respective business plans.

Affinity Water submitted its business plan to Ofwat in September 2023 as part of the 2024 periodic price review ("PR24") and is due to receive a draft determination over the summer months. As a water only company, Affinity Water has no direct exposure to sewerage services. Financially, Affinity Water goes into PR24 with a robust capital structure, owing to proactive balance sheet management. This has enabled the company to submit a business plan which envisages 32% growth in its regulatory capital value over the next regulatory period of five years, whilst maintaining the lowest bill increases in the sector. Importantly, Affinity Water continues to be well placed to resume shareholder distributions in FY26, further supporting the Group's cash generation and dividend cover forecast.

High Speed 1 ("HS1") recommenced shareholder distributions in the year, driven by the continuing recovery in international train travel following the Covid-19 pandemic. During the second half of the year, three potential new operators announced their intention to utilise HS1 from 2026 to provide competing services to a variety of European destinations.

The possibility of additional international operators was a key attraction of the investment at the time of acquisition; and InfraRed will continue to work closely with the HS1 management team to support greater utilisation of the line. The introduction of one or more new international operators would be expected to result in an increase in revenues, benefitting HS1's valuation.

Enhanced disclosure on the operational performance of each of HICL's Top 10 assets is set out starting on page 26.



Northwest Parkway

HICL's business model delivering value

The proactive management of the Company's balance sheet and portfolio composition is central to HICL's business model.

Investment activity

Consistently improving portfolio composition through accretive asset rotation has been a core part of the differentiated approach since IPO. In that time, the Investment Manager has made over £1bn of strategic asset disposals. This gives HICL a more extensive track record of asset rotation than any of its core infrastructure peers.

In the year, HICL's focus was on disposal activity, which enabled accretive rotation into highly attractive new assets, alongside repayment of the Group's RCF and the announcement of a £50m share buyback programme.

£509m of asset disposals were made during the year, with all realisations made either at or above carrying value. This first-hand transaction experience reinforces the Investment Manager's view that HICL's portfolio remains fundamentally undervalued by public markets given that high-quality, inflation-linked core infrastructure assets continue to attract strong valuations in private markets. Disposals announced during the year:

- A portfolio sale comprising four UK PPP projects, namely; Queens (Romford) Hospital, Oxford John Radcliffe Hospital, Priority Schools North East Batch and South Ayrshire Schools, in addition to half of the Group's investment in the Hornsea II OFTO, for an aggregate c.£204m, at a modest premium to their combined carrying value;
- Northwest Parkway (US) a partial disposal of a toll-road in Colorado for $86m, in line with its carrying value;
- Bradford BSF Phase 1 & 2 (UK), the combined sale of two PPP schools for c.£37m at an 8% premium to its carrying value;
- University of Sheffield Accommodation (UK), the sale of a concession with demand-based revenues for £18m, in line with its carrying value; and
- Northwest Parkway (US), the disposal of HICL's remaining stake in the project, with the net proceeds of $232m representing a 30% premium to its carrying value. In combination with the partial disposal completed earlier in the year, the sale of Northwest Parkway crystallised a 13.0% holding period IRR and 2.2x multiple on invested capital since HICL's initial investment in December 2016.

Investment Manager's Report continued

HICL also signed and completed three targeted investments in the year totalling £227m:

- Altitude Infra (France), the largest independent wholesale fibre network in rural France (3% of the Directors' Valuation);
- Hornsea II OFTO (UK), the offshore transmission assets associated with the world's largest installed windfarm (2% of the Directors' Valuation); and
- An incremental investment in A63 Motorway (France), a high-performing toll road the Investment Manager knows well, having initially developed the asset through another InfraRed-managed fund (now 7.9% of the Directors' Valuation).

In combination, the significant transaction activity completed during the year improved the portfolio's yield profile, and was a contributing factor to the Board's decision to guide a return to dividend growth for the Company for the year ending 31 March 2026. This demonstrates the value that can be generated for shareholders through active asset management.

Buyback programme

In March 2024 the Company announced a £50m share buyback programme. The Investment Manager believes that buying back HICL's shares when the share price is at a significant discount to NAV has economic merit, serves as a sign of confidence in the Company, and illustrates the range of levers available to the Board and Manager to enhance shareholder value.

The risk and return proposition available to the Company through buying back its shares will continue to be a key benchmark for future capital allocation decisions.

Highlights

£509m
across ten disposals completed or announced in the year (or post-year end)

£227m
across three acquisitions announced in the year (or post-year end)

2.2x
Multiple on cash invested achieved from Northwest Parkway realisation

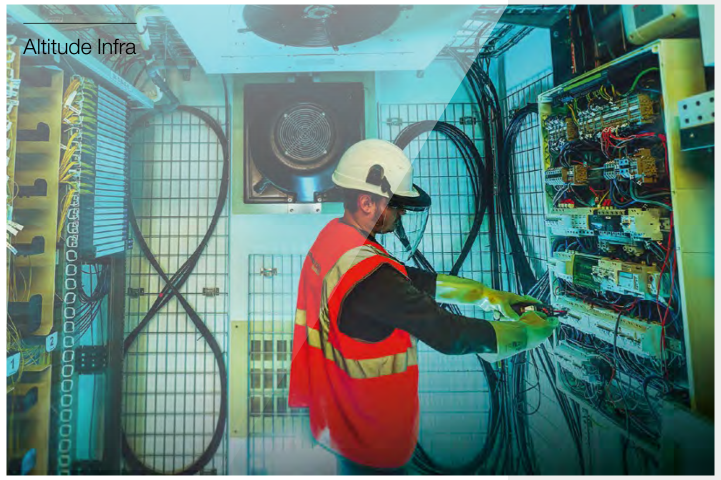
Specialist asset management

The consistent delivery of investment performance throughout the entire investment lifecycle is only possible through InfraRed's dedicated team of over 30 specialist asset managers, situated across London, New York and Sydney and supported by specialist operating partners in certain sectors and markets. This asset management capability continues to evolve with the investment activities across InfraRed's wider platform, spanning both core and value-add strategies.

Since HICL's IPO, the Investment Manager has successfully delivered 18 construction assets, generating over 5.0p of NAV outperformance. This specialisation was demonstrated again in the year at Blankenburg Tunnel, where final major construction milestones were achieved. InfraRed's strong track record in greenfield, construction stage investments, positions HICL to pursue suitable opportunities in the space as and when they arise.

As long-standing responsible investors in critical infrastructure, InfraRed's active asset management approach is predicated on maintaining appropriate quality, safety and service levels for HICL's clients and end-users. In cases where remediation works are required to address construction-related defects, InfraRed is overseeing delivery of appropriate capital works programmes alongside responsible construction contractors, where relevant. In these cases, it is only by working proactively with our partners to ensure continuity of service for the community, that shareholder value can be protected.

Additional information on asset management initiatives which help to preserve and enhance value across HICL's largest investments is set out starting on page 26.



Altitude Infra

Highlights

68%
Portfolio company gearing

£150m
Private Placement issued May 2023

Download the HICL Sustainability Report online www.HICL.com

Financial highlights

HICL's NAV per share decreased by 6.7p over the year to 158.2p at 31 March 2024 (31 March 2023: 164.9p). This reflected an increase in the portfolio's weighted average discount rate from 7.2% to 8.0%, partially offset by higher forecast inflation, higher interest on cash deposits, and positive underlying portfolio performance. Further detail on the approach to valuation can be found in the Valuation section of this report starting on page 46.

The Group issued long-term debt in the year via a £150m Private Placement, diversifying HICL's capital base. The instrument, with 10- and 12-year maturities and an all-in effective interest rate of 5.75%, was sought to responsibly manage a portion of the Group's floating rate exposure at a lower long-term rate, manage the refinancing risk and strategically align the term repayment with expected capital redemptions from the PPP portfolio.

Proceeds from the disposals announced in the year have enabled the Group's RCF to be substantially repaid post-year end, down from £494m at its peak in April 2023, reducing HICL's pro-forma fund borrowing ratio to 7% (31 March 2024: 16%).

Following the completion of the Northwest Parkway sale, the Group's RCF was reduced from £650m to £400m, recognising that its requirements had reduced in this higher interest rate environment. The RCF's expiry date remains 30 June 2026.

Further information on HICL's financial performance can be found in the Financial Review section starting on page 40.

Governance

As part of the Investment Manager's succession plan, Jack Paris officially took over from Werner von Guionneau as InfraRed CEO in July 2023. At the HICL Investment Committee level, Jack replaced Werner, with Chris Gill taking over as Chair of the Committee.

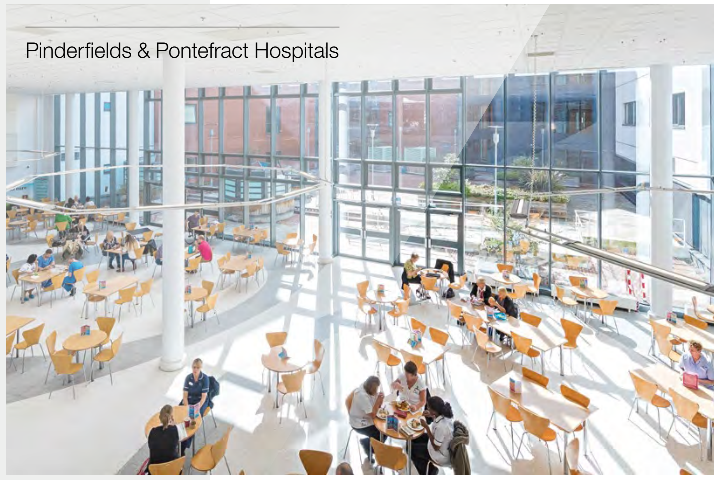
Sustainability

Sustainability is embedded throughout HICL's business model, focused on four key areas where HICL's investments can generate the strongest outcomes: Environment, Communities, People and Governance. InfraRed recognises that providing HICL's shareholders with sustainable, long-term income is intrinsically linked to the delivery of favourable outcomes, across these four pillars, to the communities served by its assets.

HICL has now released its second 'live' year of emissions data, which covers 100% of the portfolio and serves to benchmark progress towards the Group's goal of achieving a carbon-neutral portfolio by 2050[1]. InfraRed has developed an action plan which envisages the proportion of HICL's investments anticipated to be aligning, aligned to or at net zero increasing from 25% today to 45% in 2027.

Beyond the portfolio's inherent social contribution through the delivery of essential services, HICL's assets are a source of direct employment for over 2,300 individuals and indirectly support thousands more through the supply chain. To further integrate a sustainability-first mindset into this supply chain, InfraRed has introduced diversity, equity, and inclusion guidelines across portfolio companies, with compliance monitored via the annual ESG survey. In a move towards greater accountability, key Group service providers are now also asked to endorse a code of conduct in addition to self-assessments, enabling more formal oversight of adherence to policies and standards.

Sustainability highlights are provided on pages 36 to 39. Full details are set out in the Company's 2024 Sustainability Report, available on the HICL website.



Pinderfields & Pontefract Hospitals

1 HICL outlines in detail its transition plan and targets towards a carbon neutral and, therefore, net zero portfolio by 2050 on pages 15 to 19 of its 2024 Sustainability Report

Investment Manager's Report continued

Risk management

HICL's risk appetite statement, approach to risk management and governance structure are set out in Risk and Risk Management, starting on page 53.

Commentary relating to the Group's key risks is set out below.

Political and regulatory risk

Geopolitics

Geopolitical risk remained elevated, noting the continued unrest in Ukraine and the Middle-East. The Company's portfolio is not directly exposed to these regions. Secondary impacts, including supply chain disruption and inflation, have had a limited impact on a subset of projects during the period, with risks to equity mitigated through contractual pass-through mechanisms.

UK elections

National elections will take place in the UK during the coming financial year, with the inherent potential to shift the policy framework around infrastructure ownership, handback and future procurement.

InfraRed observes broad political consensus on the significant levels of investment needed to upgrade the UK's ageing or outdated infrastructure. This bipartisan support, combined with stretched public sector balance sheets, is expected to provide a framework for constructive discussions between the public and private sectors on the important role that private capital can continue to play in delivering much-needed critical public infrastructure. InfraRed actively contributes to this discussion through its various industry and trade organisation memberships and through direct engagement with both major political parties.

Regulatory determinations

HICL's primary exposure to regulatory risk is through Affinity Water, which expects to receive its PR24 draft determination in June 2024. Recognising that there is uncertainty around the outcome of PR24, InfraRed has collaborated closely with the Affinity Water management team and Ofwat throughout the process and is confident that HICL's valuation of the asset reasonably weighs the risks and opportunities associated with the price review.

The Investment Manager also notes the heightened political and regulatory scrutiny of the water sector more broadly, including reports of financial issues affecting certain water and sewerage companies. Affinity Water benefits from a stable capital structure with very little holdco debt, no refinancing requirement until AMP8 (which starts 1 April 2025), and no exposure to sewerage services.

More broadly, InfraRed mitigates this risk by managing regulatory exposures across jurisdictions and regulators. TNT and Altitude Infra both benefit from stable regulatory frameworks which differ considerably from the UK's incentive-based framework.

PFI handback

The acceleration of PPP projects returning to public control is increasingly a key issue for both public and private sectors. InfraRed is a key voice on this issue, actively contributing to the Infrastructure and Projects Authority's (IPA) industry working group focused on this transition, as well as its industry steering group. InfraRed has initiated a systematic programme to review its preparedness for all future project handbacks within HICL's portfolio. HICL has 33 projects scheduled for transfer within the next ten years, which account for 13% of the Directors' Valuation at 31 March 2024. This preparatory work, supported by a specialist third-party adviser, is shaping InfraRed's strategic planning and asset management approach to effectively mitigate this transition risk.

The proactive management of lifecycle spending is an important factor as projects approach handback. PPP projects make up 58% of HICL's portfolio, and lifecycle risk and reward is borne by the project on 59% of these assets. In these cases, InfraRed continues to closely monitor the appropriateness of the lifecycle forecast reflected in each asset's valuation. For the remaining 41% of the PPP portfolio, lifecycle risk is passed down to the facilities management contractor, which is an important part of InfraRed's risk management strategy in relation to handback.

Highlights

35m
people worldwide use and depend on HICL-owned infrastructure in their day-to-day lives

>2,300
people employed directly by HICL's underlying assets


Fortysouth

Client relationships

Long-term partnership frameworks inherently carry certain risks, which are heightened by the broader operational and financial challenges facing the UK public sector. In certain sectors, such as healthcare, this pressure can translate into behaviour by specific clients, and their advisers, that could prove adverse to the interests of the PFI, including with respect to service delivery. While these isolated instances have not had a material impact on the overall portfolio to date, these practices increase the risk of dispute, and in extreme cases could lead to reduced or non-payment of contracted revenues, presenting a risk to the Group's cash flow stability.

Macroeconomic risk

The macroeconomic climate continues to weigh on listed market valuations for real assets, including for HICL. Notwithstanding, InfraRed remains confident in the valuation of the portfolio, and has demonstrated the validity of HICL's NAV through multiple disposals in the year across sectors and geographies.

The persistence of the high interest rate environment is likely to limit HICL's opportunities to raise new equity capital in the near future. However, acquisition and disposal activity undertaken during the year has clearly demonstrated InfraRed's ability to progress HICL's strategic objectives without reliance on equity capital markets. If equity markets remain inaccessible for a protracted period, the Investment Manager is confident in its ability to continue to rotate assets to enhance HICL's portfolio and investment proposition.

If inflation continues to fall faster than the Group's projections, there is the risk of downward pressure on cash generation and dividend cover. However, HICL's valuation forecasts remain conservative relative to long-term market expectations, and the impact of short-term variations in inflation on dividend cover is not expected to be material. As part of the process undertaken to recommend a return to dividend growth, the proposed dividend increase has undergone rigorous stress testing against various macroeconomic scenarios, including a rapid return to a low inflation environment.

Market and outlook

HICL has continued to prove its resilience in an uncertain macro environment, underpinned by carefully considered portfolio construction, robust balance sheet management and disciplined transaction activity. Active management during the year has provided HICL with the financial strength and flexibility to continue to execute its strategy and deliver an attractive investment proposition for HICL shareholders over the long term.

InfraRed continues to observe attractive opportunities for HICL to pursue. Conditions across the market for infrastructure assets remain variable and favour experienced investors with deep networks and flexible balance sheets, such as HICL. These attributes enable the Group to identify special situations with favourable competitive dynamics and with outsized returns. In this way, the Group's approach remains highly selective within its core sectors (see the Infrastructure Market section on pages 10-13).

The marginal return threshold for assessing new investments remains high, with the benchmark for new opportunities informed by potential NAV accretion available through additional share repurchases, as well as the contribution to HICL's key portfolio metrics. Funding for such investments will continue to be supported by selective disposals, as appropriate, and where these divestments align with long-term portfolio composition objectives.

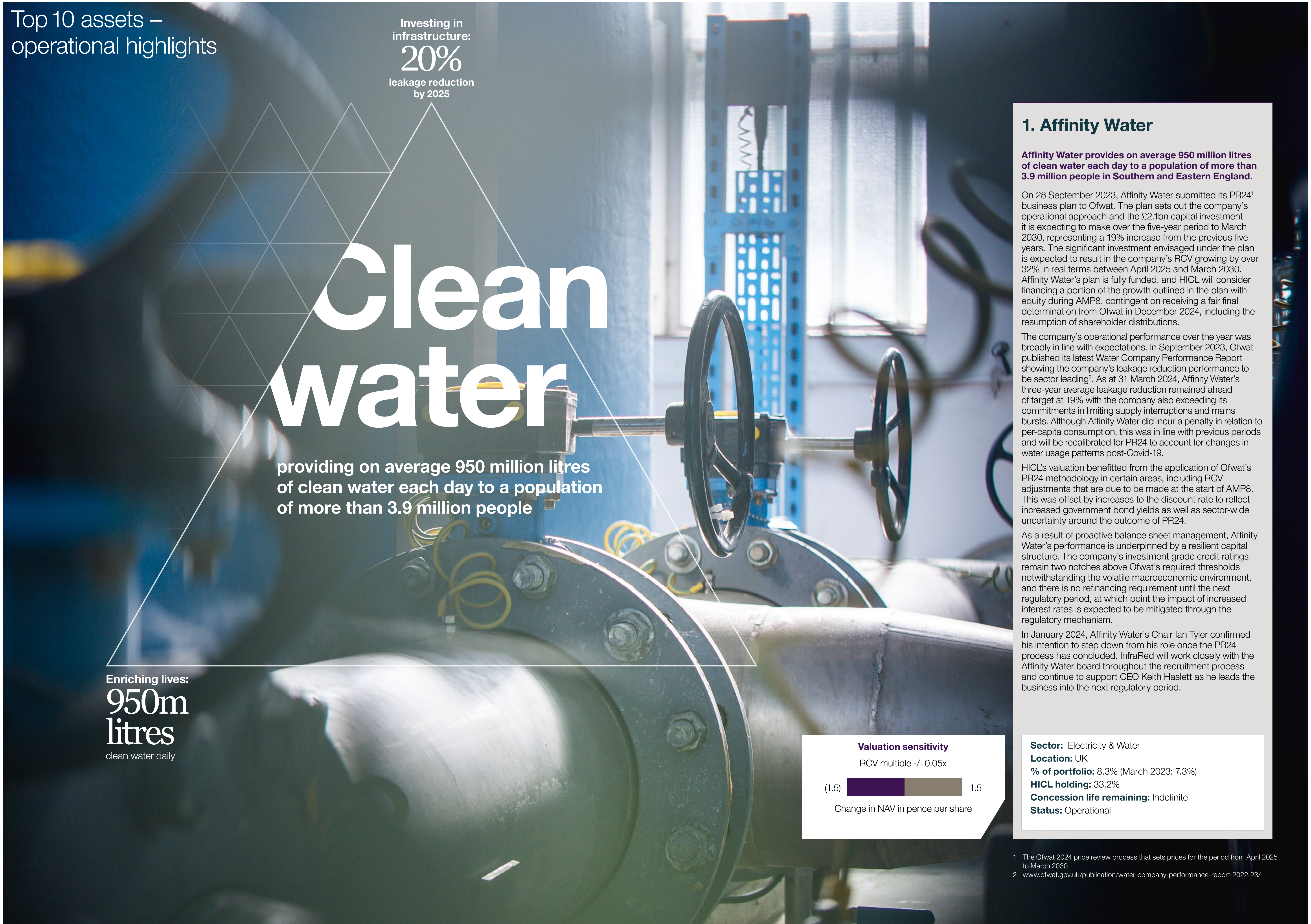
HICL's portfolio has been structured to perform in a variety of macroeconomic environments; it has resilient inflation-linked cash flows, largely insulated from higher interest rates and with long-term growth potential. These attributes underpin the Group's long-term earnings base and ensure HICL is well positioned to generate shareholder value through both sustainable income and long-term capital growth.

Highlights

0.7x
Inflation correlation

100%
of the portfolio covered in newly published emissions data


Texas Nevada Transmission



Top 10 assets – operational highlights

Investing in infrastructure:
20%
leakage reduction by 2025

Clean water

providing on average 950 million litres of clean water each day to a population of more than 3.9 million people

Enriching lives:
950m litres
clean water daily

1. Affinity Water

Affinity Water provides on average 950 million litres of clean water each day to a population of more than 3.9 million people in Southern and Eastern England.

On 28 September 2023, Affinity Water submitted its PR24[1] business plan to Ofwat. The plan sets out the company's operational approach and the £2.1bn capital investment it is expecting to make over the five-year period to March 2030, representing a 19% increase from the previous five years. The significant investment envisaged under the plan is expected to result in the company's RCV growing by over 32% in real terms between April 2025 and March 2030. Affinity Water's plan is fully funded, and HICL will consider financing a portion of the growth outlined in the plan with equity during AMP8, contingent on receiving a fair final determination from Ofwat in December 2024, including the resumption of shareholder distributions.

The company's operational performance over the year was broadly in line with expectations. In September 2023, Ofwat published its latest Water Company Performance Report showing the company's leakage reduction performance to be sector leading[2]. As at 31 March 2024, Affinity Water's three-year average leakage reduction remained ahead of target at 19% with the company also exceeding its commitments in limiting supply interruptions and mains bursts. Although Affinity Water did incur a penalty in relation to per-capita consumption, this was in line with previous periods and will be recalibrated for PR24 to account for changes in water usage patterns post-Covid-19.

HICL's valuation benefitted from the application of Ofwat's PR24 methodology in certain areas, including RCV adjustments that are due to be made at the start of AMP8. This was offset by increases to the discount rate to reflect increased government bond yields as well as sector-wide uncertainty around the outcome of PR24.

As a result of proactive balance sheet management, Affinity Water's performance is underpinned by a resilient capital structure. The company's investment grade credit ratings remain two notches above Ofwat's required thresholds notwithstanding the volatile macroeconomic environment, and there is no refinancing requirement until the next regulatory period, at which point the impact of increased interest rates is expected to be mitigated through the regulatory mechanism.

In January 2024, Affinity Water's Chair Ian Tyler confirmed his intention to step down from his role once the PR24 process has concluded. InfraRed will work closely with the Affinity Water board throughout the recruitment process and continue to support CEO Keith Haslett as he leads the business into the next regulatory period.

Valuation sensitivity

RCV multiple -/+0.05x

(1.5) 1.5

Change in NAV in pence per share

Sector: Electricity & Water
Location: UK
% of portfolio: 8.3% (March 2023: 7.3%)
HICL holding: 33.2%
Concession life remaining: Indefinite
Status: Operational

1 The Ofwat 2024 price review process that sets prices for the period from April 2025 to March 2030
2 www.ofwat.gov.uk/publication/water-company-performance-report-2022-23/

Top 10 assets – operational highlights

Investing in infrastructure:
105km
dual carriageway

Driving ambition

connecting Bordeaux to the Spanish border via the A63 Autoroute

Enriching lives:
21m journeys in FY24

2. A63 motorway

HICL's investment relates to a 105km stretch of the A63 Autoroute in France, which connects Bordeaux to the Spanish border. As such, the road is an important trans-European transport corridor for both freight and leisure travel, enabling journeys from the Iberian Peninsula and Southwestern France to the whole of Northern Europe.

As set out in the Investment Manager's report, the Company acquired a further 3.1% interest in the asset in January 2024 on highly accretive terms. This enhanced HICL's governance position through the appointment of an additional director to the project company board.

Over the financial year, light vehicle traffic continued to grow due to healthy leisure demand, with heavy vehicle traffic broadly flat. Despite this robust underlying performance, revenue over the period was slightly behind HICL's valuation assumption due to a traffic accident in August 2023 that required toll collection to be paused for approximately two weeks. As at 31 March 2024, 60% of the toll plaza repair costs and the lost revenue has been recovered through insurance, with the remainder expected to be recovered in due course. Industrial action observed throughout France in January 2024 had a negligible impact on the road's performance, reinforcing the benefit of its strategic positioning.

Amidst sustained high inflation, effective cost control has enabled the asset to achieve savings against budget for both operating and capital expenditures, which has driven a modest valuation uplift relative to 31 March 2023. The asset's financial performance was further supported by inflation-linked tariff increases of c.2.6% on average across heavy and light vehicles which were enacted on 1 February 2024. The project's fixed-rate, long-term financing allows it to continue to fully benefit from the impact of higher interest rates on cash deposits.

The levy on revenues earned by companies operating long-distance transport infrastructure in France was enacted as part of the 2024 Finance Law. The portfolio company, along with several other large concessionaires, has challenged the law with the constitutional court, and it remains HICL's expectation that compensation will be due through higher tolls in the event that the legal challenge is unsuccessful. However, even if the levy were to be imposed in full with no compensation, the impact on HICL's valuation is not anticipated to be material given the relatively small amount of revenue above the €120m threshold.

Sector: Transport
Location: France
% of portfolio: 7.9% (March 2023: 6.5%)
HICL holding: 24.0%
Concession life remaining: 27 years
Status: Operational

Valuation sensitivity

Traffic growth rate -/+0.5%

(1.1) 0.7

Change in NAV in pence per share
Valuation assumption: 1.4% CAGR

3. Fortysouth

Fortysouth is a leading independent mobile tower operator in New Zealand. With over 1,500 wholly owned towers covering 98% of New Zealand's population, Fortysouth enables mobile network operators, fixed wireless providers, and critical communications operators to deliver communications services that connect New Zealanders to each other and the world.

Following HICL's acquisition in 2022, the 'carve-out' of the passive infrastructure from One NZ has been completed and Fortysouth now operates as a standalone entity. This process was supported by the close working relationship held between Fortysouth and InfraRed's local asset management team.

A key priority of Fortysouth's management team has been to secure incremental co-location opportunities under long-term contractual arrangements to enhance the company's revenue visibility. Although the number of new co-locations secured was below expectations, the impact was mitigated by an agreement reached with the New Zealand emergency services network operator that will see public safety equipment installed on some of Fortysouth's towers. The company also progressed contract renewals with its current co-location customers, with the aim of increasing long-term visibility of this incremental revenue stream. Fortysouth's proactive approach to site management also saw over 100 ground lease renewals executed in the year, which is a key risk mitigant for the business.

Fortysouth's financial performance was broadly aligned with HICL's valuation assumption, with revenues underpinned by its availability-based, inflation-linked anchor tenancy contract with One NZ. The company also benefitted from maintenance cost savings and higher than expected ground rent revenue over the year, partially offset by one-off transition costs.

Tower upgrades budgeted for the financial year were completed ahead of schedule, highlighting the management team's effective collaboration with One NZ and the role Fortysouth expects to play in supporting New Zealand's longer-term 5G rollout ambitions. New tower deployments were broadly as budgeted, keeping the company on track to deliver over 290 new towers by March 2027. Potential measures to enhance the efficiency of capital expenditure associated with these activities are being explored. Shareholder distributions were slightly higher than expected over the year and Fortysouth has no refinancing requirement before 2027.

Sector: Communications
Location: New Zealand
% of portfolio: 6.5% (March 2023: 5.8%)
HICL holding: 40.0%
Concession life remaining: Indefinite
Status: Operational

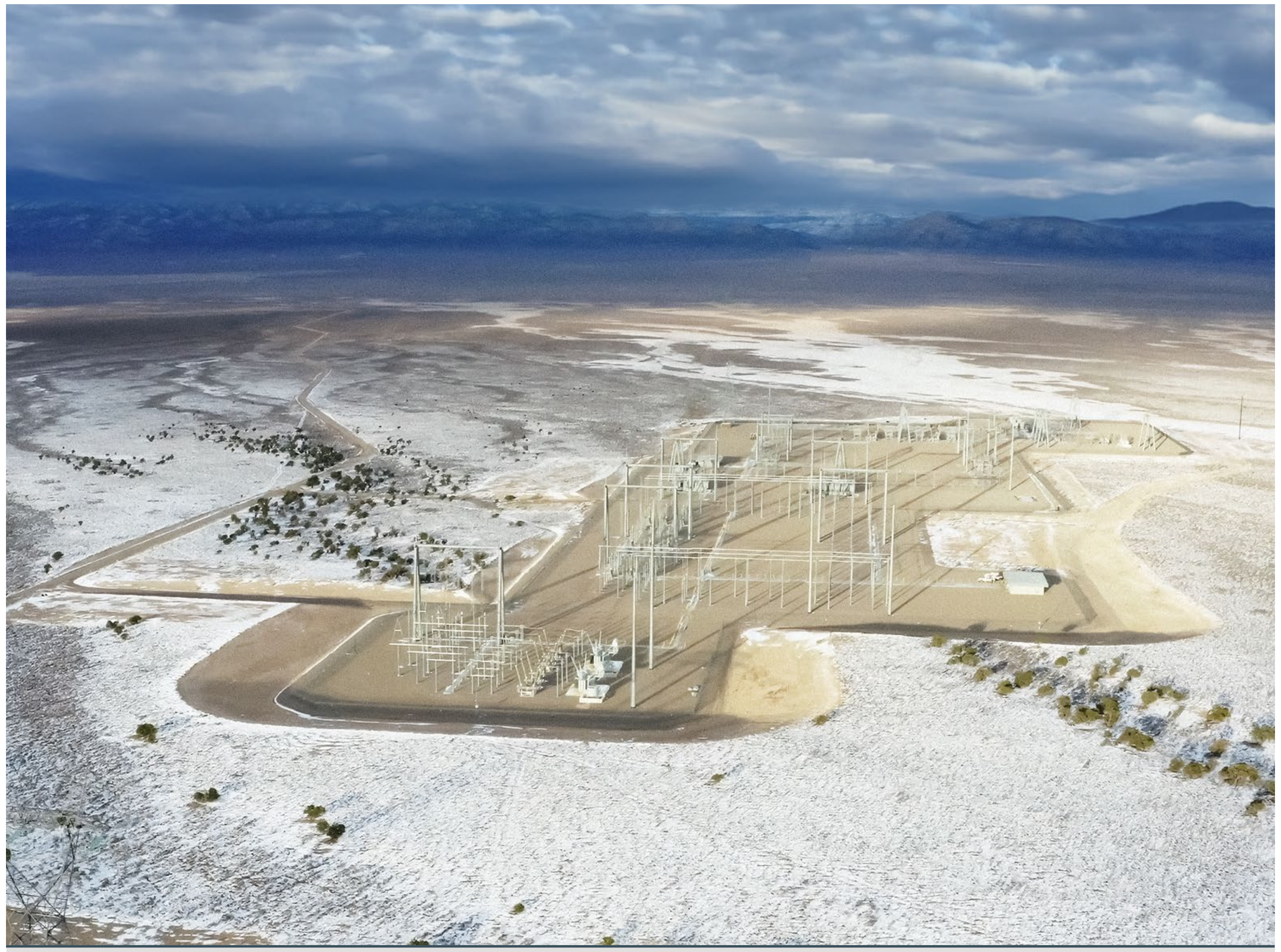
Valuation sensitivity

Tenancy Ratio -/+0.05x
New tower roll-out -/+10%

(0.6) 0.6

(0.3) 0.3

Change in NAV in pence per share



4. Texas Nevada Transmission

Texas Nevada Transmission ("TNT") comprises two distinct electricity transmission systems: Cross Texas Transmission ("CTT") and One Nevada Transmission ("ON Line"). Together, the networks consist of over 800km of high-voltage transmission lines, as well as a number of switching stations and substations, which have been fully operational since 2014.

Since completing the acquisition of this asset in April 2023, InfraRed has fostered a strong working relationship with co-shareholder and operator LS Power, a highly reputable owner, operator and developer of transmission assets in North America. Operational performance was in line with expectations over the year, as evidenced by CTT and ON Line achieving average availabilities of 99.99% and 100% respectively, with facility inspections carried out at both systems identifying no significant issues despite record high summer temperatures in Texas.

Both CTT and ON Line benefit from predominantly fixed borrowing costs, however, partial exposure to floating rates resulted in interest expenses being higher than forecast. This was partially mitigated by an improved interest rate hedging contract, and active treasury management coupled with the asset's robust operational performance ensured that shareholder distributions were in line with expectations. CTT is expected to issue new debt in 2024 but the impact of higher interest rates is expected to be mitigated through the regulatory mechanism.

LS Power also finalised its Annual Planning Assessment for CTT early in the period. This involved an evaluation of future system performance and the results indicated that the network's transmission facilities met or exceeded standards set by the North American Electric Reliability Corporation and the Electric Reliability Council of Texas, while also meeting CTT's own planning criteria.

With InfraRed's support, TNT's management team is working to drive growth by connecting new power generation to the transmission systems and has identified interconnection opportunities that would represent over 3GW of additional capacity by 2030 (of which c.90% would come from renewable energy generation and the remainder from battery energy storage systems). To deliver this additional capacity, higher capital expenditure would be required, which could reduce TNT's short-term yield but enhance its long-term earnings profile. These incremental interconnection opportunities reflect the asset's strategic positioning and the important role it plays in bringing power from Texas's rural, energy-generating regions to its main population centres.

Sector: Electricity & Water
Location: USA
% of portfolio: 5.6% (March 2023: 5.5%)
HICL holding: 45.8%
Concession life remaining: Indefinite
Status: Operational

Valuation sensitivity

Regulated ROE -/+1.0%
Capex -/+10%

(1.2) 1.1

(0.3) 0.3

Change in NAV in pence per share

5. High Speed 1

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 green gateway to Continental Europe, and also enables fast and frequent domestic rail services between Kent and Greater London.

In the year to 31 March 2024, international train path bookings were 89% of pre-Covid levels on average. This was marginally above HICL's valuation assumption, reflecting strong demand from leisure travellers and contributing to a 28% increase in international train path revenue relative to FY23. Eurostar has also pre-booked train paths between June and December 2024 equivalent to 94% of pre-Covid levels. This strong operational performance, alongside higher-than-expected retail sales, enabled HS1 to resume shareholder distributions in the year.

HS1 suffered flooding in its Thames tunnel, resulting in the cancellation of most services on 30 December 2023. A full investigation is ongoing, but HS1 currently expects to be able to pass down the costs of any rectification works and the loss of train path revenue to its subcontractors.

It was announced in the year that a new international rail operator, Evolyn, was looking to purchase 12 high-speed trains to launch a service between London and Paris in 2025, and that the Dutch start-up Huero plans to introduce high-speed services between London and Amsterdam within the next five years. Enabling greater competition on the line has been a key priority for HS1's board and management team since the time of acquisition, and InfraRed will continue to support the company as discussions progress. HICL's valuation of HS1 takes a probability-weighted view of the likely impact of any new international operator.

Border congestion in London and Paris continues to restrict growth in international services, and the EU's ETIAS scheme, which is expected to be implemented in late 2024, may result in further increases in passenger processing times. HS1 is working with Eurostar to ensure it is equipped to manage the changes and has included a budget in its latest business plan for the capital expenditure that may be required to do so. HICL's valuation assumption that bookings return to pre-Covid levels in March 2025 remains unchanged.

Domestic services remain under UK government control and HS1 continues to benefit from the contractual underpin from the Department for Transport, guaranteeing 96% of pre-Covid domestic track access revenues. Despite a modest increase in service levels during the year, HICL's forecast continues to assume that domestic train path bookings will remain below pre-Covid levels until March 2028. HS1's fixed-rate borrowings, which are termed to match the concession length, also insulate HICL's investment from the impact of higher interest rates on debt costs.

Robert Sinclair, formerly CEO of London City Airport, joined as CEO of HS1 on 4 March 2024. He replaced Dyan Perry (née Crowther) OBE, who retired at the end of 2023. Robert's vast and relevant experience in the European short-haul transport sector makes him ideally placed to lead the company into the next phase of its growth journey.

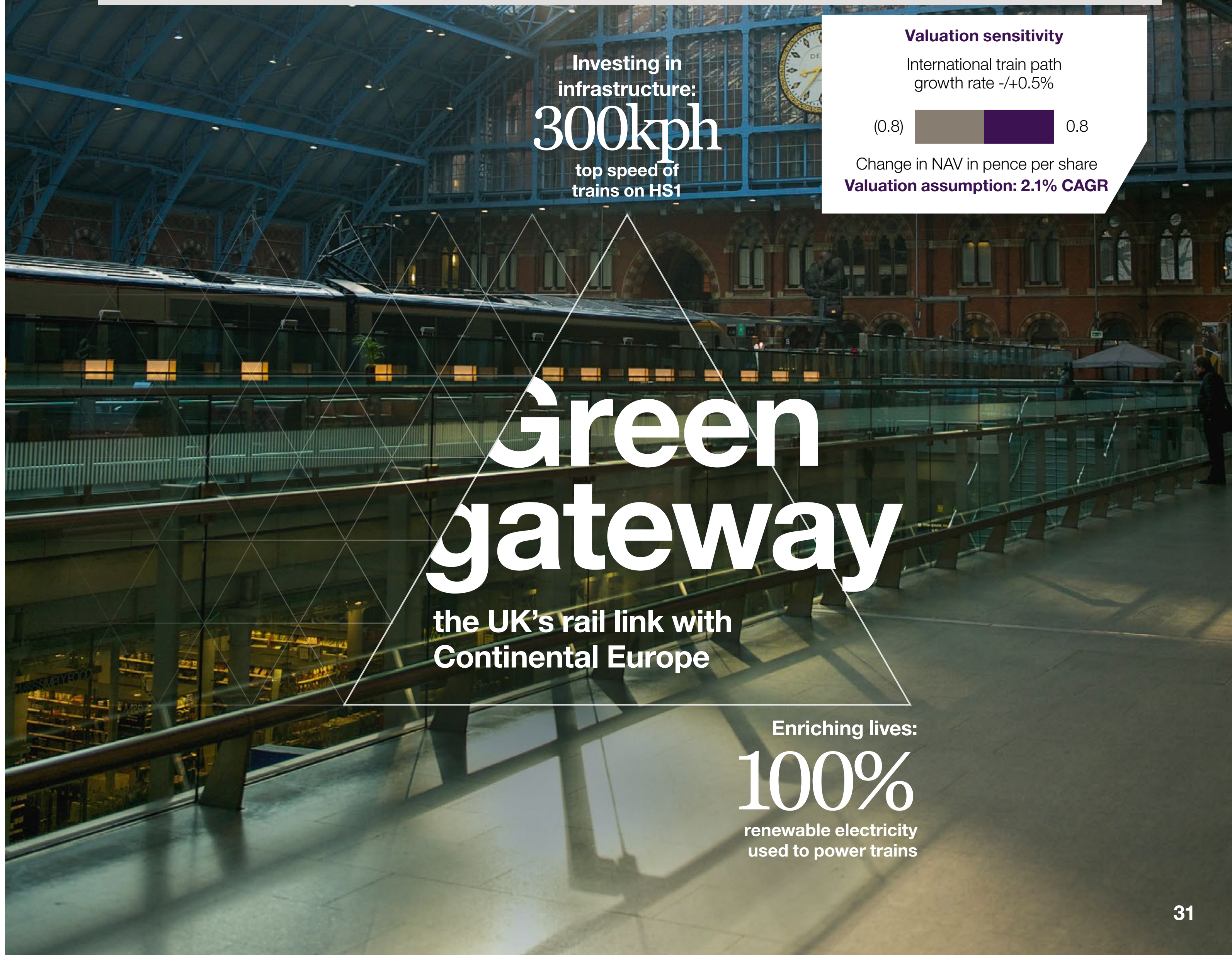
Sector: Transport
Location: UK
% of portfolio: 4.6% (March 2023: 4.3%)
HICL holding: 21.8%
Concession life remaining: 17 years
Status: Operational

Valuation sensitivity

International train path growth rate -/+0.5%

(0.8) 0.8

Change in NAV in pence per share
Valuation assumption: 2.1% CAGR



6. Southmead Hospital

Southmead Hospital is a major 996-bed acute hospital, providing accident and emergency and specialist medical services to a population of almost one million people in Bristol, South Gloucestershire, and North Somerset.

Following the previously agreed commercial settlement, InfraRed, alongside the client and other project stakeholders, continued to progress the suite of works relating to the contractual obligations of Carillion Plc, the original construction contractor for the hospital which was liquidated in 2018. This included agreeing the core remedial works programme and the construction of temporary theatres needed to facilitate this. As much of the remaining works require access to critical areas such as operating theatres, they are planned to be phased over several years, and InfraRed's latest view on the complexity of the works programme is reflected in the discount rate and lifecycle cost forecast used to value the asset. The project's average availability during the financial year was over 99.9%, allowing shareholder distributions to be received in line with expectations.

In the year, InfraRed also oversaw the completion of works to convert administrative areas into clinical accommodation, which provided 30 additional patient beds in time to relieve winter pressures. This was well received by the NHS Trust, and reflected the ability of InfraRed, the portfolio company and its subcontractors to work flexibly and efficiently to expedite complex requests from its public sector clients. The project's strong operational performance was reflected in Southmead Hospital being shortlisted for Best Operational Project – Healthcare at the HSJ Partnership Awards in the year.

Sector: Health
Location: UK
% of portfolio: 3.9% (March 2023: 3.6%)
HICL holding: 62.5%
Concession life remaining: 22 years
Status: Operational

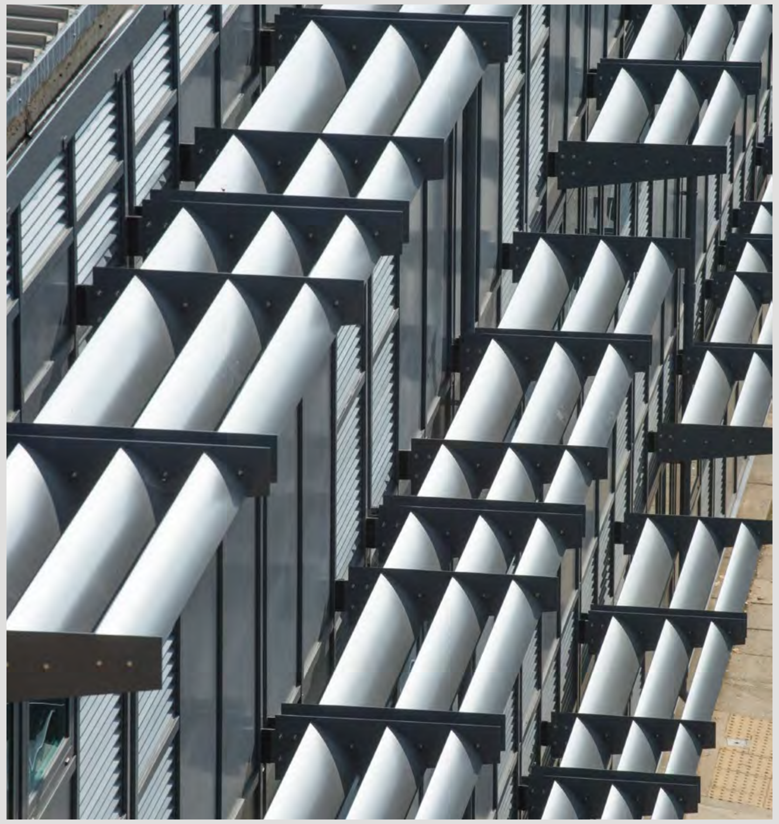
7. Royal School of Military Engineering

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

The project continued to operate well, with an average availability during the financial year of over 99.9%. As a result, the project continued to make regular distributions to HICL in line with forecast. RSME's robust performance continues to underpin its strong contribution to HICL's short-term yield profile.

During the year, InfraRed engaged external consultants to assist with reviewing options to enhance the asset's lifecycle cost efficiency and an action plan based on that review is in development. Upgrades were also made to fire-stopping structures in refurbished accommodation blocks to facilitate new kitchen units for military staff and students. The portfolio company has also developed a strong working relationship with its new client contact at RSME following the introduction of the school's new commandant in the year.

Sector: Accommodation
Location: UK
% of portfolio: 3.5% (March 2023: 3.6%)
HICL holding: 100.0%
Concession life remaining: 14 years
Status: Operational



8. Pinderfields and Pontefract Hospitals

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.

InfraRed and other key stakeholders progressed a major programme of capital works scheduled to take place over the next six years, including ventilation upgrades as well as improvements to intensive care units and haematology wards. To facilitate these works, the portfolio company's construction partner has been building a large temporary ward, which holds over 40 beds and spans 1,400m^2 of floor space. This facility was completed shortly after the year end and has now been handed over to the NHS Trust, which will gradually begin to use it to accommodate patients whilst various components of the main hospital are being upgraded. InfraRed has continued to work closely with its construction partner to progress the remediation of fire-related defects, and good progress was made during the year.

Operationally, the project performed in line with expectations despite heightened pressure on the NHS over the winter months. This enabled distributions for the year to remain broadly aligned with expectations. Responsibility for lifecycle costs rests with the portfolio company, and HICL's valuation as at 31 March 2024 continues to acknowledge the potential risk of short-term cost increases. A lifecycle adequacy review was carried out by the management service provider in the year which confirmed the appropriateness of HICL's assumptions.

In late 2023, volunteers from HICL's portfolio company and the facilities management provider partnered with the NHS Trust to plant 1,000 trees at the Pinderfields Hospital grounds in celebration of National Tree Week and to support the site's biodiversity (see HICL's 2024 Sustainability Report). The portfolio company continues to work closely with the NHS Trust to support its wider sustainability plan.

Sector: Health
Location: UK
% of portfolio: 3.5% (March 2023: 3.4%)
HICL holding: 100.0%
Concession life remaining: 18 years
Status: Operational

9. Home Office

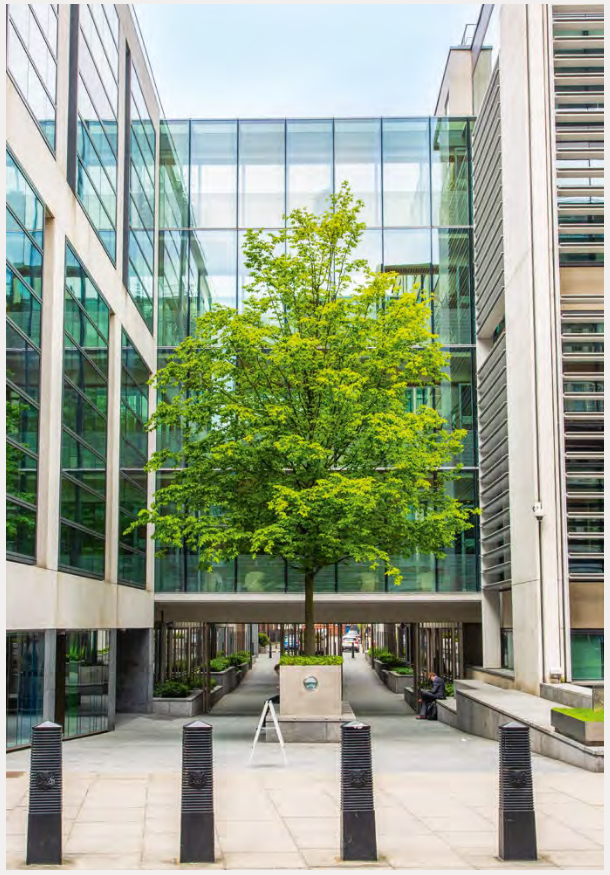
HICL's investment relates to the state-of-the-art headquarters of the Home Office and the Department for Environment, Food & Rural Affairs in central London. The award-winning building has a number of energy-saving features and has been designed to enhance the experience of its 3,450 users.

Operationally, the project continued to perform well, achieving 99.9% availability over the financial year despite day-to-day occupancy of the building remaining well below maximum levels due to changes in working patterns. The portfolio company continues to work closely with its facilities management partner to ensure the building remains available and that the internal environment is adapted to the number of users.

With seven years of concession length remaining, expiry planning discussions with relevant stakeholders have commenced, covering topics such as asset condition and forward maintenance requirements. Drawing on its wider handback strategy as set out in the Investment Manager's Report, InfraRed worked closely with the portfolio company and its contractors to ensure that preparations progressed in a timely fashion, liaising with the client and IPA where appropriate.

In its first full year of operating with energy-efficient LED lighting, the project's electricity consumption and carbon emissions were reduced by 7% and 4% respectively relative to the prior year. InfraRed and the facilities management contractor continue to work closely with the client to deliver against its decarbonisation objectives and prepare the building for longer-term usage beyond the life of the PPP concession.

Sector: Accommodation
Location: UK
% of portfolio: 3.0% (March 2023: 2.9%)
HICL holding: 100%
Concession life remaining: 7 years
Status: Operational



10. Cross London Trains ("XLT")

HICL's investment covers a fleet of electric rolling stock operating on the Thameslink passenger rail route, a North -South London commuter rail corridor that serves both Luton and Gatwick airports. The project benefits from a 20-year availability contract which commenced in 2016 and provides a guaranteed revenue stream fully backed by the UK Department for Transport.

Since acquisition in 2022, the fleet of 115 Siemens Desiro City Class 700 trains has performed in line with expectations, with miles per casualty remaining above the minimum acceptable level stipulated in the availability contract and shareholder distributions received in line with HICL's acquisition assumption. XLT's long-term maintenance obligations remain with the fleet manufacturer, Siemens, under a direct contractual arrangement with Govia Thameslink Railway and therefore continue to sit outside of the portfolio company's delivery responsibilities. During the year, the project reached the key milestone of fleet acceptance on all 115 units, which will enable the XLT management team to focus on delivering operational performance improvements and plan for mid-life enhancement works.

After the 20-year availability contract term, XLT will retain full ownership of the fleet and have the option to re-lease it. HICL's valuation assumes a useful life of 40 years in line with market practice, which is underpinned by the Class 700's unique positioning as a large, homogenous fleet of bi-mode electric trains, built specifically for the Thameslink corridor.

Sector: Transport
Location: UK
% of portfolio: 2.7% (March 2023: 2.8%)
HICL holding: 6.5%
Assumed asset life remaining: 32 years
Status: Operational

Our sustainability strategy

Environment

Preserve the natural environment and mitigate the impacts of climate change by investing in the energy transition, delivering climate resilient infrastructure and working to reduce carbon emissions from HICL's portfolio.

FY24 Sustainability Highlights

- Creation of a detailed net zero transition plan for HICL's portfolio, including specific asset transition plans for the next three years
- InfraRed contributed to the IPA Guidance Document on Operational Decarbonisation at PFIs

FY24 key stats

89,559 tCO_2
Total Attributable GHG Emissions across HICL's portfolio

88%
Portfolio companies with Water Reduction Initiatives


Decarbonisation planning at M17/M18 Road

Communities

Positively impact the communities in which HICL's assets are located by actively addressing the needs of clients, end users and other key stakeholders.

FY24 Sustainability Highlights

- InfraRed Portfolio Impact initiatives were rolled out across several HICL assets to address client challenges raised in InfraRed's latest Client Insights Survey
- Seven HICL projects obtained a 'gold standard' award in InfraRed's annual Creating Better Futures awards

FY24 key stats

94%
Portfolio companies gave voluntary charity contributions to environmental or social initiatives over the year

200+
Community initiatives implemented across the portfolio during the period


Tablet donations: West Middlesex Hospital

People

Promote fair and safe conditions as well as diverse and inclusive workplaces within HICL's portfolio companies and across the supply chain.

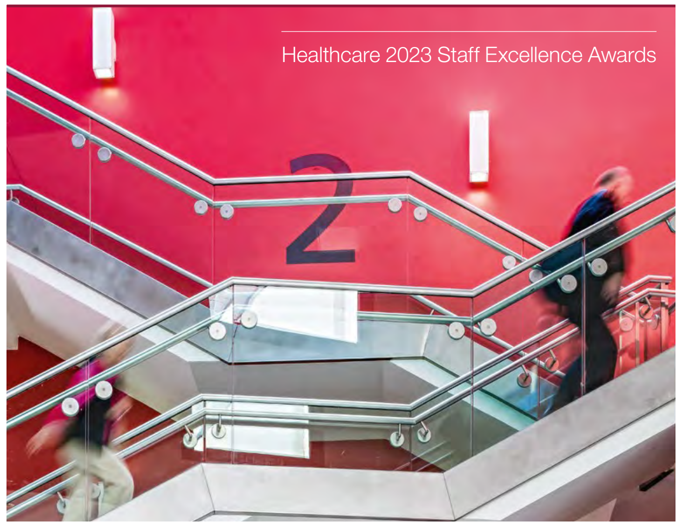
FY24 Sustainability Highlights

- Code of conduct forms were introduced for completion by HICL's main service providers, allowing the Company to formally monitor compliance with key policies and standards
- Developed, implemented and rolled out DEI guidance for portfolio companies that directly employ staff and monitored performance against this via the annual ESG survey

FY24 key stats

23%
Gender diversity at portfolio company boards

0.28
RIDDORs per project


Healthcare 2023 Staff Excellence Awards

Governance

Ensure that HICL maintains high standards of ethics and integrity through the rigorous implementation of policies and the provision of transparent and balanced disclosure.

FY24 Sustainability Highlights

- Disclosed HICL's first set of year-on-year comparisons of SFDR Principal Adverse Impact "PAI" Disclosures and GHG emissions
- ESG-specific investor perception survey carried out with c.25% of HICL's shareholder register
- Case studies demonstrating InfraRed's investment framework in practice

FY24 key stats

97%
Portfolio companies conduct modern slavery training

100%
Portfolio companies have Anti-bribery and Corruption policies


Hornsea II OFTO

Our impact

This page 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 Sustainable Development Goals ("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.

The nature of HICL's investment proposition means the Company contributes most to the following two SDGs:

9 Industry, innovation and infrastructure
11 Sustainable cities and communities

Aligning HICL's portfolio and SDGs

% by valuation as at March 2024

3: Good health and well-being	22%
4: Quality education	10%
6: Clean water and sanitation	8%
7: Affordable and clean energy	10%
9: Industry, innovation and infrastructure	18%
11: Sustainable cities and communities	28%
16: Peace, justice and strong institutions	4%

SDG	How we support		
3 Good health and well-being: Ensure healthy lives and promote well-being for all at all ages	HICL invests in 32 assets that directly promote good health and wellbeing including hospitals, primary care centres and fire stations.	People with access to HICL's healthcare facilities 8.7m	
4 Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	HICL invests in 42 educational assets including schools, colleges, libraries, training facilities and universities that facilitate the provision of essential learning outcomes.	120k Student places across school, college and university facilities	
6 Clean water and sanitation: Ensure availability and sustainable management of water and sanitation for all	Affinity Water is one of the UK's largest water-only companies, owning and managing water projects and networks in an area approximately 4,500km² across three supply regions in the southeast of England.		People served with clean water by Affinity Water 3.9m
7 Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all	HICL invests in six electricity transmission assets with a total capacity of 4,500 MW which support the provision of clean energy.		Homes connected to renewable electricity by HICL's OFTOs 3.1m
9 Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	HICL invests in six assets supporting industry innovation and infrastructure across fibre, telecommunications towers and accommodation. These assets provide essential services required to support the functioning of modern eco.	>5m Homes connected to high-speed internet by Altitude Infra	Accommodation places 35,000
11 Sustainable cities and communities: Make cities and human settlements inclusive, safe, resilient and sustainable	HICL invests in 17 assets supporting sustainable cities and communities including roads, railways and rolling stock. These assets contribute to affordable and sustainable transport systems.	Unique users of HICL's roads and railways >5m	
16 Peace, justice and strong institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	HICL invests in eight assets promoting peace, justice and strong institutions including prisons, police stations, judicial courts, and custodial centres.		2.3m People served by HICL's courts, fire stations and police stations

Financial Review

HICL prepares its financial statements in accordance with UK-adopted International Financial Reporting Standards ("IFRS"). Consistent with the 2023 Annual Report, the Company's financial performance is reported under the non-UK-adopted international accounting standards Investment Basis which consolidates the results of the Company, together with HICL Infrastructure 2 S.a.r.l. ("Luxco") and Infrastructure Investments Limited Partnership ("IILP"), referred to as the "Corporate Group" throughout the Financial Review. As noted in the Chair's statement, Group is defined as the HICL Infrastructure PLC group of companies, which includes all of its subsidiaries.

Total return, which is defined as total comprehensive income for the year, net assets or 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 43. Reconciliation of the Investment Basis financial information to the IFRS statements is provided from page 44.

Summary income statement

Investment Basis £m	For the year ended 31 March 2024	For the year ended 31 March 2023
Dividend income	**207.2**	191.1
Interest income	**134.6**	122.1
Fair value movement	**(237.4)**	(94.2)
Foreign exchange movement on investments	**(37.3)**	39.4
Gain/(loss) on foreign exchange derivatives	**27.5**	(13.1)
Other income	**10.8**	8.9
Total Investment Income	**105.4**	**254.2**
Expenses and finance costs	**(74.8)**	(55.7)
Profit before tax	**30.6**	**198.5**
Tax	**(0.1)**	(0.1)
Total Return	**30.5**	**198.4**
Earnings per share	**1.5**	**9.9**

Total investment income decreased by 59% to £105.4m (2023: £254.2m). The decrease in total investment income is principally due to a reduction in the fair value of investments by £237.4m (2023: loss of £94.2m) which was driven by the 0.8% increase (2023: 0.6% increase) in the weighted average discount rate to 8.0% (2023: 7.2%). This was partially offset by the positive impact of actual and forecast inflation on the investment valuations. Dividend income increased to £207.2m (2023: £191.1m) primarily due to the receipt of £115.9m in dividends following the multiple disposals in the year (2023: £85.0m dividend from the sale of Queen Alexandra Hospital ("QAH")). Further detail on the valuation movements is given in the Valuation of the Portfolio section starting on page 46.

The table below shows the breakdown of Other income:

Investment Basis £m	For the year ended 31 March 2024	For the year ended 31 March 2023
Project directors' fees	**6.5**	5.5
Interest on bank deposits	**0.6**	0.1
Early repayment fees	**3.7**	3.3
Other income	**10.8**	**8.9**

Other income principally represents project directors' fees charged to project companies, which are recognised in other income when invoiced, and loan early repayment fees.

The Group's 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 £9.8m loss (2023: £26.3m gain), which represents 0.3% of the closing NAV (2023: 0.8%). This follows a 2.3% movement in weighted average FX rates in the year (2023: 7.9%).

The below table shows the impact of hedging on non-sterling assets:

Foreign exchange hedging £m	Rate as at 31 March 2024	Non-UK assets[1]	FX hedge	FX hedge as % of non-UK assets %	1% sensitivity to movement in FX rates[2]
Euro	1.17	644	439	68%	2.0
USA	1.26	187	107	57%	0.8
Canada	1.71	48	18	37%	0.3
New Zealand	2.11	214	105	49%	1.1
Total		**1,093**	**669**	**61%**	**4.2**

1 US hedging is for TNT only. The proceeds from Northwest Parkway are fully hedged
2 Sensitivity impact is net of derivatives

Expenses and finance costs

Investment Basis £m	For the year ended 31 March 2024	For the year ended 31 March 2023
Finance costs	**36.2**	16.1
Investment Manager fees	**33.9**	32.7
Directors' fees and expenses	**0.5**	0.5
Acquisition bid costs	**(0.2)**	1.9
Professional fees	**4.4**	4.5
Expenses and finance costs	**74.8**	**55.7**

Finance costs increased to £36.2m (2023: £16.1m), principally due to higher absolute borrowing levels and interest rates. The average total borrowing in the year was £478.4m (2023: £111.3m), while the average all-in interest rate was 6.4% (2023: 2.8%).

The Investment Manager fees were £33.9m (2023: £32.7m). The increase was due to the higher average Directors' Valuation of £3,793.7m during the period (2023: £3,621.6), calculated in line with the Investment Manager fee agreement as detailed on page 76.

Tax

Tax charged to the Income Statement under the Investment Basis relates to HICL's immediate subsidiary, Luxco. As HICL Infrastructure PLC has Investment Trust Company ("ITC") status, it is exempt from tax on certain items on the basis that tax is already paid at the operating company level, thus protecting shareholders from suffering double taxation. The Directors monitor compliance with the ITC rules through reporting prepared by the Investment Manager and are of the opinion that the Company has complied with its obligations as an ITC for the year.

Ongoing Charges Ratio ("OCR")

Investment Basis £m	For the year ended 31 March 2024	For the year ended 31 March 2023
Investment Manager	**33.9**	32.7
Auditor fee for the Corporate Group	**0.4**	0.4
Non-audit fee paid to the Auditor: Interim review	**0.1**	0.1
Directors' fees and expenses	**0.5**	0.5
Other ongoing expenses	**2.4**	2.0
Total expenses	**37.3**	35.7
Average NAV	**3,267.6**	3,282.3
Ongoing charges	**1.14%**	**1.09%**

The OCR is calculated in line with the Association of Investment Companies' ("AIC") guidance. It is defined as the annualised ongoing charges (which excludes acquisition costs and other non-recurring items) divided by the average published undiluted Net Asset Value of £3,267.6m for the year (2023: £3,282.3m).

The OCR for the period is 1.14% (2023: 1.09%). The increase in the OCR is principally due to the higher management fee, which is in turn driven by the higher Gross Asset Value in the year. As the Group has been selling assets to repay the RCF, the management fee is expected to reduce in FY2025 with a corresponding reduction in the OCR.

Summary balance sheet and NAV

Investment Basis £m	31 March 2024	31 March 2023
Investments at fair value	**3,268.9**	3,498.6
Net other assets / (liabilities)	**248.0**	(1.0)
Net debt	**(303.9)**	(147.6)
Net assets	**3,213.0**	**3,350.0**
NAV per share (before dividend)	**158.2p**	164.9p
NAV per share (post-dividend)	**156.1p**	162.8p

Investments at fair value decreased by 7% to £3,268.9m (2023: £3,498.6m), mainly due to the net acquisition and disposal activity in the period. During the year, the Group completed £274.2m and announced a further £234.5m of disposals, and increased the weighted average discount rate by 0.8% to 8.0% (31 March 2023: 7.2%). These two items were offset by acquisitions of £226.9m and updates to forecast interest rate and inflation assumptions. Further detail on the movement in Investments at fair value, which are net of commitments and therefore not in the Directors' Valuation, is given on pages 46-52, Valuation of the Portfolio.

Net other assets increased to £248.0m (31 March 2023: £1.0m liabilities), due to the expected proceeds of £233.2m from the disposals of Northwest Parkway and Hornsea II OFTO, in addition to the fair value of FX forwards.

An analysis of the movements in net debt is shown in the Summary cash flow on the following page. The increase relative to 31 March 2023 is principally driven by the issuance in May 2023 of £150m of Private Placement loan notes in the Company's Corporate Subsidiary, IILP. The notes were issued in two tranches: £100m expiring in 2033 and £50m expiring in 2035. The weighted average interest rate is 5.80% (5.75% after hedging). In June 2023, IILP purchased a £200m SONIA interest rate cap at 6.5% to mitigate against the risk of rising interest rates.

NAV per share was 158.2p (2023: 164.9p) before the 2.07p fourth quarterly distribution. The 6.7p decrease in NAV per share was primarily due to earnings per share of 1.5p, net of 8.3p distributions, for the year ending 31 March 2024. NAV per share and earnings per share are the same under the Investment Basis and the IFRS Basis.

Key accounting estimates and judgements

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 semi-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.

A key judgement is the assessment of whether the Company meets the definition of an investment entity. IFRS 10 requires the Group's intermediate holding companies to be presented at fair value, which reduces the transparency of the underlying investment performance. As a result, the Group presents limited financial information on the Investment Basis 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 pages 44 and 45.

Financial Review continued

Summary cash flow

Investment Basis £m	31 March 2024	31 March 2023
Cash from investments	244.4	222.7
Operating costs	(39.8)	(43.8)
Finance costs	(29.0)	(7.9)
Net cash inflow before capital movements	**175.6**	**171.0**
Cost of new investments	(435.1)	(339.1)
Investment disposal proceeds	269.4	96.8
Share capital raised, net of costs	–	158.0
Net cash flow from derivatives	6.8	(15.9)
Debt arrangement fees paid	(2.5)	(6.7)
Short-term intercompany borrowings	(0.3)	–
Dividends paid	(167.6)	(165.5)
Movement in the year	**(153.7)**	**(101.4)**
Net (debt) at start of year	(147.6)	(46.2)
Foreign exchange on cash	(2.6)	–
Net debt at end of year	**(303.9)**	**(147.6)**

The Corporate Group ended the year with net debt of £303.9m (31 March 2023: £147.6m net debt). This is made up of drawings on the RCF of £187.2m (31 March 2023: £219.4m) and the Private Placement of £150.0m (31 March 2023: £nil) net of cash of £33.3m (31 March 2023: £71.8m).

The debt arrangement fees decreased to £2.5m (2023: £6.7m) as prior year fees reflected the costs of renegotiating the Corporate Group's £650m RCF.

Dividends paid in the year were £167.6m (2023: £165.5m). Dividend cash cover excluding disposals increased marginally to 1.05x (2023: 1.03x). Including profit versus original cost on disposals of £53.4m, the dividend cash cover is 1.37x (2023: including profit versus original cost on disposals of £45.5m, cash cover was 1.31x).

Debt and gearing levels

The Corporate Group's debt and borrowing facilities are held by IILP. As at 31 March 2024, IILP had drawn £187.2m on its RCF (31 March 2023: £219.4m) and £6.0m by way of letters of credit (31 March 2023: £15.7m). In addition, IILP had drawn €109.6m on its LCF facility of (31 March 2023: €67.3m), with the increase due to the acquisition of the Hornsea II OFTO. In May 2023 IILP issued loan notes of £150.0m via a Private Placement. Overall, the Corporate Group had £490.1m of liquidity as at 31 March 2024, comprising £456.8m headroom on its RCF and £33.3m of cash. After the year end, the Corporate Group reduced the capacity in the RCF from £650m to £400m, reflecting a reduced forecast utilisation profile until expiry on 30 June 2026.

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 Luxco and IILP (together the "Corporate Subsidiaries").

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

	31 March 2024 £m	31 March 2023 £m
Outstanding drawings		
Bank borrowings	187.2	219.4
Letter of credit facility	99.7	74.8
Private Placement	150.0	–
	436.9	**294.2**
Adjusted Gross Asset Value		
Directors' Valuation	3,333.4	3,772.8
Announced disposals	233.2	–
Cash and cash equivalents	33.3	71.8
	3,599.9	**3,844.6**
Borrowing ratio	12.1%	7.7%

Capital management

From time to time the Company issues its own shares to the market; the timing of these issuances depends on market prices.

Should the Ordinary Shares continue to trade at a discount to the Net Asset Value and there are sufficient funds to transact, at the sole discretion of the Directors, the Company may:

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

As noted above, in May 2023, IILP issued £150.0m of Private Placement loan notes, which diversified the Company's long-term capital. During the period the Group has also used disposal proceeds to repay the RCF which is expected to be fully paid off once expected proceeds are received. The Group also announced a share buyback programme of up to £50m, funded using disposal proceeds.

The borrowing ratio is expected to decline to 7.0%[1] once the proceeds are received from Northwest Parkway and Hornsea II and the RCF is repaid.

1 Adjusted gearing ratio includes cancellation of 50% of the current Hornsea II LC

Alternative Performance Measures ("APMs")

The Directors assess the Group's performance using a variety of APMs that are not specifically defined under IFRS, which provide additional information to investors as to how the Company is managed and assessed. The APMs 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 112 onwards. The Directors' Investment Basis is itself an APM. The explanation and rationale for the Investment Basis is shown on page 40 and its reconciliation to IFRS is shown from page 44. The table below defines the Group's APMs.

APM	Purpose	2024 Investment Basis	Calculation	Reconciliation to IFRS
Annualised return from the portfolio	A measure of underlying portfolio performance within a given year	9.0%	£285.5m rebased return divided by £3,180.5m rebased valuation as shown on the Valuation Report on page 46 compounded for a year	The calculation uses figures which are reconciled to the Investment Basis on page 44 which, in turn, is reconciled to IFRS in the Reconciliation of Investment Basis to IFRS section below The calculation is not an APM under IFRS
Directors' Valuation	A measure of the size of the investment portfolio including the value of further contracted future investments committed by HICL	£3,333.4m	£3,268.9m investments at fair value plus £64.5m contracted commitments	The calculation uses portfolio assets shown in the reconciliation in the 'Reconciliation of Investment Basis to IFRS' section below The IFRS valuation is £3,212.5m as at 31 March 2024
Distributable cash	A measure of cash received from underlying projects in the year	£229.0m	Calculated as net cash inflow before capital movements of £175.6m shown in the 'Investment Basis Summary Cash Flow' plus £53.4m profit versus original cost on disposal of Northwest Parkway, Bradford Schools Phase 1 & Phase 2, Queens (Romford) Hospital, Oxford John Radcliffe Hospital, Priority Schools NE Batch, South Ayrshire Schools and Sheffield Student Accommodation	The calculation uses distributions received from investments plus profit on disposal This is not applicable under IFRS as dividend income is that paid by Luxco to service the dividend by HICL Infrastructure PLC
Dividend cash cover	A measure of cash received from underlying projects in the period enabling distributions to shareholders	1.37x[1]	£175.6m distributable cash received in addition to £53.4m profit on disposals of Northwest Parkway, Bradford Schools Phase 1 & Phase 2, Queens (Romford) Hospital, Oxford John Radcliffe Hospital, Priority Schools NE Batch, South Ayrshire Schools and Sheffield Student Accommodation divided by £167.6m dividend for the year	The calculation uses the dividend paid in the 'Statement of Changes in Equity' divided by distributable cash The calculation uses cashflows in the corporate subsidiaries and therefore does not have a like-for-like IFRS equivalent
Cash investments	Identifying new opportunities in which to invest capital is a driver of HICL's ability to deliver attractive returns	£435.1m	£435.1m Investment Basis cash paid to acquire investments in the year	The equivalent balance under IFRS is shown in the 'Reconciliation of Statement of Cash Flows' There were no cash investments and therefore there is no like-for-like IFRS equivalent
Cash proceeds	Cash proceeds from our investments support our returns to shareholders, as well as our ability to invest in new opportunities	£269.4m	£269.4m cash received into IILP, directly or indirectly, from the disposal of investments in the year	The equivalent balance under IFRS is shown in the 'Reconciliation of Statement of Cash Flows' There were no cash proceeds received by the Company
Net cash/ (debt)	A measure of the available liquid cash to invest in the business offset by the Corporate Group's borrowings. This is an indicator of the financial risk in the Group's Statement of Financial Position	£(303.9)m	£33.3m cash and cash equivalents, less £337.2m of 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 Net cash is £1.1m under IFRS as at 31 March 2024, being the working capital held by the Company

1 The calculation includes total profit versus original cost on disposal of £53.4m. Excluding this, dividend cash cover is 1.05x

Financial Review continued

APM	Purpose	2024 Investment Basis	Calculation	Reconciliation to IFRS
Borrowing ratio	A measure of debt as a percentage of gross assets of the Corporate Group	**12.1%**	£436.9m debt (including letters of credit) divided by adjusted Gross Asset Value of £3,599.9m. Adjusted Gross Asset Value is the Directors' Valuation plus announced disposals plus cash and cash equivalents	The equivalent balance under IFRS and the reconciliation to the Investment Basis is shown in the Reconciliation of Statement of Financial Position. Noting that the calculation includes letters of credit (£99.7m) and commitments (£64.5m) which are not included in the IFRS Statement of Financial Position The Company holds no debt, therefore the borrowing ratio is nil under IFRS

Reconciliation of Investment Basis to IFRS

Reconciliation of Statement of Comprehensive Income

£m	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Investment Basis	Consolidation adjustments	IFRS Basis	Investment Basis	Consolidation adjustments	IFRS Basis
Dividends received	207.2	(9.2)	198.0	191.1	(39.6)	151.5
Interest received	134.6	(134.6)	–	122.1	(104.6)	17.5
Net (loss)/gain on revaluation of investments	(237.4)	74.6	(162.8)	(94.2)	127.5	33.3
Foreign exchange movement on investments	(37.3)	37.3	–	39.4	(39.4)	–
Profit/(Loss) on foreign exchange derivatives	27.5	(27.5)	–	(13.1)	13.1	–
Other income	10.8	(10.8)	–	8.9	(8.9)	–
Total investment income[1]	**105.4**	**(70.2)**	**35.2**	**254.2**	**(51.9)**	**202.3**
Management fee	(33.9)	33.9	–	(32.7)	32.7	–
Finance costs	(36.2)	36.2	–	(16.1)	16.1	–
Other fund expenses[2]	(4.7)	–	(4.7)	(6.9)	3.0	(3.9)
Total expenses	**(74.8)**	**70.1**	**(4.7)**	(55.7)	51.8	(3.9)
Profit before tax	**30.6**	**(0.1)**	**30.5**	198.5	(0.1)	198.4
Tax	(0.1)	0.1	–	(0.1)	0.1	–
Earnings	**30.5**	**–**	**30.5**	198.4	–	198.4
Earnings per share	**1.5p**	**–**	**1.5p**	9.9p	–	9.9p

Notes:
1 Total income shown in the IFRS accounts relates only to HICL Infrastructure PLC and not the portfolio companies that are held through investment entity subsidiaries. The consolidation adjustments relate to the results recorded in 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 2024			For the year ended 31 March 2023		
	Investment Basis	Consolidation adjustments	IFRS Basis	Investment Basis	Consolidation adjustments	IFRS Basis
Investments at fair value	**3,268.9**	**(56.4)**	**3,212.5**	**3,498.6**	**(148.9)**	**3,349.7**
Trade and other receivables	237.7	(237.4)	0.3	18.7	(18.3)	0.4
Other financial assets	25.9	(25.9)	–	8.5	(8.5)	–
Trade and other payables	(15.0)	14.1	(0.9)	(22.3)	21.2	(1.1)
Other current financial liabilities	(0.6)	0.6	–	(5.9)	5.9	–
Cash and cash equivalents	33.3	(32.2)	1.1	71.8	(70.8)	1.0
Loans and borrowings	(337.2)	337.2	–	(219.4)	219.4	–
Net assets attributable to Ordinary Shares	**3,213.0**	**–**	**3,213.0**	**3,350.0**	**–**	**3.350.0**
NAV per share (before dividend)	158.2p	–	158.2p	164.9p	–	164.9p
NAV per share (post-dividend)	156.1p	–	156.1p	162.8p	–	162.8p

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

Reconciliation of Statement of Cash Flows

£m	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Investment Basis	Consolidation adjustments	IFRS Basis	Investment Basis	Consolidation adjustments	IFRS Basis
Investment income received	244.4	(72.0)	172.4	222.7	(53.7)	169.0
Operating expenses paid	(39.8)	35.1	(4.7)	(43.8)	40.0	(3.8)
Finance costs paid	(29.0)	29.0	–	(7.9)	7.9	–
Net cash inflow before capital movements	**175.6**	**(7.9)**	**167.7**	**171.0**	**(5.8)**	**165.2**
Purchase of investments	(435.1)	435.1	–	(339.1)	181.2	(157.9)
Proceeds from investments	269.4	(269.4)	–	96.8	(96.8)	–
Share capital raised net of costs	–	–	–	158.0	–	158.0
Net cash flow from derivatives	6.8	(6.8)	–	(15.9)	15.9	–
Debt arrangement fees paid	(2.5)	2.5	–	(6.7)	6.7	–
Intercompany borrowings	(0.3)	0.3	–	–	–	–
Dividends paid	(167.6)	–	(167.6)	(165.5)	–	(165.5)
Movement in the year	(153.7)	153.8	0.1	(101.4)	101.2	(0.2)
Net cash/(debt) at start of year	(147.6)	148.6	1.0	(46.2)	47.4	1.2
Foreign exchange on cash	(2.6)	2.6	–	–	–	–
Net cash/(debt) at end of year	**(303.9)**	**305.0**	**1.1**	**(147.6)**	**148.6**	**1.0**

Note:
There is a difference between the change in cash and cash equivalents of the Investment Basis and the IFRS financial statements due to the cash balances held in the Corporate Subsidiaries
Cash held within the Corporate Subsidiaries is not shown in the IFRS statements but is shown in the Investment Basis financial information

Valuation of the Portfolio

Valuation methodology and approach overview

InfraRed is responsible for preparing the valuation of HICL's investment portfolio for the Directors' approval. This investment valuation is called the Directors' Valuation. It is an Alternative Performance Measure ("APM")[4] and comprises the investment portfolio and future commitments adjusted for disposals committed to by the Group at the reporting period end.

The Directors' Valuation is the Group's preferred valuation measure because it better represents the Group's total value at risk at the balance sheet date. The valuation methodology and policy[5] 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 mainly valued using a discounted cash flow analysis of forecast investment cash flows[6].

There is a secondary market for infrastructure investments and, where appropriate and publicly available, external data points are considered. The Directors' Valuation is a sum-of-the-parts valuation, hence 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, GDP growth rates and applicable tax rates. The Investment Manager makes forecast assumptions for each of these external metrics using market data and economic forecasts. The Investment Manager also exercises its judgement to assess the expected future cash flows from each investment based on the detailed financial models produced by each portfolio company. The data in these models are adjusted to reflect specific operating assumptions and to replace metrics used by portfolio companies with those used by the Group where they are different.

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 the investment (e.g. liquidity, currency risks, market appetite) and its earnings quality (e.g. predictability and covenant of the revenues and service delivery challenges). These are generally 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 160.

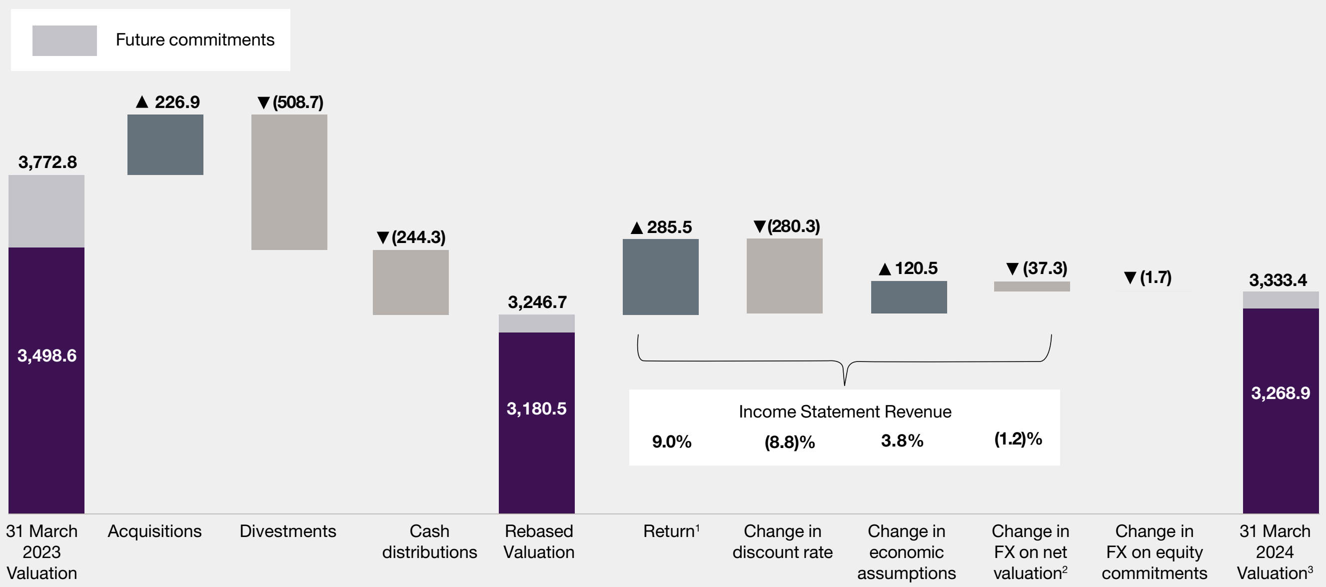
The Directors' Valuation is the key component in determining HICL's Net Asset Value ("NAV") and so the Audit Committee receives and challenges an independent report and opinion on the Investment Manager's valuation from a third-party valuation expert.

Directors' Valuation at 31 March 2024

The Directors' Valuation of the portfolio at 31 March 2024 was £3,333.4m, a decrease of 11.6% (31 March 2023: £3,772.8m) versus prior year. The FY2024 Directors' Valuation includes £64.5m of outstanding equity commitments (31 March 2023: £274.5m) in respect of two projects: the Blankenburg Tunnel (Netherlands) and the B247 Road (Germany).

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

Movement in the Directors' Valuation in the year ended 31 March 2024:



1 'Return' comprises the unwinding of the discount rate and project outperformance, including actual inflation
2 FX movement net of hedging is a loss of £9.7m
3 £3,333.4m reconciles, on an Investment Basis, to £3,268.9m investments at fair value (IFRS) together with £64.5m of future commitments
4 Further detail on the Group's APMs, including a reconciliation to the IFRS financial statements, is shown on page 43
5 Refer to Appendix 2 on page 160 for further details on the valuation policy
6 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

Acquisitions

The acquisitions in the year include the Hornsea II OFTO, Altitude Infra (France), TNT (US) and an additional 3.1% interest in A63 Motorway (France). As at 31 March 2024, the commitments have reduced to £64.5m (31 March 2023: £274.2m) due to the completion of the TNT acquisition.

Divestments

During the year, the Group entered into agreements to divest its total equity interest in eight assets (Northwest Parkway[1], Bradford Schools Phase 1 & Phase 2, Queens (Romford) Hospital, Oxford John Radcliffe Hospital, Priority Schools NE Batch, South Ayrshire Schools and Sheffield Student Accommodation).

The Group also agreed to dispose of 50% of its investment in Hornsea II OFTO, retaining a 37.5% stake in the project. The total consideration of all these divestments is £508.7m.

Rebased net valuation

The three valuations shown in the chart have been split between investments at fair value[2] and future commitments. The percentage movements have been calculated on the rebased valuation of £3,180.5m to reflect the returns generated on the capital employed in the year.

The rebased portfolio delivered Income Statement revenue of 2.8% in the year (2023: 8.0%). The reduction in income return when compared to 2023 was principally due to the increase in discount rates in 2024 for all jurisdictions, recognised in September 2023.

Return from the portfolio

The return from the underlying portfolio of £285.5m (2023: £331.2m) represents a 9.0% (2023: 10.2%) increase in the rebased valuation, versus the discount rate, or expected annualised return, of 7.2% at the start of the year. The outperformance was principally generated from sale premiums on the assets sold, together with a revaluation uplift on the incremental investment in the A63 Motorway (France). This was partially offset by lower than expected actual inflation and, in the UK PPP sector, increased lifecycle costs and costs of pursuing third parties for defect rectifications.

Inflation

The portfolio is highly correlated to inflation, and since 2021 it has benefitted from heightened levels of inflation across all jurisdictions. Over the past six months, inflation in all regions has declined faster than the Group's forecast assumptions had expected, particularly in the UK, where RPI reduced to 4.0% for the year ended 31 March 2024 (2023: 13.5%).

Other jurisdictions also saw a lower reduction in inflation. In France, CPI was 2.3% (2023: 5.7%) and, in the USA, 3.0% (2023: 5.0%). The impact of the decrease in actual inflation versus forecast assumptions resulted in a reduction in NAV of £24.3m (2023: £136.4m upside).

In the short to medium term, inflation forecasts are expected to decline further and this has been reflected in the Company's short-term UK inflation assumptions for 2024 and 2025. No changes to assumptions have been made in other jurisdictions.

Demand assets

Following the sale of Northwest Parkway, HICL has five demand-based assets in the portfolio, representing 14% of the portfolio by value at 31 March 2024 (31 March 2023: 19%). Four of these demand-based assets, namely HS1, the A63 Motorway, RMG Roads and M1-A1, are sensitive to GDP. Over the past year, demand on the A63 was in line with the forecast. HS1 saw an increase in train paths due to greater demand on international routes. In addition, HS1 continues to benefit from the contractual underpin in relation to domestic track access revenues.

For further information on these assets, refer to the Top 10 assets – operational highlights on pages 26 to 35.

1 A 10% equity stake in Northwest Parkway sold in April 2023 with the remaining 23.3% sold as part of the 100% disposal, announced in February 2024
2 On an IFRS Basis

Valuation of the Portfolio continued

Discount rates

The discount rate is determined based on the Investment Manager's knowledge of the market, which includes data points across the Company's target markets and in other sectors and geographies it operates in, government bond yields and the implied equity risk premium.

Although there is increasing market confidence that interest rates may have peaked across HICL's jurisdictions, the Investment Manager believes that the increase in discount rates, recognised in the September 2023 valuation, remains appropriate for the 31 March 2024 valuation and continues to be in line with external transaction data points. This assessment is underpinned by the material level of transaction activity the Group has completed over the last 12 months.

Throughout FY2024, the Group has sold and purchased assets worth over £700m. In particular, the Group has carried out ten[1] disposals across sectors and geographies to multiple buyers, generating proceeds of over £500m. The assets sold, which total 13.5% of the 31 March 2023 portfolio value, were all realised at or above carrying value. This level of investment activity shows that the market for high-quality core infrastructure assets remains in good health and that a range of investor types have capital to invest. Going forward, demand for high-quality assets is expected to remain strong and should present both acquisition and divestment opportunities for HICL.

In addition to the transaction data, the Investment Manager continues to apply a greater weight to the level of equity risk premium implied by current government bond yields when reviewing and setting the discount rate. In the six months to 30 September 2023, the average 20–30-year UK government bond yields increased by 120 basis points to 4.9% at 30 September 2023 before a small reduction in the second half of the year to 4.4% at 31 March 2024. Overall, the UK discount rate has increased by 100 basis points since 31 March 2023. This results in a UK weighted average discount rate of 8.3% at 31 March 2024 (31 March 2023: 7.3%) and a risk premium of 3.9% (31 March 2023: 3.4%). The Investment Manager believes that the risk premium is appropriate for HICL's core infrastructure UK assets.

In New Zealand, North America and the Eurozone, there have been increases in long-term government bond yields but to a lesser degree than those observed in the UK.

For the portfolio as a whole, the overall weighted average discount rate has increased by 80 basis points to 8.0% (2023: 7.2%) and the risk premium has increased to 3.9% (2023: 3.5%).

There were two projects in construction at 31 March 2024, both of which are located in the Eurozone (31 March 2023: 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 or cost increases in construction affect the investment value.

Changes in economic assumptions

Changes in economic assumptions resulted in a positive impact of £120.5m (2023: £72.0m). The increase was principally due to changes in forecast inflation assumptions in all jurisdictions as well as various changes in interest rate assumptions outlined in the assumptions on page 49.

Forex

GBP strengthened against the Euro and the USD in the period resulting in a negative impact of £(37.3)m pre-hedging. Net of hedging, the impact was £(9.7)m.

1 Nine assets disposed, while ten instances of disposals occurred where a 10% equity stake in Northwest Parkway sold in May 2023 with the remaining 23.3% sold as part of the 100% disposal

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 2024	31 March 2023
Inflation rates	UK (RPI and RPIx)[1]	3.00% to March 2025 2.75% to March 2026 3.25% to March 2030 2.50% thereafter	5.0% year ending March 2024, 2.75% p.a. to March 2030, 2.0% thereafter
	UK (CPI/CPIH)[2]	2.25% to March 2025 2.00% to March 2026 2.50% thereafter	4.25% year ending March 2024, 2.0% thereafter
	Eurozone (CPI)	2.25% to March 2025 2.00% thereafter	5.0% year ending March 2024, 2.0% p.a. thereafter
	Canada (CPI)	2.25% to March 2025 2.00% thereafter	3.0% year ending March 2024, 2.0% p.a. thereafter
	USA (CPI)	2.00% to March 2025 2.00% thereafter	3.0% year ending March 2024, 2.0% p.a. thereafter
	New Zealand (CPI)	2.75% to March 2025 2.25% thereafter	5.0% to 31 March 2024, 2.50% to 31 March 2025, 2.25% thereafter
Interest rates	UK	4.50% p.a. to March 2025, 3.25% p.a. thereafter	3.25% p.a. to March 2025, 2.50% p.a. thereafter
	Eurozone	3.00% p.a. to March 2025, 2.00% p.a. thereafter	2.25% p.a. to March 2025, 2.00% p.a. thereafter
	Canada	3.75% p.a. to March 2025, 3.00% p.a. thereafter	3.50% p.a. to March 2025, 3.00% p.a. thereafter
	USA	4.25% p.a. to March 2025, 3.25% p.a. thereafter	4.00% p.a. to March 2025, 3.00% p.a. thereafter
	New Zealand	4.25% p.a. to March 2025, 4.00% p.a. thereafter	4.00% p.a. to March 2024, 4.25% p.a. thereafter
Foreign exchange rates	GBP / EUR	1.17	1.14
	GBP / CAD	1.71	1.67
	GBP / USD	1.26	1.23
	GBP / NZD	2.11	1.97
Tax rates	UK	25%	25%
	Eurozone	Ireland 12.5% France 25% Netherlands 25.8%	Ireland 12.5% France 25% Netherlands 25.8%
	Canada	23% and 27%	23% and 27%
	USA	21% Federal and 4.6% Colorado State	21% Federal and 4.6% Colorado State
	New Zealand	28%	28%
GDP growth	UK	2.0% p.a.	2.0% p.a.
	Eurozone	1.8% p.a.	1.8% p.a.
	USA	2.5% p.a.	2.5% p.a.

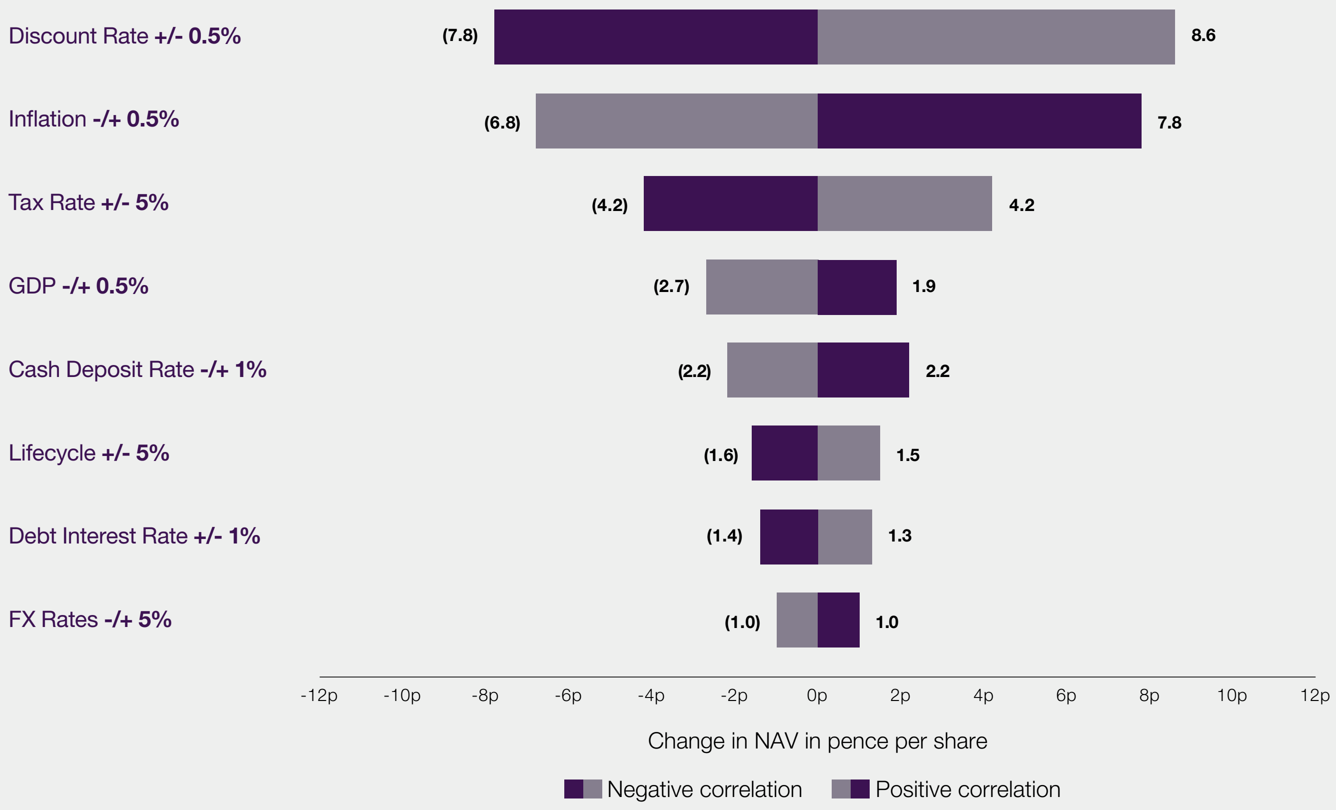
1 Retail Price Index and Retail Price Index excluding Mortgage Interest Payments
2 Consumer Prices Index including owner-occupiers' housing costs; used in the valuation of Affinity Water

Valuation of the Portfolio continued

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 as follows below[1,2,3]. The sensitivities are also contained in Note 14 to the financial statements

Valuation sensitivities – impact in pence per share



1 NAV per share based on 2,031 million Ordinary Shares as at 31 March 2024
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 as at 31 March 2024

Discount rate sensitivity

Whilst not a macroeconomic assumption, the 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. This sensitivity to a movement in discount rates is of a linear relationship meaning that for a 1.0% movement in discount rates the impact would be broadly twice as large as shown for a 0.5% movement. Following the sale of Northwest Parkway, the portfolio has become less sensitive to discount rate movements.

Inflation rate sensitivity

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. For Affinity Water, 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 2024 was 0.7x (31 March 2023: 0.8x) such that should inflation be 1.0% p.a. higher than the valuation assumption for all future periods the expected return from the portfolio would increase from 8.0% to 8.7%. The portfolio's inflation correlation has declined due to the disposal of Northwest Parkway, where the inflation correlation was above the portfolio average correlation.

The portfolio valuation assumes UK inflation of 3.0% for the year ending March 2025, 2.75% to March 2026, 3.25% to March 2030 and 2.5% thereafter. The March 2024 forecasts for RPI out to December 2024 range from 1.2% to 4.6% from 22 independent forecasters as compiled by HM Treasury, with an average forecast of 3.3%.

Gross Domestic Product ("GDP") sensitivity

Following the sale of Northwest Parkway, the proportion of the portfolio considered sensitive to GDP has reduced to 14% (18% at 31 March 2023). At 31 March 2024, the portfolio had four assets sensitive to GDP, namely the A63, M1-A1 Road, RMG Roads and HS1. These assets are classified as GDP-sensitive because at times of higher economic activity there will be greater traffic volumes using them, generating increased revenues for the projects compared to periods of lower economic activity.

If outturn GDP growth was 0.5% p.a. lower for all future periods than those in the valuation assumptions set out on page 49, expected return from the portfolio (before Group expenses) would decrease 0.2% from 8.0% to 7.8% (31 March 2023: 7.0%).

Interest rate sensitivity

The majority of HICL's 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 five investments – Affinity Water, Fortysouth (NZ), TNT (USA), Altitude Infra (France), and XLT – which have refinancing requirements, exposing these investments to interest rate risk. The average gearing of the assets is 50% (31 March 2023: 45%), which is lower than the portfolio gearing at 68% (31 March 2023: 66%). As set out on page 50, were interest rates to be 1.0% higher in all future valuation periods, the expected return from the portfolio would decrease by 0.04% as a result of higher financing costs, before accounting for the offsetting positive impact of higher interest rates on cash balances.

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 2024, cash deposits for the portfolio were earning interest at a rate of 4.9% per annum on average (31 March 2023: 3.0%).

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 either taken by the project company (and hence the investor) or is subcontracted to the FM contractor. Of the 112 investments, PPPs make up 58% of the overall portfolio by value. For 59% of these PPP investments, the risk and reward is borne by the project company while for the remaining 41%, the risk is borne by the facilities management contractor.

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.

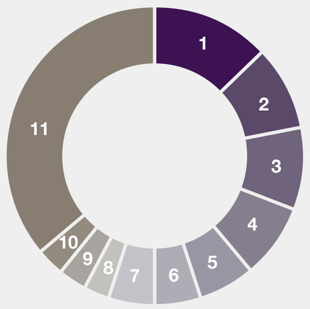
The UK corporation tax assumption for the portfolio valuation is 25% (2023: 25%).

Foreign exchange rate sensitivity

36% of the portfolio by Directors' Valuation, has exposure to foreign exchange rates. The sensitivity shows, post-hedging, the impact of GBP appreciating or depreciating against these currencies by +/- 5%.

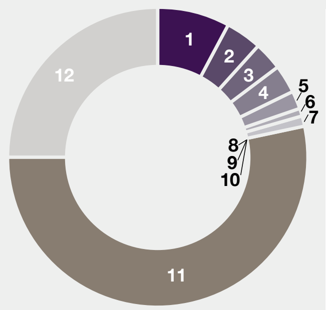
Valuation of the Portfolio continued

Ten Largest Exposures – Counterparty FM counterparty March 2024



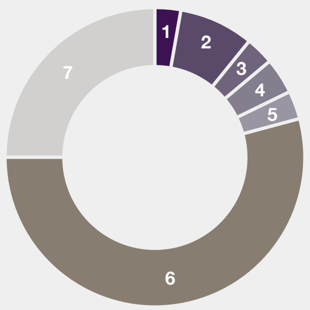
1	Bouygues	13%
2	In-house	9%
3	Equans	9%
4	EGIS	8%
5	Vodafone NZ	6%
6	Siemens	5%
7	Network Rail	5%
8	Babcock	3%
9	Mitie	3%
10	Sodexo	3%
11	Other	36%

Ten Largest Exposures – Counterparty Construction counterparty March 2024



1	Colas	8%
2	Balfour Beatty	4%
3	Siemens	3%
4	DEME	3%
5	Strabag	2%
6	Bouygues	1%
7	Fluor	1%
8	Laing O'Rourke	0%
9	Vinci	0%
10	Other contractors	0%
11	Latent defects limitation/Warranty period expired	54%
12	Assets subject to regulatory regimes[2]	25%

Ten Largest Exposures – Counterparty Latent defect warranty periods March 2024



1	Within 1 year	3%
2	1-2 years	8%
3	2-5 years	3%
4	5-10 years	4%
5	10+ years	3%
6	Latent defects limitation/Warranty period expired	54%
7	Assets subject to regulatory regimes[2]	25%

1 By value, at 31 March 2024, using Directors' Valuation excluding A13 senior bonds. 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

Risk and Risk Management

Risk management framework

HICL's risk management framework covers all aspects of its 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 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 the Group'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.

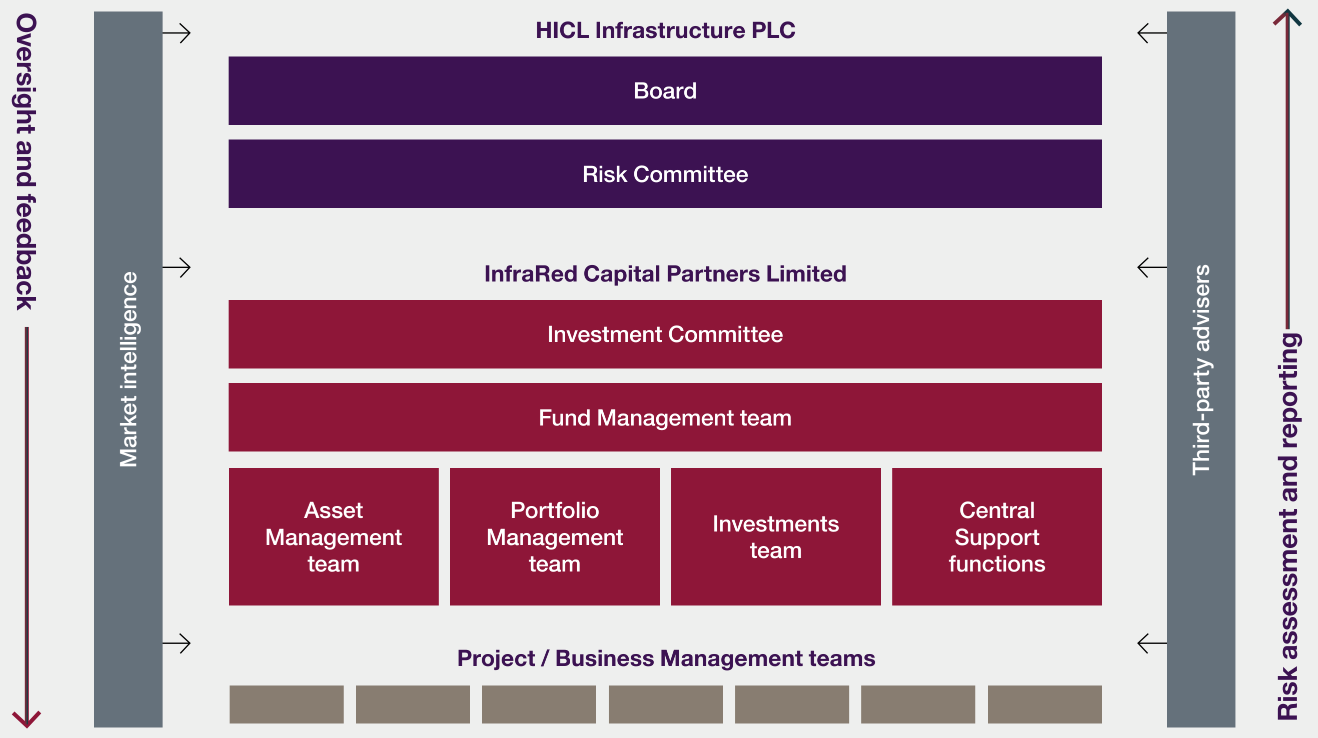
Day-to-day monitoring, evaluation and management of risk is undertaken by InfraRed as HICL's Investment Manager. Working closely with portfolio company management teams, InfraRed's Asset Management Team ensures the timely reporting of project-specific risks to the HICL Fund Management Team as and when 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. The Risk Committee reviews the Investment Manager's internal controls and their effectiveness on a quarterly basis, and the Audit Committee also reviews InfraRed's financial control environment. No material issues were identified by any committee during the year. The Investment Manager also undertakes an annual assessment of the Company's other key service providers, which requires each supplier to sign a code of conduct and fill in a questionnaire confirming compliance with relevant laws and regulations. The Management Engagement Committee reviews the results of this assessment, and any actual or potential issues which could result in a material risk to the Group are shared with the Risk Committee and Board.

The Investment Manager's Risk team has developed a detailed self-assessment internal control report, and this is reviewed on a quarterly basis by the Risk Committee alongside similar control reports from the Administrator and Company Secretary as well as HICL's Depositary.

This schematic sets out the Company's risk management framework:



Risk and Risk Management continued

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 described above were to materialise, the NAV / share impact would be impacted immediately, but the effect on cash flow may extend beyond the current year, with a consequential impact on dividend cash cover. The Risk Committee therefore focuses 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.

Although the residual risk from portfolio performance is still considered to be high, the Investment Manager achieved several key milestones which successfully mitigated the impact on the Group. Notably, the risk of underperformance across HICL's demand-based assets reduced further during the year, with HS1 resuming distributions, A63 performing ahead of expectations and overall demand exposure being reduced following the disposal of Northwest Parkway. The remediation of construction-related defects remains a priority, with works progressing well across several projects. InfraRed successfully mitigated the risk of adverse behaviour from public sector clients through active engagement, including participation in UK Infrastructure and Projects Authority (IPA) handback and net zero working groups and forming The Association of Infrastructure Investors in Public Private Partnerships (AIIP) to provide a co-ordinated voice on industry issues with stakeholders including the UK government. However, there remains a risk that high inflation places heightened financial pressure on public sector counterparties. However, supply chain disruption and cost inflation had a limited impact on a subset of projects during the period, with the wider risk to HICL mitigated by contractual pass-through mechanisms.

HICL's investments in Altitude Infra and Hornsea II OFTO helped to mitigate portfolio performance risks by improving diversification by sector, geography, revenue type and counterparty. These assets have been successfully integrated into the portfolio and are performing well operationally. Targeted disposals in the period also reduced risk, notably through reducing the Company's exposure to the historical obligations of Carillion plc through the sale of the Oxford John Radcliffe Hospital.

Despite short-term liquidity risk being materially mitigated through asset disposals and proactive management of the Company's balance sheet by the Investment Manager, the residual risk rating for the Financial / Market Risk class was changed from Medium to High in the year. This is due to the higher interest rate environment increasing HICL's cost of debt and impacting its share price, which has been at a material discount to NAV since February 2023. HICL's strong positive inflation correlation worked as expected to partially offset the NAV reduction arising from the increase to the portfolio's weighted average discount rate from 7.2% to 8.0%. HICL also evidenced the robustness of its NAV with the completion of over £500m of asset disposals in the year at or above carrying values.

The residual risk rating for the political risk class continues to be assessed as medium. Political and regulatory risk is an inherent feature of the infrastructure asset class which can evolve at relatively short notice. Affinity Water's PR24 business plan was submitted in September 2023, with Ofwat expected to publish its Draft Determination in June 2024. The risks associated with an uncertain outcome from PR24 have been appropriately reflected in Affinity Water's discount rate. The Company's primary political and regulatory risk mitigation is through its diverse portfolio, which is exposed to a wide range of clients, sectors, regulatory regimes and geographies.

Principal risks

The tables on the following pages summarise the principal risks which are regularly reviewed by the Risk Committee and have the potential to reduce the Company's ability to achieve its strategic objectives and materially impact HICL's financial performance and reputation. They are not an exhaustive list of risks and uncertainties faced by the group. Further information on 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.

The Directors have carried out a robust assessment of the Company's emerging and principal risks. The movement in risk status for each principal risk, when compared with the previous financial year, is set out in the tables below. The Investment Manager's Report (starting on page 20) provides additional commentary on how the risk landscape faced by the Group has evolved during the year.

The risks posed by climate change, whilst not expected to be material to the Group, are an integral part of the Investment Manager's risk management framework. Further information on the assessment and management of climate-related risks can be found in the Task Force on Climate-related Financial Disclosures, starting on page 65.

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

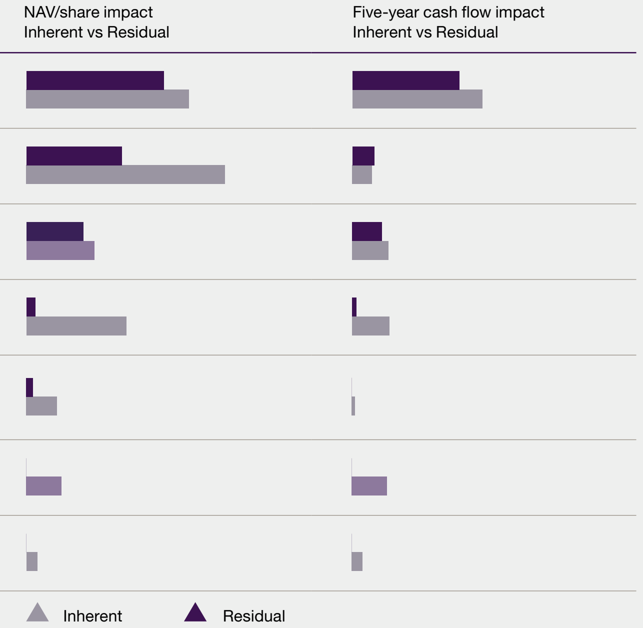
Link to strategy

Deliver a sustainable dividend | Grow Net Asset Value | Build a diversified portfolio to manage risk | Provide a compelling cost proposition

Change in risk level

No change | Decreased risk | Increased risk

Primary risk classes	Residual risk rating	Change in year
Portfolio performance risk	High	No change
Financial / market risk	High	Increased risk
Political risk	Medium	No change
Operational risk – execution	Low	No change
Operational risk – portfolio and asset management	Very Low	No change
HICL central management risk	Very Low	No change
Operational risk – regulation and compliance	Very Low	No change



Portfolio performance risk

Principal risk

Adjustments to contracted or regulated revenues

Movement in risk status in FY2024

No change

Link to strategic objectives

Deliver a sustainable dividend; Grow Net Asset Value

Potential impact

– Reduced income from PPP projects due to availability deductions because of poor operational performance or a disputed approach to contract management by clients and advisers
– Under certain regulated regimes, failure to meet specified delivery outcomes can result in penalties being earned, reducing income
– Projects may be prevented from making distributions by lenders or in severe cases, default on financing arrangements
– Adverse reputational impacts from loss of revenue linked to acute operational issues

Risk mitigation

– Contractual pass-through of deductions to subcontractors, which can be terminated and replaced if performance is poor for an extended period of time
– Collaborative and proactive agreement with public sector clients where disagreements arise over performance
– Diversity of regulatory mechanisms and performance regimes
– For most regulated assets, management team compensation linked to performance against regulatory outcomes

FY24 outcome

– Low overall level of deductions across the PPP portfolio, with the vast majority passed down to subcontractors
– Formation of the AIIP to share expertise on best approaches to managing PPP projects and provide a co-ordinated voice on industry issues with key stakeholders including the UK government
– No issues with contractual inflation pass-through mechanisms across the PPP portfolio
– Restructuring plan launched in response to ongoing dispute with client at Tameside Hospital
– Relatively low level of penalties incurred by Affinity Water, in line with expectations
– Revenues at Fortysouth (largely contracted) and TNT (regulated and contracted) in line with expectations

Risk and Risk Management continued

Portfolio performance risk (continued)

Principal risk

Revenue variability

Movement in risk status in FY2024

Link to strategic objectives

Potential impact
- Actual usage of demand-based assets below valuation assumptions
- Potential default of financing arrangements in the case of significant underperformance
- Uncertain and unpredictable impact on usage from long-term behavioural changes, such as increased home working
- Take up or adoption of new communications technology slower or less than expected

Risk mitigation
- Detailed analysis of demand risk as part of due diligence process at acquisition
- Use of independent third-party traffic forecasts where appropriate
- Assessment of risk of long-term behavioural changes as part of the Directors' Valuation
- Strategic and critical nature of the Group's demand-based assets
- Communications assets benefit from monopolistic wholesale market positioning or long-term contracts

FY24 outcome
- HS1 resumed shareholder distributions. The Group's demand-based assets are all making regular distributions
- Reduced short-term risk from Covid-19 related restrictions of movement and behavioural changes, with demand-based assets experiencing year-on-year growth in usage
- Reduced demand exposure through the Northwest Parkway sale
- Take-up of fibre behind expectations for Altitude Infra partially due to connection backlogs for the internet service providers; network roll-out ahead of schedule

Principal risk

Construction defects

Movement in risk status in FY2024

Link to strategic objectives

Potential impact
- Disputes with the subcontractor on the scope of remediation required
- Increased cost to the portfolio company where the construction contractor is no longer solvent or the statutory limitations period has expired
- Lenders preventing the project from distributing or in severe cases, default on financing arrangements
- Availability deductions may be levied depending on the extent of the defects and the works required for remediation
- Adverse reputational impact from material defect issues

Risk mitigation
- Legal rights of portfolio companies to make claims against construction subcontractors for identified defects during the statutory limitations period
- Construction defects identified through targeted surveys as well as a regular programme of operations and maintenance
- Adjudication or court process used where disputes arise and cannot be commercially resolved
- Lifecycle budget to offset some costs following the expiry of the statutory limitations period

FY24 outcome
- Construction of a temporary ward at Pinderfields and Pontefract Hospitals was completed post year end, enabling improvement works to begin in the main hospital building
- Reduced exposure to the historical obligations of Carillion plc through the sale of Oxford John Radcliffe Hospital
- Across the portfolio more broadly, proactive leadership and control of the delivery of remediation works by responsible parties where necessary

Link to strategy

Deliver a sustainable dividend | Grow Net Asset Value | Build a diversified portfolio to manage risk | Provide a compelling cost proposition

Change in risk level

No change | Decreased risk | Increased risk

Principal risk

Construction, operations and maintenance counterparties

Movement in risk status in FY2024

Link to strategic objectives

Potential impact
- Operational underperformance reducing a portfolio company's ability to fulfil its contractual obligations, potentially leading to revenue adjustments (see above)
- Failure of a counterparty, which is likely to lead to lenders preventing projects from distributing until the counterparty is replaced

Risk mitigation
- Well-diversified portfolio, mitigating concentration risk
- Counterparty credit risk assessed on a regular basis by InfraRed's internal credit risk team
- Continuous review of contingency plans for a scenario in which a key subcontractor enters administration or liquidation
- A number of potential replacement service providers from InfraRed's wide network

FY24 outcome
- Counterparty diversification improved by the acquisitions of Hornsea II OFTO and Altitude Infra alongside asset disposals
- No material deterioration in any counterparty rating
- Construction of Blankenburg Tunnel largely completed during the year, reducing HICL's overall construction risk exposure

Principal risk

Operational costs

Movement in risk status in FY2024

Link to strategic objectives

Potential impact
- Budgets for management services contracts, lifecycle costs and insurance premia prove to be insufficient
- For certain regulated assets, overspend against allowances may reduce returns
- Overspends can also occur where portfolio company management teams are responsible for operational service delivery

Risk mitigation
- Risk for several types of operational cost generally passed down through fixed price contracts to industry specialists
- Regular assessment of lifecycle budget adequacy
- For regulated businesses, set stretching but achievable expenditure allowances
- For some assets, management team compensation linked to performance business plan
- For 41% of HICL's PPP portfolio (58 projects), lifecycle obligations sit with facilities management contractors as opposed to HICL's project companies

FY24 outcome
- Supply chain pressures continuing to affect lifecycle costs in the UK PPP sector, with particular focus on lifecycle adequacy for those projects approaching handback
- Operational costs at Affinity Water in line with budget

Risk and Risk Management continued

Financial and market risk

Principal risk

Investor sentiment

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Prolonged periods where the share price trades below HICL's prevailing NAV, inhibiting HICL's ability to issue new equity capital
- Inability to capitalise on attractive investment opportunities

Risk mitigation

- Ability to refinance HICL's Revolving Credit Facility ("RCF") to extend maturity and size (if deemed appropriate)
- Use of HICL's Letter of Credit Facility ("LCF") for longer-term drawings for construction assets, where equity commitments are deferred for a number of years, to release RCF capacity
- Strategic disposal to generate cash to pay down drawings under the RCF and facilitate opportunistic acquisitions without substantially increasing HICL's gearing
- Issue of Private Placement which diversifies sources of capital, extends the maturity of debt to a longer tenor at a fixed rate

Outcome during the year

- HICL's share price has traded below the prevailing NAV since February 2023 as a result of the higher interest rate environment
- Floating rate debt exposure reduced by completing a £150m Private Placement and purchasing an option to cap £200m of its SONIA exposure to 6.5% for three years
- Proceeds from the ten disposals announced in the period both help to prove the investment valuations and will be used to fully pay down the Company's RCF and launch a share buyback programme for up to £50m

Principal risk

Inflation

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Adverse impact on portfolio valuation and distributable cash flows if inflation levels below HICL's long-term assumptions
- Potential defaults under loan arrangements in sustained periods of deflation
- Sustained high inflation may lead to increases in interest rates and therefore discount rates (see below)
- In some cases, inflation may impact costs to a greater extent than revenues

Risk mitigation

- HICL's inflation assumptions are carefully considered as part of the Directors' Valuation, drawing from a wide range of forecasts
- Lower inflation usually coincides with lower interest rates, elements which materially offset each other in the portfolio valuation
- Negative impact of discount rate increases should be largely offset by positive impact of inflation (see below)
- In many cases, both costs and revenues are contractually linked to the same inflation index

Outcome during the year

- Actual inflation ahead of expectations for H1, offset by lower than expected inflation in H2. Portfolio valuation saw an overall benefit from changes to inflation forecasts during the year
- In the medium and long term, HICL's inflation forecasts remain well below market expectations
- Valuation assumptions assume a modest decrease in inflation over the coming year

Link to strategy

Deliver a sustainable dividend · Grow Net Asset Value · Build a diversified portfolio to manage risk · Provide a compelling cost proposition

Change in risk level

No change · Decreased risk · Increased risk

Principal risk

Discount and interest rates

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Increases in interest rates may lead to increases in long-term government bond yields, which in turn may lead to increases in the discount rate used for comparable market transactions
- All other things being equal, higher discount rates would result in a reduction in the portfolio valuation

Risk mitigation

- Higher interest rates usually coincide with higher inflation, elements which materially offset each other in the portfolio valuation
- Higher deposit interest income when interest rates increase partly mitigates the value reduction arising from increased discount rates
- Low overall sensitivity to the impact of increased interest rates on financing costs at portfolio level
- Adequate and reasonable risk premium added to risk-free reference rate (long-dated government bonds) used to corroborate reference discount rates

FY24 outcome

- Impact of increased discount rates during the year partially offset by the portfolio's positive correlation to inflation and deposit rates
- Discount rates used in the Directors' Valuation corroborated by market transactions and the Board's third-party expert opinion on the valuation
- Increase in risk premium during the year as a result of increased discount rates in H1, followed by reduced government bond yields in H2
- Market expectation is that interest rates have now peaked across HICL's geographies

Political risk

Principal risk

Policy changes

Movement in risk status in FY2024

Link to strategic objectives

Potential impact

- Clients of HICL's portfolio companies or national governments may choose to terminate contracts
- 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
- Governments may consider taking certain assets back into public ownership

Risk mitigation

- PPPs generally have a contractual right to receive compensation in the event of counterparties voluntarily terminating a PPP contract
- InfraRed's active involvement in various industry bodies which, on behalf of the infrastructure sector, engage with politicians, civil servants, other policy shapers, and regulators
- InfraRed's direct interaction with stakeholders of the portfolio's projects to extol the value that the private sector brings to the delivery of public infrastructure

Outcome during the year

- Although the Labour Party in the UK has announced plans to nationalise train operating companies if elected, this is not expected to impact HICL's investments in HS1 or XLT
- The broader need for infrastructure procurement and the role of private capital in providing essential infrastructure enjoys bipartisan political support
- Heightened political scrutiny of UK water companies as a result of sewage overflow events and broader concerns around financial management; negative sentiment may indirectly impact Affinity Water despite it having no sewerage exposure

Risk and Risk Management continued

Political risk (continued)

Principal risk

Legal or regulatory changes

Movement in risk status in FY2024	Potential impact	Risk mitigation	Outcome during the year
No change **Link to strategic objectives** Deliver a sustainable dividend; Grow Net Asset Value; Build a diversified portfolio to manage risk	– Exposure to higher contractual costs or obligations due to legal and regulatory changes – Adverse impact on the assets that are subject to regular price control reviews in the event of failure to deliver the specified levels of service or investment	– Continuous monitoring of potential and actual changes to regulations by the Investment Manager and its advisers to ensure both the Group and its service providers remain compliant – Protection in relation to changes in legislation is provided by most social and transport infrastructure concessions through their contractual structures – InfraRed's participation 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 – Well-diversified portfolio across clients, sectors and countries	– Affinity Water was rated as an 'average' performer (in line with the highest awarded grade) in Ofwat's most recent Water Company Performance Report – Affinity Water submitted its PR24 business plan to Ofwat in September 2023; Ofwat's draft determination of the company's price control package is due in June 2024 – Exposure to regulatory regimes further diversified through the acquisition of Altitude Infra, which operates under a pricing framework which is regulated by French telecoms regulator ARCEP – HS1 has limited direct exposure to regulatory price control

Principal risk

Taxation changes

Movement in risk status in FY2024	Potential impact	Risk mitigation	FY24 outcome
No change **Link to strategic objectives** Deliver a sustainable dividend; Grow Net Asset Value	– Adverse impact on the Group and portfolio value due to taxation legislation or treaty changes, such as corporation tax rates and cross-border tax rules	– Closely monitor relevant cross-border tax rules and broader taxation legislation developments for any potential adverse impact on the Group	– The levy on revenues earned by long-distance transport infrastructure operators in France was enacted. A legal challenge has been issued and it remains HICL's expectation that compensation will be due through higher tolls if the challenge is unsuccessful; in any case the valuation impact on the A63 is expected to be immaterial because the revenue threshold for this tax is €120m – No other material changes in tax legislation

Link to strategy

Deliver a sustainable dividend — Grow Net Asset Value — Build a diversified portfolio to manage risk — Provide a compelling cost proposition

Change in risk level

No change — Decreased risk — Increased risk

Operational risk – execution

Principal risk

Inadequate due diligence

Movement in risk status in FY2024	Potential impact	Risk mitigation	FY24 outcome
No change **Link to strategic objectives** Deliver a sustainable dividend; Grow Net Asset Value	– Underperformance against acquisition assumptions due to poor or inadequate due diligence	– InfraRed's Investment team adopts a thorough due diligence approach and have a depth of experience in buying and selling infrastructure assets – Support of specialist advisers (e.g. lawyers, technical consultants, sustainability advisers and tax advisers) – Oversight is provided by the HICL Investment Committee, and by the Risk Committee and Board in respect of matters falling outside the Investment Manager's Approved Investment Parameters ("AIP")	– New acquisitions well integrated into the portfolio and performing in line with expectations – The passive infrastructure carve-out process at Fortysouth was completed on schedule and the business has operated as a standalone entity since 1 April 2024

Principal risk

Asset pricing

Movement in risk status in FY2024	Potential impact	Risk mitigation	FY24 outcome
Decreased risk **Link to strategic objectives** Build a diversified portfolio to manage risk; Provide a compelling cost proposition	– Infrastructure assets become less attractive due to high asset pricing – Overpayment for assets leads to lower realised investment returns than expected	– InfraRed's disciplined and selective acquisition strategy, leveraging the Investment Manager's international Origination and Execution platform – New acquisitions can provide inherent protection against rising interest rates through inflation correlation or regulated cost of capital structures	– Discount rates used to value new acquisitions corroborated by market data points, including HICL's disposal activity, and acquisitions and disposals made by other InfraRed-managed funds

Viability Statement

The AIC Code of Corporate Governance (the "AIC Code") requires the Directors to make a statement regarding HICL's viability in the Annual Report, explaining how they have assessed the Group'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 2029 remains an appropriate period over which to assess HICL's viability due to the following reasons:

- The period aligns with the Group's business planning processes, including how the Directors assess the Group 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 Company, it is challenging to assess and determine the regulatory, tax and political environment outside of the five-year period with any certainty.

Assessment of HICL's prospects

Business planning process

The Directors' primary assessment of the Group'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 that 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 investments.

Portfolio diversification

HICL's portfolio consists of over 100 companies whose underlying assets are predominantly fully constructed and operating PPPs (58% of the portfolio at 31 March 2024) or similar highly revenue-contracted projects with public sector counterparties in jurisdictions with established and proven legal systems. The Group benefits from predictable long-term, contracted and inflation-linked cash flows together with a set of risks that can be identified and assessed (see Risk and Risk Management on page 53). The projects are each financed on a non-recourse basis to the Corporate Group and are supported by detailed financial models. The Directors believe that the non-recourse financing and diversification within the investment portfolio (the Top 10 make up 49% of the portfolio) helps to withstand and mitigate the risks it is most likely to meet. Finally, the Corporate Group has a low level of operating expenses relative to forecast receipts from its portfolio investments, with its largest single cost being the management fee.

Approach to debt and gearing

The Group funds its investments using equity and a long-term £150m Private Placement, which is due for repayment in two tranches in 2033 and 2035. The Corporate Group's gearing is well within its Board-approved investment parameters in the five-year period. In addition, the Corporate Group can withstand a material increase in interest costs due to the purchase of a £200m cap which protects the Corporate Group if SONIA rates exceed 6.5%. The cap runs until 30 June 2026.

Capital allocation process

Consistent with others in the alternative assets investment company sector, HICL has suffered from uncertain macroeconomic backdrop and its shares have traded at a discount to NAV since February 2023. Against this backdrop, the Group has demonstrated its disciplined capital approach to capital allocation, by launching its strategic asset disposal programme. This programme generated proceeds of over £500m and will allow the full repayment of the drawings on its RCF. Should capital markets remain closed for an extended period, IILP has access to its £400m RCF, and the Group will look to rotate assets in the portfolio to repay the drawn balance.

Assessment of viability

In making this statement, the Directors have considered the resilience of HICL, 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 increased market volatility and heightened political environment and geopolitical risk.

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

- Increasing tax rate assumptions by 5% for all assets;
- Increasing lifecycle costs by 33%;
- Inflation is 2% lower in every period than the base case assumptions;
- Assuming an increase in projects not distributing of 20% of the portfolio (note this represents projects entering distribution lock-up for a period of 24 months after which they are released);
- A 15% reduction in distribution from HICL's operational assets highlighting hypothetical operational challenges;
- Delay of capital raising for a period of at least 12 months, funding HICL's committed acquisitions with an average forecast RCF cost of at least 200 basis points above base case; and
- Combined scenario assuming:
  - Delay of capital raising for a period of at least 12 months and increased interest rates;
  - Funding a hypothetical £50m equity injection to continue operating one or multiple assets;
  - 15% reduction in distributions from operational assets;
  - Increase in lifecycle costs of 33%; and
  - 50% reduction in final distributions from assets whose concessions end within the viability period.

Individually, due to the diversified nature of the Group's portfolio, these scenarios pose a minimal threat to its 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 HICL would remain viable over the five-year assessment period.

Viability Statement

The Directors have a reasonable expectation that HICL will be able to continue in operation and meet its liabilities as they fall due over the five-year period to March 2029, on the assumption that there is sufficient liquidity in the debt market to allow it to refinance or repay obligations becoming due under IILP's 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.

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:

- 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;
- 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
- 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 the Risk and Risk Management section of this report starting on page 53.

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 2024, 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. Explanations of the impact of HICL's activities on other stakeholders are included in the Strategic Report.

Gender diversity

At the year end, the Board of Directors comprised seven non-executives: four 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 2024.

Leverage	Gross Method	Commitment Method
Maximum limit	150%	125%
Actual level	129%	103%

Mike Bane
Chair
21 May 2024

TCFD

Governance

The Board and Investment Manager strongly believe that making a proactive and positive contribution to climate action is in the best interests of HICL's shareholders, clients and wider stakeholders. This has become clearer in recent years as extreme weather events and rising sea levels are increasingly visible consequences of greenhouse gas emissions.

On behalf of HICL, InfraRed actively identifies and mitigates the risks that climate change poses to the Company whilst also looking to reduce the actual and potential adverse impacts of business decisions on societies and the environment. The disclosures below provide key climate-related information, and cross-references to where additional information can be found (either within this report, or within HICL's 2024 Sustainability Report, published on the HICL website on the same day as this report).

HICL began voluntarily reporting against a subset of the 11 TCFD disclosure recommendations in its 2020 Annual Report and Financial Statements and has reported against all 11 recommendations since 2021. We confirm that we have complied with the requirements of LR 9.8.6R, by including climate-related financial disclosures that are consistent with the four TCFD pillars and the 11 recommended disclosures that are set out on page 70. We also acknowledge that there is always scope for improvement, and that there are certain areas where the Company is in the process of gathering and publishing more data.

HICL's robust and ambitious corporate governance framework helps to ensure this is delivered and provides investors with transparency on the Company's sustainability strategy and the wider impact environmental and societal impact of their investment, including in relation to climate change.

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.

Further information on HICL's corporate governance framework is provided on page 72 of this Report. A diagram setting out HICL's reporting and risk management framework is set out on page 53 of this Report.

TCFD continued

Strategy

In FY24, InfraRed engaged Willis Towers Watson ("WTW") to conduct a refreshed climate change impact assessment of HICL's portfolio[1]. Since November 2021, when this portfolio-wide exercise was first completed, all new investments have been subject to a climate change impact assessment as part of InfraRed's pre-investment process.

The process and methodology undertaken by the Manager to analyse potential physical and transition risks consists of four stages:

The Investment Manager has identified that in the short term, based on current climate conditions, a subset of HICL's assets remain 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 Group may also be exposed to transition risks if there are rapid, unexpected changes to government policy, which are more likely under the 1.5°C scenario as set out below. In general, the portfolio-level findings of the climate change impact assessment demonstrate that the Group remains highly resilient to both physical and transition risks associated with climate change.

Process and methodology

The flow chart below sets out the process undertaken by the Investment Manager and WTW:

1 Portfolio physical risk assessment

A location-based quantitative and qualitative physical risk assessment of HICL's portfolio based on three scenarios:

Scenario	Assumed global temperature increase from pre-industrial times by the end of the century	Representative Concentration Pathways (RCP)[2]
Hothouse world	4°C	8.5
Middle of the road	2-3°C	4.5
Net zero by 2050 scenario	1.5°C	2.6

2 Impact assessment

Assessment of acute and chronic hazards with the potential to reduce the availability and capacity of specific assets using proprietary in-house developed vulnerability models.

3 Modelling

Modelling of potential financial losses associated with current and future physical risks arising from climate change. These were modelled over short-term (now until 2030) and long-term (beyond 2040) time horizons.

4 Transitional risk assessment

As part of the assessment, transitional risks were also identified.

Key outputs

Overall level of exposure to physical risks based on current and future conditions (by project value), assuming no mitigation

Potential financial exposure from flooding/wind storm (project-level costs, 100% level) assuming no mitigation

Transition risks and opportunities by sector

Next steps

Flow down of climate risk information to project company management teams

Update of operational procedures and processes at project level if required

Focused engagement with clients

Reporting back to HICL Risk Committee

1 Excluding the Company's investments in A13 senior bonds
2 RCPs specify concentrations of greenhouse gases that will result in total radiative forcing increasing by a target amount by 2100, relative to pre-industrial levels

TCFD continued

Physical risk analysis:

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.

As part of the assessment, assets were given an overall hazard exposure score considering their respective exposures to acute and chronic hazards. Under the 'current' climate scenario, 17% of HICL's portfolio by value[1] has a hazard exposure score above 3 (medium). This falls to 7% under the 4°C scenario beyond 2040, demonstrating the resilience of the portfolio even in the event of extreme climate change.

Beyond 2040, under a 1.5°C scenario 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, subsidence, 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 windstorms 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.

Transition risks analysis:

Examples of transition risks under a 1.5°C scenario include increased public transport use, a reduction in overall journeys and car sharing, which could impact some of HICL's demand-based assets.

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.

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. The impact of climate change risks on future insurance premia is factored into the assumptions used in the valuation of each of HICL's assets.

Summary of material risks and opportunities:

TCFD Category	Climate-related trend	Potential financial impact	Potential materiality
Physical	Flooding	**Risk:** Damage to physical structures resulting in unavailability / increased cost	4°C – Low 1.5°C – Low
Physical	Winter storm	**Risk:** Damage to physical structures resulting in unavailability / increased cost	4°C – Low 1.5°C – Low
Physical	Drought	**Risk:** Usage restrictions or increased costs at Affinity Water **Opportunity:** Increased long-term investment required at Affinity Water	4°C – Med 1.5°C – Low
Transition	Retrofitting of energy efficiency solutions	**Opportunity:** Variation contracts awarded for existing PPP assets	4°C – Low 1.5°C – Low
Transition	Increased public transport use	**Risk:** Lower traffic using toll roads **Opportunity:** greater usage of HS1	4°C – Low 1.5°C – Med
Transition	Move towards electric vehicles and trains	**Opportunity:** Co-located EV charging at HICL's toll road projects **Opportunity:** Long-term use case for XLT	4°C – Low 1.5°C – Low
Transition	Increased need for renewable energy	**Opportunity:** Long-term use case for OFTO	4°C – Low 1.5°C – Low
Transition	Remote working	**Risk:** Reduced traffic volumes using demand-based transport assets **Opportunity:** Greater take-up and adoption of technology benefitting communications assets	4°C – Low 1.5°C – Med

1 By value, using the Directors' Valuation as at 31 March 2024

TCFD continued

Risk management

How we identify and assess climate risk:

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. Furthermore, the completion of a climate change risk assessment prior to entering into a transaction is now a formal condition of approval.

For existing projects, risks have been identified and assessed through a detailed climate change impact assessment, as set out on page 66 and 67. The Company's portfolio companies use the results of this assessment to undertake proactive monitoring and assessment at the project level.

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.

How we manage our risks:

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.

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 the Risk and Risk Management on page 53 of this Report.

TCFD continued

Metrics and targets

GHG emissions

HICL has disclosed the combined Scope 1, 2 and 3 greenhouse gas emissions of its entire portfolio for calendar year 2023. 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 below.

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).

Emissions (Attributable basis)	Year ended 31 December 2023
Scope 1	Nil
Scope 2	Nil
Scope 3 (tCO_2e)	89,733
Weighted average carbon intensity (tCO_2e/£m)	280

M PAI indicators – Mandatory

V PAI indicators – Voluntary

Other metrics and targets[1]

Our specific climate and environment related metrics and targets, as set out in this report have been made considering the TCFD recommendations and are set out below:

METRIC	Current Year	Previous Year	% PORTFOLIO REPORTING	PAI?	TARGETS
Carbon Reduction Initiatives	**76%**	83%	100%	M	**Net zero targets:**[2] 50% Portfolio coverage; 90% Engagement threshold by 2030
Water Reduction Initiatives	**88%**	92%	100%	V	**For portfolio companies where we have operational control:**[3] 100% of portfolio companies with material water and consumption to have reduction initiatives in place by 2025
Waste Reduction Initiatives	**87%**	92%	100%		
Positive Biodiversity Impacts	**76%**	83%	100%		
Climate change risk register and Board meetings	**83%**	91%	100%		
Total Attributable GHG Emissions (Scopes 1, 2 and 3)	**89,733 tCO_2e**	146,190 tCO_2e	100%[4]	M	90% of emissions to be subject to direct or collective engagement and stewardship actions by 2030

1 Commentary on the changes in HICL's metrics in comparison to FY23 can be found on pages 14, 28, 34 and 38 of HICL's 2024 Sustainability Report
2 A more detailed explanation of HICL's net zero targets and methodology can be found on pages 15 to 21 of HICL's 2024 Sustainability Report
3 Note this target relates to portfolio companies where we have operational control in relation to setting and implementing water and waste reduction initiatives. Where we do not have operational control (such as PPP/PFI projects), we will still engage on these initiatives
4 100% of HICL's portfolio by valuation has emissions data reflected in the Total GHG Emissions calculations. For more information on HICL's methodology for estimating and reporting GHG emissions, please see pages 22 and 23 of HICL's 2024 Sustainability Report

TCFD continued

Net zero

Currently, 25% of HICL's portfolio by value is aligning, aligned to or at net zero[1]. This represents Affinity Water, HS1, XLT, TNT and HICL's OFTO projects (Burbo Bank, Galloper, Hornsea II, Race Bank and Walney Extension). These assets either inherently outperform the required decarbonisation trajectory for their sector or have put in place science-based net zero targets.

As set out in this report, the Company has set interim targets relating to net zero:

Portfolio Coverage: 50% of HICL's portfolio to be net zero, aligned to net zero, or aligning to net zero by 2030.

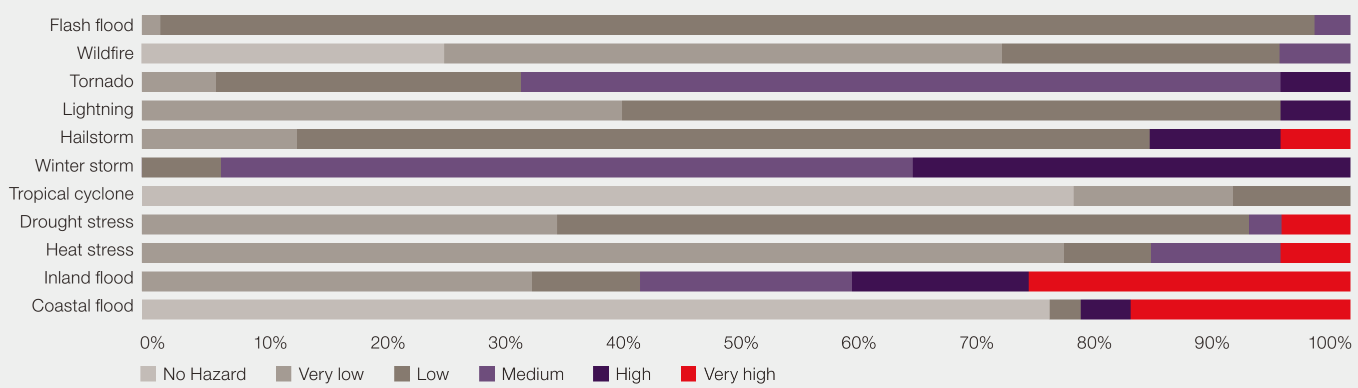
Engagement Threshold: 90% of all portfolio company emissions to be subject to direct or collective engagement and stewardship actions by 2030.

The Company commits to reviewing these targets every five years at a minimum.

As of 31 March 2024, 26% of the portfolio is currently invested in climate solutions. While the Company anticipates that this will grow over time and commits to maintaining transparency on the percentage of the portfolio invested in climate solutions, the Net Zero Investment Framework for Infrastructure recognises the difficulty in setting a Climate Solutions target for funds of HICL's nature. The Company is therefore not setting a formal target at this time.

The chart below sets out the portfolio exposure (by Directors' valuation as at 31 March 2024 excluding A13 senior bonds) to physical climate risks based on current climate conditions, without mitigation:

Portfolio exposure (by percentage of Directors' valuation as at 31 March 2024 excluding A13 senior bonds)



The table below sets out the 11 TCFD recommendations, and where the related information can be found.

Recommendation	Recommended Disclosure	Pages
Governance	– Describe the board's oversight of climate-related risks and opportunities. – Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 53 and 54,
Strategy	– Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. – Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. – Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 53 and 54, 65, 72 and 73, 83 and 84
Risk Management	– Describe the organization's processes for identifying and assessing climate-related risks. – Describe the organization's processes for managing climate-related risks. – Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 68
Metrics and Targets	– Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. – Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. – Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 69

1 The Investment Manager's definition and approach to net zero is aligned with the Science Based Targets initiative ("SBTi") methodology which informs the investee companies plan to transition to net zero by 2050. Further details are provided in HICL's 2024 Sustainability Report

Governance

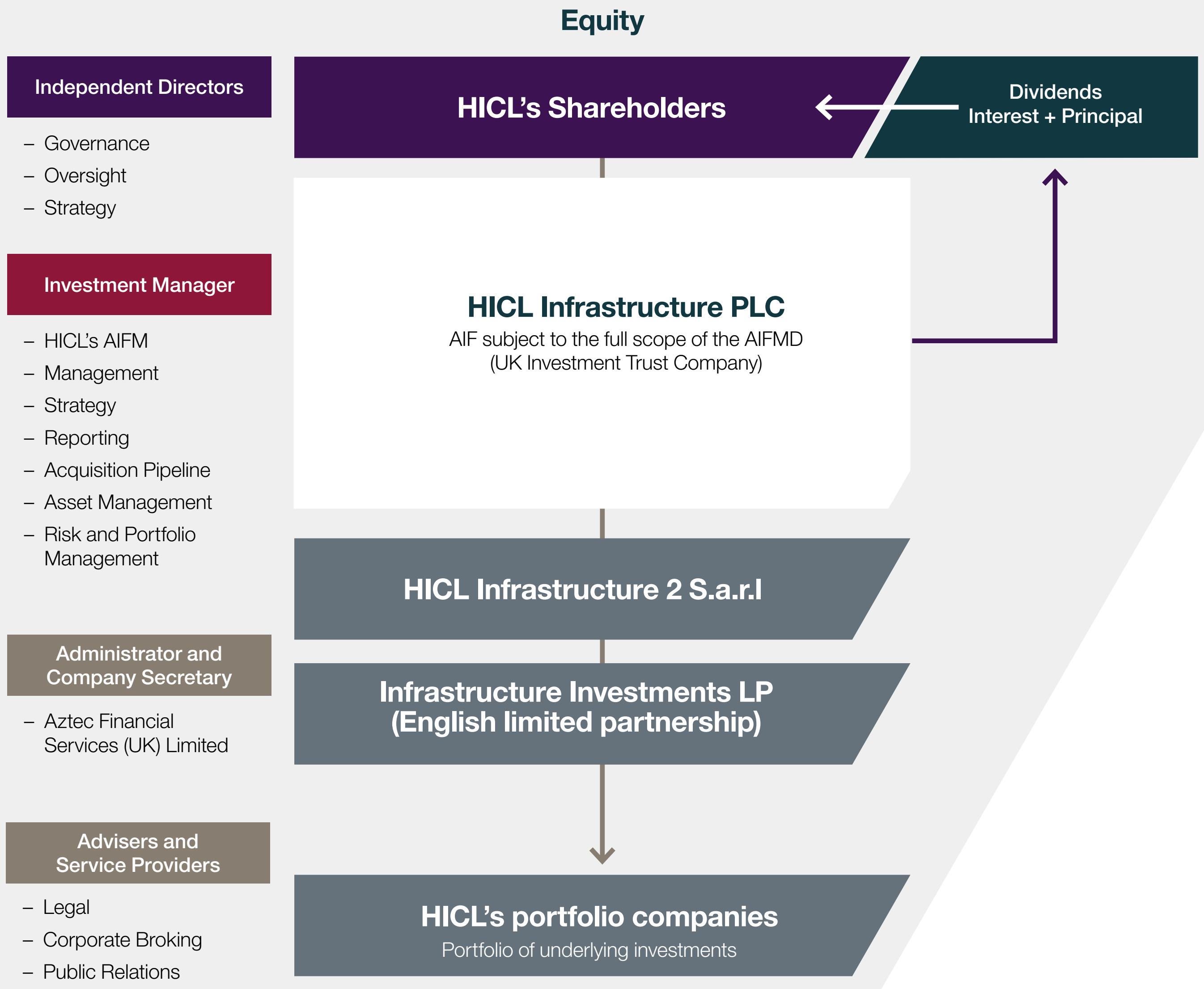
WHAT'S IN THIS SECTION

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. The Company's strategy relies on the expertise of its Investment Manager, InfraRed Capital Partners Limited ("InfraRed") and is centred around protecting and enhancing the value of the existing portfolio, in addition to sourcing new, appropriately priced assets. 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 March and August.



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"), together the Corporate Subsidiaries. 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 has been appointed the Investment Manager of HICL and the 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 Sàrl.

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 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 2024, the Board of HICL comprised seven 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.

Board of Directors

Mr Mike Bane
Chair of Board of Directors

Chair of Nomination Committee

Background and experience
Mike Bane (British) has been a Guernsey resident for over 25 years. He is a retired chartered accountant with over 35 years of professional experience providing services to the asset management industry including the infrastructure sector. He was a member of EY's EMEIA Wealth and Asset Management Board and led EY's services to the asset management industry in the Channel Islands. He is non-executive chair of the Guernsey Health Improvement Commission. Mike graduated with a BA in Mathematics from Oxford University.

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
- abrdn Property Income Trust Limited

Mr Kenneth Reid
Senior Independent Director

Chair of Management Engagement Committee

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 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

Ms Rita Akushie
Chair of Audit Committee

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

Ms Liz Barber

Background and experience
Liz Barber (British) was previously at Kelda Group (Yorkshire Water) where she served as Chief Executive Officer from 2019 until 2022, having previously served as Chief Financial Officer from 2010. Prior to that Liz held a number of senior partner roles with Ernst & Young.

Liz is a chartered accountant and graduated with a BSc in Geography from the University of Leeds, where she previously served as Deputy Chair, and is the Chair of the Yorkshire and Humber Climate Commission. Liz is the Senior Independent Director and interim Remuneration Committee Chair of Cranswick plc and was formerly a non-executive director of KCOM Plc, a UK fibre broadband provider.

Date of appointment
Appointed to the Board on 1 September 2022

Other public company directorships
(listed in London unless noted otherwise)**:
- Cranswick plc
- Renew Holdings plc

* 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
Chair of Remuneration Committee

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 the Aegon UK plc Group Board and serves as Chair of the Federated Hermes Property Unit Trust.

Previously Frances served as Head of Global Institutional Business at Gartmore Investment Management. She had also been a Director at Morgan Grenfell Asset Management and SG Warburg. Ms Davies graduated with a MA in Philosophy, Politics and Economics and a MPhil 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)**:
- Supermarket Income REIT PLC

Mr Simon Holden
Chair of 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) – retired 26 April 2023 as part of a members voluntary liquidation following the successful conclusion of the investment strategy and subsequent company closure

Mr Martin Pugh

Background and experience
Martin Pugh (British) has over 35 years in the infrastructure industry, spanning roles in construction, development, investment, asset management and strategic projects. Most recently he has provided executive management support to several major infrastructure projects and prior to this he held senior executive positions within Bilfinger Project Investments, overseeing the investment performance of assets in multiple sectors and across the UK and Europe.

Martin graduated in Civil & Structural Engineering and is a Chartered Engineer.

Date of appointment
Appointed to the Board on 1 September 2022

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

The Investment Manager

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.

Since July 2020, InfraRed has been owned by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"), although InfraRed continues to operate as a distinct business under SLC Management, Sun Life's alternatives asset management business.

The Sun Life acquisition has continued to provide 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 2024, Sun Life had total assets under management of C$1,470bn. 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 over 160 employees and partners, based mainly in offices in London and with regional offices in New York, Seoul, Madrid and Sydney. Its infrastructure team comprises over 100 professionals, all with an infrastructure investment background and a broad range of relevant skills, including private equity, structured finance, construction, renewable energy and facilities management.

Within the infrastructure team, there is:

– a Management team with overall responsibility for the activities provided to HICL;
– an Investments 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.

Five senior members of the InfraRed team make up InfraRed's Investment Committee on behalf of HICL. The Investment Committee has combined experience of over 100 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 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 above which, together with investments under (i), (ii) and 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), (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 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.

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 the 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). 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 2024, the Board comprised seven non-executive Directors. In accordance with Provision 10 of the AIC Code all of the non-executives who served during the year are independent of the Investment Manager. The Chair, Mike Bane, 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, Kenneth Reid. Kenneth 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 seven Directors intend to retire and will offer themselves for re-election at the forthcoming Annual General Meeting in July 2024.

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 finalised in Q1 2024, with further detail included on page 82.

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 Corporate 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 2024 is set out on page 79.

During the period to 31 March 2024 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 Corporate 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:

– 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 Group sustainability initiatives from the period;
– a review of any health and safety matters in the period;
– a detailed financial review, including detailed management accounts, valuation and treasury matters; and
– reports from HICL's Corporate Brokers and from the financial PR company.

Matters relating to HICL'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 the Risk Committee Report on page 83.

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 a detailed analysis of HICL's Budget and Business Plan for the coming year.

Corporate Governance Statement continued

Diversity policy

The Board believes that a diversity of viewpoints and personal experiences, along with broad professional expertise, lead to better decisions, is 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 2024, 43% (three) of the Board of Directors were women and 14% (one) was from an ethnic minority.

The FCA's Listing Rules require a listed company to disclose in its annual report whether it has met its diversity target of at least one senior position on its board of directors (i.e. Chair, Chief Executive, Senior Independent Director or Chief Financial Officer) being held by a woman. Furthermore, the Listing Rules recognise that such a disclosure requirement might not be appropriate in the context of Chapter 15 closed-ended investment companies, the boards of which are typically comprised wholly of non-executive directors. However, the HICL Board believes it important that this target should be substantively met, and accordingly would highlight that both the Chair of the Audit Committee and the Investment Manager's CFO, who is responsible for managing the financial activities carried out by the Investment Manager for the Company, are female.

HICL has no employees beyond its non-executive Board.

The executive management of HICL is provided by its Investment Manager, InfraRed, with the senior decision-making body being InfraRed's Investment Committee. InfraRed is a global business with a broad cultural representation of employees reflecting the international nature of its activities.

InfraRed supports equal opportunities regardless of age, race, gender or personal beliefs and preferences, both in their recruitment and when managing existing employees. InfraRed prioritises workforce engagement and implements a range of initiatives to enhance employee wellbeing, including fitness and mental health schemes, mentorship programmes, promotion of charity work and recognises social activities. HR systems are in place to allow employees to raise any concerns in confidence. InfraRed recognises that when its employees are engaged, it will benefit from elevated productivity and increased employee loyalty.

The data shown in the table below reflects the gender and ethnic background of the Investment Committee and Company Secretary, and was collected on the basis of self-reporting by the individuals concerned. The questions asked were "Which of the Parker Review ethnicity categories do you consider yourself to fall within?" and "What is the gender with which you identify?"

Gender identity and ethnic background reporting as at 31 March 2024

	Number of HICL Board members	Percentage of the HICL Board	Number of senior positions on the HICL Board	Number in Executive Management	Percentage of Executive Management
Gender identity					
Men	4	57%	2	5	71%
Women	3	43%		2	29%
Ethnic background					
White British or other White (including minority-white groups)	6	86%	2	7	100%
Black/African/Caribbean/Black British	1	14%	0	0	0%
Other ethnic group	0	0%	0	0	0%

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 on pages 91, 83 and 85, respectively, of this Annual Report.

The Chair and members of each Committee as at 31 March 2024 were as follows below:

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.

Board Committee membership

	Audit Committee	Management Engagement Committee	Market Disclosure Committee	Nomination Committee	Remuneration Committee	Risk Committee
Chair	Ms R Akushie	Mr K Reid	Mr M Bane	Mr M Bane	Ms F Davies	Mr S Holden
Members	Ms E Barber	Ms R Akushie	Ms R Akushie	Ms R Akushie	Ms R Akushie	Ms R Akushie
	Ms F Davies	Mr M Bane	Ms E Barber	Ms E Barber	Mr M Bane	Mr M Bane
	Mr S Holden	Ms E Barber	Ms F Davies	Ms F Davies	Ms E Barber	Ms E Barber
	Mr M Pugh	Ms F Davies	Mr S Holden	Mr S Holden	Mr S Holden	Ms F Davies
	Mr K Reid	Mr S Holden	Mr M Pugh	Mr M Pugh	Mr M Pugh	Mr M Pugh
		Mr M Pugh	Mr K Reid	Mr K Reid	Mr K Reid	Mr K Reid
By invitation	Mr M Bane					

Board attendance

	Formal Board Meetings (5)	Audit Committee (9)	Management Engagement Committee (1)	Market Disclosure Committee (1)	Nomination Committee (3)	Remuneration Committee (3)	Risk Committee (4)
Mr M Bane*	5	9	1	1	3	3	4
Ms R Akushie	5	9	1	1	3	3	4
Mr S Holden	5	9	1	1	3	3	4
Mr K Reid	5	8	1	1	2	3	4
Ms F Davies	5	8	1	1	3	3	4
Ms E Barber	5	8	1	1	2	3	3
Mr M Pugh	5	8	1	1	3	3	4
Retired following 2023 AGM:							
Mr F Nelson	2	2	0	1	1	1	1

* Mr Bane attends Audit by invitation

Conflict of interest

As at 31 March 2024, the Board comprised seven 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 the 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 the Audit Committee Report starting on page 85.

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 March and August. 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 Chair of one of HICL's Committees, as appropriate – whose contact details are on HICL's website.

During the year Mike Bane (Chair), Kenneth Reid (SID) and Frances Davies 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.

Management Engagement Committee (MEC)

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 in February 2024 to review the performance of the key service providers including the Investment Manager. No material weaknesses were identified in relation to the Investment Manager; 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.

A review of key service providers was also 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, including InfraRed, be recommended to the Board for approval, which was duly granted.

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

Market Disclosure Committee

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 2024.

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

Nomination Committee

The Nomination Committee has assessed the composition of the Board and its Committees taking account of the balance of skills, gender, experience, knowledge and length of service of Directors. These provide a sound base from which the interests of investors can be served to a high standard.

There is an appropriate spread of skills on the Board, combining suitable knowledge of regulatory requirements, multiple Directors with accounting qualifications and relevant practical experience, a depth of infrastructure expertise, and a strong understanding of the specific requirements of investment companies.

Succession planning for all roles, including the Chair and Committee Chairs, is a key responsibility of the Nomination Committee. During the year, the Committee explicitly considered new Director recruitment recognising anticipated future retirements from the Board. As a result of this process, which included the profile and skillsets that would best complement remaining Directors, an external recruitment process has been launched. A further update will be provided in the 2024 Interim Report.

Other than in exceptional circumstances, it is the policy of the Board that Directors, including the Chair, will not serve for more than nine years 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.

The Nomination Committee met twice in the year to 31 March 2024.

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

Board Evaluation

In line with recognised best practice, the Nomination Committee undertakes an externally facilitated Board evaluation at least once every three years. In the intervening periods, the Nomination Committee undertakes an annual self-evaluation which considers the performance, tenure, and independence of each non-executive Director.

Having last undertaken an external review in 2021, the Nomination Committee engaged Lintstock Ltd to conduct an external review of the performance of the Board and its Committees which was finalised in early 2024. Lintstock is an advisory firm that specialises in board reviews and has no other connection with the Company or individual Directors. The scope and findings of the evaluation are set out below:

1	**Scoping and tailoring**	The review was designed to consider core aspects of governance such as information, composition, and dynamics, as well as strategy and risk areas relevant to the performance of HICL.
2	**Completion of surveys**	Board members and senior representatives of the Investment Manager completed surveys assessing the performance of the Board and each of its Committees, as well as the performance of the Chair.
3	**Interviews**	In-depth interviews with Board members and senior InfraRed staff were conducted by two Lintstock Partners. The findings from the survey stage enabled Lintstock to focus discussions on the key priorities for each Director.
4	**Analysis and delivery**	Lintstock analysed the findings from the surveys and interviews and delivered focused reports documenting the findings, including a number of recommendations to increase effectiveness.

Key findings

Lintstock found that the HICL Board benefits from a dedicated group of non-executives who are focused on discharging diligent oversight, and maintain a constructive dialogue with the Investment Manager. The core aspects of Board effectiveness drew positive feedback, with the standard of rigour and the oversight of the acquisition and disposal of assets drawing particular praise.

The review identified a small number of areas where there was scope for continuous improvement, which included maintaining a strong focus on asset management to deliver outperformance, board succession planning, seeking additional opportunities for strategic dialogue, and identifying efficiencies in the meeting process and supporting materials. These findings were discussed openly by the Nomination Committee and Investment Manager, in a session facilitated by Lintstock, and will inform a set of specific actions which will enable the Nomination Committee and Board to monitor progress.

As part of the review, Lintstock delivered an analysis informed by the Lintstock Governance Index, which comprises around 60 core board performance metrics from over 100 board reviews that Lintstock has recently facilitated for UK investment companies. This helped the Directors to understand how the HICL Board and its Committees compares with other similar organisations, putting the findings into context.

Risk Committee Report

The following pages set out the Risk Committee's report on its activities for the year ended 31 March 2024. The Risk Committee operates within clearly defined terms of reference, which are available on the Company's website. The Risk Committee comprises all Directors and 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 the risk appetite of the Group, assessing, monitoring and managing the principal risks to which the Group is exposed, as well as establishing and overseeing mitigating action. 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
21 May 2024

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 or the reputation of the Company;
- risk limits and tolerances, and risk management;
- ongoing 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 Company's appetite; and
- the Investment Manager's advice on material changes to the investment strategy, the treasury policy, the hedging policy and the risk policy.

Statement of the Chair 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, ("AIFM") is responsible for risk management and has well-established 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 (and its Audit Committee), monitors, reviews and challenges their effectiveness.

The risk management framework operates across a range of timeframes and likelihoods, from: i) previously identified risks with mitigating actions already underway, ii) the identification of near-term emerging risks, including potential catalysts of 'black swan' events, and iii) longer-term 'horizon risks' that might influence HICL's portfolio and investment policy in the decades ahead.

The risk management framework follows a cascade approach, with three 'lines of defence', to effectively safeguard and protect the interests of the Company and its shareholders. The Investment Manager implements mitigation strategies, which are regularly reported to 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 scrutinise 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 quantitatively (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, including 'black swan' risks. 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.

Risk Committee Report continued

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, fund level gearing and hedging. The AIPs have served as intended during the 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. AIPs are adjusted from time to time based on the evolution of the Company's investment strategy and operating environment, with the current framework having been most recently refreshed in February 2023.

In response to the volatile macroeconomic environment and the consequential impacts on the Company's share price and its ability to access equity capital markets, the Risk Committee and the Investment Manager agreed to temporarily implement a more rigorous oversight framework. Whilst HICL's shares trade below the Company's Net Asset Value, all potential new investments are reviewed by the Board with approval sought to enter into the transaction. The Risk Committee also considered and assisted the Board with capital allocation decisions during the year, particularly with respect to the use of disposal proceeds.

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 climate and environmental risks notable amongst these), an assessment of 'black swan' risks (which are by definition unlikely to occur but could arise with limited warning and have a potentially significant impact on the Company), a review of HICL's risk management policies and updates on relevant fund or portfolio company matters as required.

The Committee received quarterly reporting from the Investment Manager in relation to health and safety matters. The safe working practices of HICL's service providers, portfolio companies and contractors and the avoidance of injuries are always of paramount concern and are closely monitored. During the year, a thorough review of health and safety was undertaken as set out below.

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

The Committee concluded each quarterly meeting with an assessment of whether HICL was performing in compliance with its stated risk appetite and, confirmed that, taken as a whole, this was the case. The Committee also concludes by ensuring the Investment Manager's attention focuses on any areas the Chair wishes to see closer scrutiny of and reporting against in subsequent quarters as matters arising.

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:

Health and safety

The management of health and safety is delegated to the Investment Manager who, at every HICL Risk Committee meeting, will report on significant (RIDDOR[1] notifiable) health and safety events for all projects and make recommendations in respect of actual or potential matters of concern. The Investment Manager worked with the Risk Committee in the year to enhance its RIDDOR reporting, primarily with greater focus on root cause analysis. It also undertook 'deep dives' into health and safety considerations at specific assets in response to concerns raised by the Committee. A full external review of HICL's legal duties regarding health and safety was also undertaken by a third party on behalf of InfraRed and the Company.

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. The Investment Manager continued to refine the scenarios included within each Primary Risk Class based on the Company's evolving portfolio and operating environment. Given the volatile macroeconomic backdrop over the year, the Investment Manager presented four new stress tests covering the Financial/ Market and Political Primary Risk Classes. Existing stress testing scenarios were also adjusted where relevant to better reflect these macroeconomic dynamics, with a particular focus on the Group's direct and indirect exposure to interest rates.

New investments

Given the Company's relatively recent investments in Fortysouth, TNT and Altitude Infra, the Committee placed greater focus on risks faced by assets that are more operational in nature. New bespoke stress testing scenarios and key risk indicators related to management team performance and the validity of assumptions made at acquisition for key value drivers were introduced specifically for these assets. The Risk Committee is also actively evaluating the role these assets play in future portfolio construction, particularly in relation to the potential they represent for delivering outperformance for HICL's shareholders in the medium to long term.

Risk appetite statement

The Investment Manager worked with the Risk Committee to complete a detailed review of the Company's Risk Appetite Statement, which considers the economic, political, and business environment, as well as any short-term shocks or longer-term trends that may affect portfolio performance. The residual risk rating for the Financial / Market Risk class was increased in July 2023, primarily due to increases in interest rates and bond yields which impacted HICL's weighted average discount rate and increased borrowing costs. The Investment Manager also provided more quantitative and qualitative risk measures to support the Committee with its assessment of risk appetite for each Primary Risk Class at each quarterly meeting.

1 Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations 1985

Audit Committee Report

I am pleased to present the Audit Committee report for the year ended 31 March 2024. My report outlines the work performed by the Committee in the year.

We held regular scheduled meetings during the year, four of which were aligned with the Company's reporting cycle. Member attendance can be found on page 79. Other regular attendees at these meetings included: the Company Chair, members of the Investment Manager 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 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 available on HICL's website.

The Audit Committee is the formal forum through which the external Auditor reports to the Board of Directors.

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 Investment Manager who have responsibility for HICL.

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.

Rita Akushie
Audit Committee Chair
21 May 2024

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 Rita Akushie, Mike Bane, by invitation of the Committee, and Liz Barber have the recent and relevant financial experience as outlined in the FRC's Corporate Governance Code.

The external Auditor and the third-party valuation expert are invited to attend the Audit Committee meetings[1] 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 LLP 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.

Committee effectiveness

The results of the Committee effectiveness review for 2024 confirm the Committee is operating effectively. It is considered well constituted and chaired, providing an effective and appropriate level of challenge and oversight of the areas within its remit.

1 The external Auditor is invited to all Audit Committee meetings, not solely those covering the Annual and Interim Reports

Audit Committee Report continued

What the Committee reviewed in the year ended 31 March 2024

Financial reporting
- Annual and interim reports
- Key accounting judgements and estimates
- Application of APMs, including the Investment Basis
- The Annual Report to ensure that it is fair, balanced and understandable
- Valuation process and policy review by an independent third party, on behalf of InfraRed

External audit
- Confirmation of the external Auditor's independence
- Policy and approval for non-audit fees
- FY2024 audit plan, including significant audit risks (being the valuation of investments in investment entity subsidiaries)
- Audit results report, including the results from audit procedures performed to address significant audit risks
- External Auditor performance and effectiveness

Internal control, compliance and risk management
- HICL's system of control and risk management
- The Viability Statement and the supporting stress test scenarios
- An update on compliance with HMRC's Senior Accounting Officer ("SAO") Regime including wider tax controls
- An update on the changes to UK Corporate Governance Code, covering Board responsibility around risk management and internal control framework, with changes effective from 1 January 2025.

Risk review
- Valuation reports and the investment portfolio valuation
- Updates on compliance with regulatory rules and compliance monitoring findings
- Reports on approach to tax policy and strategy
- Annual tax update
- Going concern and liquidity

Compliance with Corporate Governance code

The Committee received two updates on the changes to the UK Corporate Governance code, with a focus at this stage being on Internal Controls. Further updates will be provided in FY25 with a view to being ready to adopt the code when it comes into force.

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

- an 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;
- approval of the Group's budget in February 2024 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 reforecasting;
- 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;
- an 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 as part of the Management Engagement Committee in February 2024; 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 62. 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 below, alongside the actions taken by the Committee (with appropriate challenge from the external Auditor) to address them.

Significant issue considered	Audit Committee actions and conclusions
Valuation of investments The total carrying value of 'Investments at fair value through profit or loss' at 31 March 2024 was £3,212.5m (2023: £3,349.7m). See Note 12 to the financial statements. The fair value of the Company's investment is based on the Net Asset Value of Infrastructure Investments Limited Partnership ("IILP") and the sundry assets and liabilities of the direct Corporate Subsidiary, Luxco. 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 the Valuation of the Portfolio starting on page 46 of this report.	The Audit Committee discussed the valuation process and methodology with the Investment Manager in September, October, November 2023, and March and April 2024 as part of its review of the September 2023 Interim Report and early NAV releases in October 2023 and April 2024, as well as in March and May 2024 as part of its review of the March 2024 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. The Audit Committee met with KPMG five times during the year. In November 2023, the Audit Committee reviewed and agreed KPMG's initial audit plan, while in April 2024 the Audit Committee discussed the audit approach as well as in May 2023 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.
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 the Valuation of the Portfolio starting on page 46 of this report.	The Audit Committee considered in detail and provided robust challenge to the economic assumptions that are subject to judgement and that may have a material impact on the valuation. In addition, the Audit Committee considered the impact (both actual and potential) of 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. Whilst inflation has reduced during the year end March 2024 it is still at an elevated level compared to historic periods and therefore 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, sales processes, back-testing of disposals and other third-party information. During the year the Investment Manager commissioned a suitably qualified accounting firm to review their valuation process. The Audit Committee was able to review the final report. The approach to valuations was deemed to be appropriate with recommendations provided to enhance the process further. 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.

Audit Committee Report continued

Significant issue considered	Audit Committee actions and conclusions
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 the Valuation of the Portfolio starting on page 46 of this report.	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 Investment Manager presented analysis of the risk free rate movement and implied risk premium when determining discount rates. The Audit Committee was satisfied that the range of discount rates was appropriate for the valuation carried out by the Investment Manager.
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 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 Annual Report. The Audit Committee also reviewed the Company's viability statement and accompanying commentary, as well as projections and sensitivities 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 included to aid users of the Annual 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.	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. The Financial Review starting on page 40 details the assessment and calculation 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. As noted above, the Company prepares pro forma summary financial information under the Investment Basis, as well as reporting in accordance with IFRS in order to report the relevant financial performance and position to stakeholders.	The Audit Committee reviewed the March 2024 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 2024 Annual Report for their review and comment, as well as a specific paper from the Investment Manager to aid their assessment of the March 2024 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 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 12 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. In addition, the Board reviews and debates a quarterly self-assessment internal control report prepared by the Investment Manager – see the Risk and Risk Management section of this report starting on page 53 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 cash flow monitoring, asset ownership verification and oversight services to the Company. The Committee considers the need for discrete internal audit engagements as appropriate.

In September 2023, the Committee received a report commissioned by the Investment Manager on InfraRed's valuation policies and procedures, including the reporting to Audit Committee. The report was prepared by an independent third party and concluded that the valuation processes were operating as expected. Small changes were recommended to the Company's policies and these were enacted in the year.

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 ten years. The external audit was most recently tendered for the years commencing after 31 March 2015. As reported in the March 2015 Annual Report, KPMG Channel Islands was re-appointed as auditor at the completion of the tender process. Since then, KPMG UK was the auditor for the external audits commencing after 31 March 2020. It is expected that the audit will be tendered within the next financial year.

The Audit Committee continues to monitor developments on 'Restoring trust in audit and corporate governance' originally published by the Department of Business, Energy and Industrial Strategy. They remain 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 Committee Report continued

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. Current year fees were:

	March 2024 £m	March 2023 £m
Audit services		
Audit of the Company and intermediate holding entities	**0.9**	0.5
Audit of HICL's project subsidiaries and other audit-related services	**–**	–
	0.9	0.5
Non-audit services		
Interim review of the Company	**0.1**	0.1
Other non-audit services	**–**	0.1
	0.1	0.2
Total	**1.0**	0.7

Non-audit services in the table above consisted of audit-related assurance services for the Company's Interim Report. In total, it represented 10% (2023: 29%) 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.

Assessment of independence and effectiveness

To fulfil its responsibility regarding the independence of the external Auditor, the Audit Committee considered:

- changes in the other 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 2024;
- 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.

Directors' Remuneration Report

The Remuneration Committee's 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 2024 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 three times during the year. The most notable activity in the year was the triennial independent review of Directors' remuneration. In accordance with the Remuneration Policy, the Committee engaged an independent consultant to support this work, as explained in more detail in this report. The review highlighted that the existing fee levels had fallen behind the market levels and therefore fee increases were proposed for all Board positions, reflecting the evolution of the Company's portfolio and the time commitment and specialisms required from Directors to carry out their duties.

There have been no changes to the Directors' Remuneration Policy or the terms of reference of the Remuneration Committee.

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

Frances Davies
Remuneration Committee Chair
21 May 2024

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 Chair, 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 Chair of the Board, and in this 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 seeks the views of an independent external remuneration consultant at least every three years to assist its review of remuneration. This was carried out in late 2023 and the results duly reflected in the Remuneration Committee's recommendations.

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 is composed of all the Directors including the Chair 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 seven 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 and with Principles P, Q and R of the 2019 AIC Code.

Directors' Remuneration Report continued

Relevant performance information

In setting the Directors' remuneration, consideration is given to the size, complexity 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 17-year period from inception until 31 March 2024 compared with an investment in the FTSE All Share, FTSE 250 and the Morningstar Investment Trust Infrastructure indices over the same period. During that period the TSR was 6.7% p.a. compared with the FTSE All share index return of 5.7% p.a., the FTSE 250 return of 6.9% p.a. and the Morningstar Investment Trust Infrastructure index which returned 3.5% 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 2024.

Actual expenditure	31 March 2024	31 March 2023
Aggregate Directors' remuneration	£520,645	£528,831
Aggregate dividends paid to shareholders[2]	£167,597,765	£165,638,002
Aggregate cost of Ordinary Shares repurchased	£0	£0

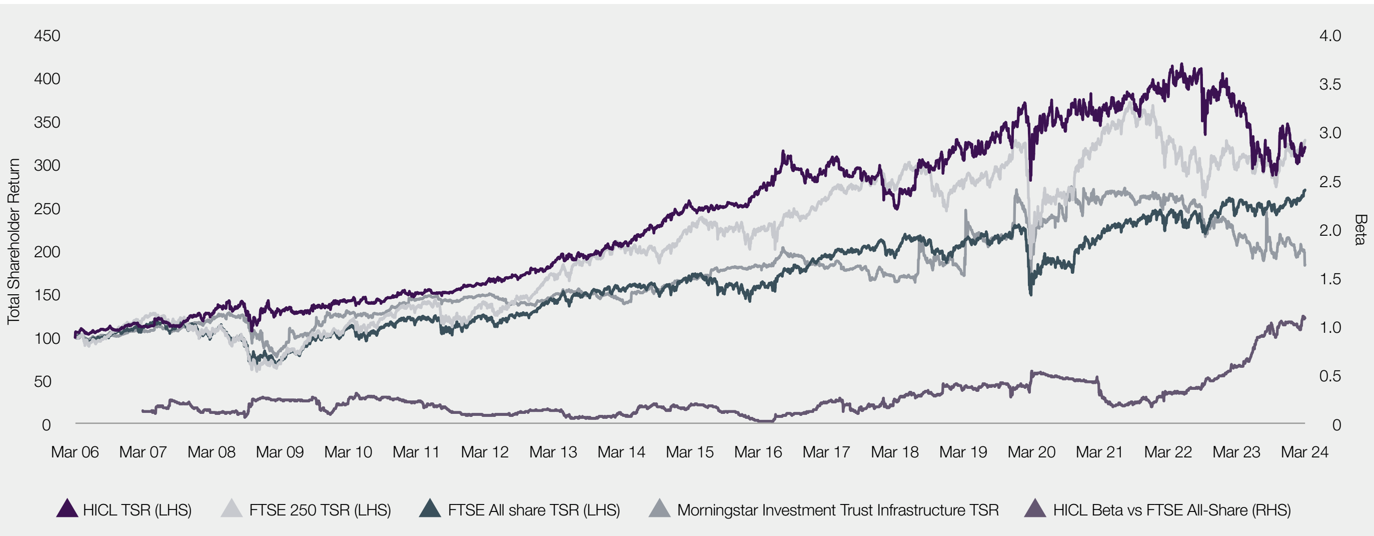
Review of remuneration

The Remuneration Committee commenced its triennial independent review of Board remuneration in the second half of 2023 with the objective of ensuring that Board remuneration reflects the evolution of the Company and its market and is set at an appropriate level to attract and retain high-calibre Directors. To support the review, the Remuneration Committee commissioned FIT Remuneration Consultants ("FIT"), an independent professional remuneration consultant with highly relevant experience in non-executive fee structures. Fees of £10,000 (plus VAT) were paid to FIT for this work which included market research, Director questionnaires and interviews.

The report from FIT, which contained recommendations for the financial year to 31 March 2025, was considered by the Committee in February 2024. An increase in remuneration was proposed by FIT for all roles, with consideration given to inflation, relevant market comparables, the experience and specialisms required by Directors and the upward trend in the dedicated time commitment required from the Board, in line with the evolution of the Company and its operating environment since the previous reviews conducted in 2020 and 2021.

In the Committee's review of the FIT report, it elected to reduce the observed gap in proposed remuneration between the Audit and Risk Chairs, reflecting the substance of each role in the HICL-specific context. The adjustments in fee ascribed to each role was subsequently confirmed by FIT as resulting in levels better aligned with the market.

The proposed remuneration, analysed by role, for the year ending 31 March 2025 is set out in the table on the following page, together with comparatives.



1 Including its predecessor, HICL Infrastructure Company Limited, from inception in March 2006 until March 2019
2 Dividends paid in the year rounded to £167.6m for the purposes of the financial statements (2023: £165.5m)

Role[1]	Total fees proposed (Year ended 31 March 2025)	Fees approved (Year ended 31 March 2024)[2]
Chair	**£119,000**	£110,000
Senior Independent Director	**£84,000**	£74,000
Audit Committee Chair	**£84,000**	£73,000
Risk Committee Chair	**£82,000**	£70,500
Director	**£67,500**	£58,500
Luxembourg representative	**£9,000**	£8,000
Total[3]	**£580,500**	**£511,000**

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 17 July 2024.

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 19 July 2023.

Directors' remuneration – audited

Total remuneration paid/due in year	Year ended 31 March 2024	Year ended 31 March 2023
M Bane*^	**£118,000**	£97,435
I Russell^	**–**	£31,957
F Nelson^	**£22,320**	£70,500
K Reid^	**£69,325**	£55,500
R Akushie	**£73,000**	£65,239
L Barber^	**£58,500**	£32,274
F Davies	**£58,500**	£55,500
S Farnon^	**–**	£21,152
S Holden	**£70,500**	£67,000
M Pugh^	**£58,500**	£32,274
Total[4]	**£528,646**	**£528,831**

Figures rounded to nearest £
*The Chair was the highest paid Director, includes £8,000 in respect of Luxembourg subsidiary
^ Remuneration pro-rated for the year

1 The fees approved/proposed relate to the roles performed and not to individuals per se
2 Approved at the AGM on 19 July 2023
3 The total proposed fee presented is based on the full year remuneration for seven Directors (2024: seven Directors) and does not include pro-rata allocations which have not yet been confirmed
4 Frank Nelson stepped down from the HICL Board in July 2023, following the Company's AGM and received pro-rata remuneration for the period served within the financial year to 31 March 2024. Kenneth Reid received additional pro-rata remuneration for the period served as Senior Independent Director within the financial year to 31 March 2024 after Frank Nelson retired

Directors' Remuneration Report continued

Statement of Directors' shareholdings – audited

The Directors of the Company on 31 March 2024, and their interests in the shares of the Company, are shown in the table below:

Number of Ordinary Shares	31 March 2024	31 March 2023
M Bane	**94,602**	14,394
K Reid	**29,011**	11,991
R Akushie	**16,500**	6,500
L Barber	**29,662**	15,000
F Davies	**25,000**	15,000
S Holden	**27,694**	27,694
M Pugh	**22,000**	14,000
Total	**244,603**	**104,579**

*F Nelson stood down as a Director during the year and therefore his holdings are no longer reported

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.

Statement of shareholder voting

At the last AGM held on 19 July 2023, the resolutions relating to the Directors' Remuneration Report for the year ended 31 March 2023 and the Directors' remuneration.

The percentage of votes cast was 67%. The results of the votes on resolutions relating to remuneration are summarised in the table below:

	In Favour		Discretion		Against		Withheld	
Resolution	Votes	% age	Votes	% age	Votes	% age	Votes	% age
8 Remuneration Report	1,281,641,004	99.95	58,535	0.01	515,903	0.04%	201,160	0.02
9 Remuneration Policy	1,275,625,294	99.48	58,535	0.01	6,523,713	0.51%	209,060	0.02

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 2024. 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 the Financial Review on page 40 and are set out in detail in the financial statements.

Distributions and share capital

HICL declared four quarterly interim distributions, totalling 8.25p per share, for the year ended 31 March 2024 as follows:

Amount	Declared	Record date	Paid/to be paid
2.06p	19/07/2023	25/08/2023	30/09/2023
2.06p	15/11/2024	24/11/2023	29/12/2023
2.06p	21/02/2024	01/03 2024	28/03/2024

The fourth quarterly interim distribution, of 2.07p per share, for the year ended 31 March 2024 was declared by HICL on 15 May 2024, and is due to be paid on 28 June 2024.

HICL has one class of share capital, Ordinary Shares, of which there were 2,031,488,061 in issue as at 1 April 2023. This number remained unchanged in 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 2024	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2020
3-month period ending 30 June	**2.06**	2.06	2.06	2.06	2.06
3-month period ending 30 September	**2.06**	2.06	2.06	2.06	2.06
3-month period ending 31 December	**2.06**	2.06	2.06	2.06	2.06
3-month period ending 31 March	**2.07**	2.07	2.07	2.07	2.07
Paid/declared	**8.25p**	**8.25p**	**8.25p**	**8.25p**	**8.25p**

Directors

The Directors who held office during the year to 31 March 2024 were:

Director	Role(s)	Years of service*
Mr M Bane*	Chair of the Board and Nomination Committee	5 years 9 months
Mr F Nelson* /**	Senior Independent Director until 20 July 23	9 years 10 months
Ms R Akushie	Chair of the Audit Committee	4 years 3 months
Mr S Holden*	Chair of the Risk Committee	7 years 9 months
Ms F Davies	Chair of the Remuneration Committee	5 years 0 months
Mr K Reid*	Senior Independent Director	7 years 7 months
Ms E Barber		1 year and 7 months
Mr M Pugh		1 year and 7months

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

** Retired 20 July 2023. The Director was considered to remain independent throughout his term served. Service was greater than nine years to facilitate handover to his successor as Senior Independent Director, prior to retirement

Corporate governance

The Corporate Governance Statement on page 77 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 17 July 2024.

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 the Investment Manager section on page 76.

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 the Corporate Governance Statement on page 77.

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 the Investment Manager's Report starting on page 20;
- 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 the Risk Committee Report on page 83); 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 Partners LLP, which are available from Companies House.

The aggregate total remuneration paid by the InfraRed Group for the year ended 31 March 2024 was £43,053,674.

This was divided into fixed remuneration of £21,666,799 attributable to 176 beneficiaries and variable remuneration of £21,386,875 attributable to 153 beneficiaries. The aggregate total remuneration paid by the Group which contains InfraRed to AIFMD Code Staff in the year was £9,604,037 and the number of senior management and risk takers was 18.

The Investment Manager fees charged to the Company were £0.1m (disclosed as Investment Manager fees in Note 18), of which the full balance remained payable at 31 March 2024. InfraRed is also the Operator of IILP, the Corporate Subsidiary through which HICL holds its investments. The total Operator fees were £33.8m, of which £8.1m remained payable at 31 March 2024.

Brokers, Administrator and Company Secretary

HICL's joint corporate brokers at 31 March 2024 are Investec Bank plc and RBC Capital Markets.

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

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 reappointment 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 2024, HICL is aware of or has received notification in accordance with the Financial Conduct Authority's Disclosure Guidance 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
Brewin Dolphin Limited	168,510,482	8.29%
Rathbones Investment Management	149,006,243	7.33%
Investec Wealth & Investment Limited	123,534,058	6.08%
M&G Investments	70,104,100	3.45%
Hargreaves Lansdown	64,590,078	3.18%

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 continues to meet the criteria to qualify for Payment Practice Reporting. This requires HICL Infrastructure PLC to report on its payment policies and specific data on payments and suppliers that demonstrate achieved performance every six months. For the purpose of this reporting HICL Infrastructure PLC is required to state a standard payment term. As HICL Infrastructure 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 page 69 – Metrics and targets.

Political contributions

HICL made no political donations during the year (2023: none).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in HICL's Business Model on page 14. The financial position of the Group, its cash flow and liquidity position are described in the Investment Manager's Report on page 20 and the Financial Review on page 40. 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 Group's access to credit facilities and by reviewing cash flow forecasts with a number of stress scenarios. They also considered the Group'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 the Financial Review on page 40 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. 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 19 July 2023.

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 pages 36 and 37 for the 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.

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.

By order of the Board authorised signatory:
Aztec Financial Services (UK) Limited
Company Secretary
21 May 2024

Registered Office:

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

Financials

WHAT'S IN THIS SECTION

KPMG LLP's Independent Auditor's Report

To the members of HICL Infrastructure plc

1. Our opinion is unmodified

In our opinion, the financial statements of HICL Infrastructure plc ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2024, 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.

What our opinion covers

We have audited the financial statements of HICL infrastructure plc for the year ended 31 March 2024 (FY24) included in the Annual Report, 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 2.

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 and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ("AC").

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.

2. Overview of our audit

Factors driving our view of risks

We considered the developments affecting the Company since the last audit for the year ended 31 March 2023 and have updated our risk assessment.

Geopolitical tension and global macroeconomic volatility continue to be the dominant themes for the year ended 31 March 2024.

During the year, the infrastructure investment industry continues to experience challenges, primarily driven by the persistent high interest rate environment and low investor confidence during a period of geopolitical and macroeconomic uncertainty.

This means the level of judgement required to be exercised by the Company in the valuation of investments in the investment entity subsidiary, which is primarily driven by the valuation of the underlying infrastructure, PFI and PPP projects, continued to be a focus area.

As part of our risk assessment, we have maintained our focus on the valuation of the investments in the investment entity subsidiary. This has included specific focus on the discount rate used in the valuation models, macroeconomic assumptions (such as inflation, GDP growth and interest rates), and project specific cash flow forecasts and adjustments made by the Company.

Key Audit Matter	Vs FY23	Item
Valuation of Investments in Investment Entity subsidiary		4.1

Audit committee interaction

During the year, the AC met 9 times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions. For the Key Audit Matter, we have set out communications with the AC in section 6, including matters that required particular judgement.

The matters included in the Audit Committee Chair's report on page 85 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities 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.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the directors for the period ended 31 March 2019. The period of total uninterrupted engagement, including HICL Infrastructure Company Limited (the previous Guernsey listed entity) is for the eighteen financial years ended 31 March 2024.

The engagement partner is required to rotate every 5 years. As these are the second set of the Company's financial statements signed by Fang Fang Zhou, she will be required to rotate off after the FY27 audit.

Total audit fee	£0.9m
Audit related fees (including interim review)	£0.1m
Other services	£0.3m
Non-audit fee as a % of total audit and audit related fee %	30%
Date first appointed	26 February 2019
Uninterrupted audit tenure	6 years
Next financial period which requires a tender	2026
Tenure of engagement partner	2 years

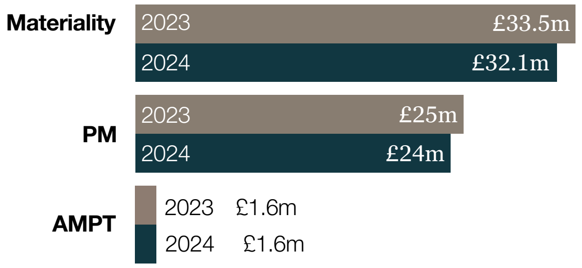
Materiality (item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the financial statements as a whole at £32.1m (FY23: £33.5m).

Consistent with FY23, we determined that total assets remains the benchmark for the Company as this is directly driven by the valuation of Investment in Investment Entity subsidiary which ultimately is most influential to the users of the financial statements. As such, we based our Group materiality on total assets, of which it represents 1% (FY23: 1%).

Materiality levels used in our audit



Materiality: Company Materiality

PM: Performance Materiality

AMPT: Audit Misstatement Posting Threshold

The impact of climate change on our audit

Climate change is an area of increased focus for investors and stakeholders. HICL, as an Investment Trust is impacted by climate change to the extent that shareholders are interested in how climate change and associated risks affect investment decisions and investment valuations.

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, PPP and PFI projects held indirectly by the Company through its investment entity subsidiaries.

As a 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 also performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular over the valuation of Investment in Investment Entity subsidiary. We considered the impact of climate change on the performance of investee companies with particular focus on the reasonableness of the free cash flow forecast. Taking into account the nature of the Company's underlying investments in infrastructure, PPP and PFI projects, 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 matter.

We have also read the disclosure of climate related information in the front half of the annual report as set out on pages 65-70 and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their 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 their 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").

Going concern

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 risks that we considered most likely to adversely affect the available financial resources over this period are;

– Operational or performance issues within the portfolio which increases the number of infrastructure, PPP and PFI investments not distributing and its impact on the Company's distribution income and cash flows; and
– Continued geopolitical tension and macroeconomic downturns contributing to a prolonged high interest rate and low investor confidence environment leading to a need to provide further liquidity support to underlying infrastructure, PPP and PFI investments

We considered whether these risks could plausibly affect the liquidity of the Company in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources included in the Company's financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 2 of the financial statements gives a complete and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Company to be acceptable. 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.

Our conclusions

– 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 97 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

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 on page 53 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 Emerging and Principal Risks 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 62 under the Listing Rules.

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.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matter

What we mean

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 include below the Key Audit Matter (unchanged from FY23) together with our key audit procedures to address this matter and our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on this matter.

KPMG LLP's Independent Auditor's Report continued
To the members of HICL Infrastructure plc

4.1 Valuation of investments held at fair value through profit and loss

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23		Our results
Investments in Investment Entity subsidiary	**£3,212.5m**	£3,349.7m	⇄	Our assessment is the risk is similar to FY23	FY24: Acceptable FY23: Acceptable

Description of the Key Audit Matter

Subjective valuation
The Company's investments in the investment entity subsidiary are measured at fair value and represent a significant proportion of the Company's net assets. The fair value of the investment entity subsidiary reflects its net asset value and is determined primarily based on the valuation of the underlying infrastructure, PPP and PFI projects.

The fair value is determined using the income approach whereby the long term forecasted cash flows of individual assets are discounted, with their cashflows and/ or discount rate adjusted to reflect risk profile associated with these investments. In addition, inherent to these long term forecasted cash flows are macro-economic assumptions such as inflation, foreign exchange rates, tax rates, deposit rates and, for certain demand-based investments, Gross Domestic Product (GDP). The financial statements (note 14) disclose the sensitivity estimated by the Company.

For the purposes of our audit, we have assessed the risk of misstatement of the valuation related to these assumptions and data points.

Discount rate
The discount rate is highly subjective and has a significant degree of estimation uncertainty with a potential range of reasonable outcomes (valuations) greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Other assumptions and data points
We considered that there is a lower level of audit risk associated with other assumptions and data points as these are less judgemental and, in some cases, are more readily comparable to third party data sources. However, due to the relevance of these assumptions to the overall valuation, we nonetheless consider these areas to also have had the greatest effect on the overall audit strategy and planning of the audit. Those assumptions and data points are:

- Inflation
- GDP growth rates
- Deposit rates
- Project revenue and expenses
- Management overlay adjustments to cash flow

Our response to the risk

Control design
We obtained an understanding of the Company's processes to determine the fair value of investments. We documented and assessed the design and implementation of the investment valuation processes and controls.

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

Our valuations expertise
We challenged the Company on the assumptions inherent in the valuation of infrastructure, PPP and PFI projects by using our own valuations specialists to assess whether those assumptions are within a reasonable range independently developed by them based on market data.

Test of detail
We reperformed the discounted cash flow calculation using the Company's inputs and assumptions. We constructed our own discounted cash flow models for each underlying asset tested and compared the results with the Company's valuation.

Assessing valuer's credentials
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.

Assessing transparency
We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of investments in the investment entity subsidiary and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

In addition, in respect of the other data points, our procedures included:

Test of detail
For a selection of investments, we agreed key revenue inputs and relevant overlay adjustments to the forecasted cash flows to external sources, such as third party contracts and invoices. Material expenses and relevant overlay adjustments were agreed to the supplier invoices received and where possible to underlying agreements for leases and firm/finance maintenance contracts.

We obtained the audited financial statements (where available) of the portfolio companies. We compared historic cashflow projections to the audited financial information in order to evaluate the accuracy of forecasts. Additionally, we used this information to assess the reasonableness of the cashflow projection for the next financial period. We inspected the financial statements for any material uncertainty on going concern for the portfolio companies. Where identified, we held discussions with management to understand the circumstances and assess any impact on the valuation

Communications with HICL Infrastructure plc's Audit Committee
Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the fair value of the investment in investment entity subsidiary including details of our planned substantive procedures and details of our assessment of the design and implementation of the controls relevant to the key audit matter.
- Our conclusions on the appropriateness of the Company's fair value methodology.
- Our conclusions on the appropriateness of the valuation of the investments in investment entity subsidiary and, for investments subject to specialist review, an indication of where the Company's valuation point lay within our reasonable range.
- The adequacy of the disclosures, particularly as it relates to the sensitivity of the valuation inputs.

Areas of particular auditor judgement
We identified the following as the areas of particular auditor judgement:

- The identification of the discount rate as being the assumption over which there is the highest degree of subjectivity, and our assessment of the reasonableness of the discount rates used by the directors in the valuation

Our results
Based on the risk identified and our procedures performed, we consider the valuation of the investments in investment entity subsidiaries to be acceptable (FY2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on pages 86-88 for details on how the Audit Committee considered the valuation of the investments in investment entity subsidiaries as an area of significant attention, pages 116-118 for the accounting policy on Key Audit Matter Area, and pages 122-124/notes 12 and 14 for the financial disclosures.

KPMG LLP's Independent Auditor's Report continued
To the members of HICL Infrastructure plc

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	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 the Investment Manager, the Directors and the Audit Committee, as to the Company's high-level policies and procedures to prevent and detect fraud, including the Investment Manager'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 Investments in Investment Entity subsidiary. – Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with companies in the same sectors as the Company operates, and this experience was relevant to the discussion about where fraud risks may arise.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet performance targets, 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. The simple nature and low volume of individual revenue transactions means there is a remote risk of material misstatement from fraudulent manipulation; and opportunities for a material misstatement due to fraudulent revenue recognition are limited due to the nature of the dividend income received. We did not identify any additional fraud risks.
Procedures to address fraud risks	Our audit procedures included evaluating the design and implementation of controls over journal entries and other adjustments and inquiring the Investment Manager about any inappropriate or unusual activity relating to the processes of journal entries and other adjustments. We substantively tested all material post-closing journal entries by comparing the identified journal entries to supporting documentation. Based on the results of our risk assessment procedures and understanding of the process, no further high-risk journal entries or other adjustments were identified. We also assessed the accounting estimate related to the valuation of investments in investment entity subsidiary for any indicator of management bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	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 Investment Manager (as required by auditing standards), and discussed with the directors and Investment Manager the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Direct laws context and link to 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, – taxation legislation including the company's status as an Investment Trust Company. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/ regulation areas	The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: – Anti-bribery and corruption; – Competition legislation; – Market abuse regulations; and Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context

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 fraud 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.

KPMG LLP's Independent Auditor's Report continued
To the members of HICL Infrastructure plc

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£32.1M
(FY23: £33.5M)
Materiality for the financial statements as a whole

What we mean
A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied
Materiality for the financial statements as a whole was set at £32.1m (FY23: £33.5m). This was determined with reference to a benchmark of total assets.

Consistent with FY23, we determined that total assets remains the main benchmark for the Company as shareholders consider the valuation of the investment portfolio as the primary financial indicator to understand the Company's performance.

Our materiality of £32.1m was determined by applying a percentage to total assets. When using a benchmark of total assets to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 0.5%-1% of the measure. In setting overall materiality, we applied a percentage of 1% (FY23: 1%) to the benchmark.

£24M
(FY23: £25M)
Performance materiality

What we mean
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.

Basis for determining performance materiality and judgements applied
We have considered performance materiality at a level of 75% (FY2Y3: 75%) of materiality for HICL Infrastructure plc financial statements as a whole to be appropriate.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£1.6M
(FY23: £1.6M)
Audit misstatement posting threshold

What we mean
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to HICL Infrastructure Plc's Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied
We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the financial statements of £32.1m compares as follows to the main financial statement caption amounts:

	Total income		Profit before tax		Net assets	
	FY24	FY23	FY24	FY23	FY24	FY23
Financial statement caption	£35.2m	£202.3m	£30.5m	£198.4m	£3,213m	£3,350m
Materiality as % of caption	91%	16.6%	105%	16.9%	1%	1%

7. 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.

All other information

Our responsibility
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.

Our reporting
Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting
- Based solely on our work on the other information described above we report to you as follows:
- 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

Our responsibility
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

KPMG LLP's Independent Auditor's Report continued
To the members of HICL Infrastructure plc

Corporate governance disclosures

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: – 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.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also 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.

Other matters on which we are required to report by exception

Our responsibility	Our reporting
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.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 98, 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 will be including these financial statements in an annual financial report prepared using the single electronic reporting format prepared under Disclosure Guidance and Transparency Rule ("DTR") 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

9. 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. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Fang Fang Zhou (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
21 May 2024

Income statement

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Dividends received		198.0	151.5
Interest received		–	17.5
Net (loss)/gain on revaluation of investment in Investment Entity subsidiary		(162.8)	33.3
Total investment income	5	**35.2**	**202.3**
Company expenses	6	(4.7)	(3.9)
Profit before tax		**30.5**	**198.4**
Tax		–	–
Profit for the year	9	**30.5**	**198.4**
Earnings per share – basic and diluted (pence)	9	**1.5**	**9.9**

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.

Statement of financial position

As at 31 March 2024

	Note	31 March 2024 £m	31 March 2023 £m
Non-current assets			
Investments in Investment Entity subsidiary	12,14	3,212.5	3,349.7
Total non-current assets		**3,212.5**	**3,349.7**
Current assets			
Trade and other receivables		0.3	0.4
Cash and cash equivalents		1.1	1.0
Total current assets		**1.4**	**1.4**
Total assets		**3,213.9**	**3,351.1**
Current liabilities			
Trade and other payables		(0.9)	(1.1)
Total current liabilities		**(0.9)**	**(1.1)**
Total liabilities		**(0.9)**	**(1.1)**
Net assets		**3,213.0**	**3,350.0**
Equity			
Share capital	16	0.2	0.2
Share premium	16	1,213.3	1,213.3
Revenue reserve	16	1,902.8	1,992.9
Capital reserve	16	96.7	143.6
Total equity	11	**3,213.0**	**3,350.0**
Net assets per Ordinary Share (pence)	11	**158.2**	**164.9**

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 21 May 2024, and signed on its behalf by:

M Bane
Director

R Akushie
Director

Company registered number: 11738373

Statement of changes in shareholders' equity

For the year ended 31 March 2024

	Note	Share capital £m	Share premium £m	Revenue reserve[1] £m	Capital reserve[1] £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2023		0.2	1,213.3	1,992.9	143.6	3,350.0
Profit for the year		–	–	77.4	(46.9)[1]	30.5
Issue of share capital		–	–	–	–	–
Cost of share issue		–	–	–	–	–
Dividends paid	10	–	–	(167.6)	–	(167.6)
Shareholders' equity at 31 March 2024		0.2	1,213.3	1,902.8	96.7	3,213.0

1 Revenue reserve and Capital reserve are described in accounting policies Note 16 Share capital and reserves

For the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Revenue reserve[1] £m	Capital reserve[1] £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2022		0.2	1,055.3	1,993.3	110.3	3,159.1
Profit for the year		–	–	165.1	33.3[1]	198.4
Issue of share capital		–	160.0	–	–	160.0
Cost of share issue		–	(2.0)	–	–	(2.0)
Dividends paid	10	–	–	(165.5)	–	(165.5)
Shareholders' equity at 31 March 2023		0.2	1,213.3	1,992.9	143.6	3,350.0

1 Revenue reserve and Capital reserve are described in accounting policies Note 16 Share capital and reserves

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

Cash flow statement

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Cash flows from operating activities			
Profit before tax	9	30.5	198.4
Adjustments for:			
Total investment income	5	(35.2)	(202.3)
Operating cash flows before movements in working capital		(4.7)	(3.9)
Changes in working capital:			
Decrease/(Increase) in receivables		0.1	(0.2)
(Decrease)/Increase in payables		(0.1)	0.3
Cash flow from operations		(4.7)	(3.8)
Investment income received		172.4	169.0
Net cash from operating activities		167.7	165.2
Cash flow from investing activities			
Investment in subsidiary		–	(157.9)
Net cash used in investing activities		–	(157.9)
Cash flows from financing activities			
Gross proceeds from issue of share capital	16	–	160.0
Cost of share issue		–	(2.0)
Dividends paid	10	(167.6)	(165.5)
Net cash used in financing activities		(167.6)	(7.5)
Net (decrease)/increase in cash and cash equivalents		0.1	(0.2)
Cash and cash equivalents at beginning of year		1.0	1.2
Cash and cash equivalents at end of year		1.1	1.0

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

Notes to the financial statements

For the year ended 31 March 2024

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 2024 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 (together the "Corporate Group") invest in infrastructure projects in the UK, Eurozone, North America and New Zealand.

2. Key accounting policies

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 in the preparation of the Company's financial statements are shown below. These policies have been consistently applied.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in HICL's Business Model section on the Investment Manager's Report starting on page 20. The financial position of the Company, its cash flows, and liquidity position are described from page 40 in the Financial Review. In addition, Notes 14 to 17 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 Group's access to the Revolving Credit Facility and Letter of Credit Facility (details of which are set out in the Financial Review starting on page 40) as well as considering the £150m Private Placement debt raised in May 2023 and by reviewing cash flow forecasts. The Directors also performed stress testing under severe but plausible scenarios including a significant increase in lifecycle costs, operational assets underperformance and reduction in final distributions from assets whose concessions end within the viability period (details of which are set out in the Viability section of the report on page 62). Judgement is applied in determining when the cash flows from underlying assets is assumed to be received when determining the cash flow forecast, based on the contractual nature or demand assumptions of each asset.

The Directors also considered the Company's considerable financial resources, including indirect investments in a significant number of project assets. The going concern analysis included an assessment of the potential variability in returns and cash flows from project companies including the effects of the heightened macroeconomic volatility on demand assets as well as availability assets. The Directors also noted that the financing for project companies 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

There are no new or amended accounting standards or interpretations adopted during the year that have a material impact on the financial statements. The Company notes the following standards and interpretations which were in issue and effective at the date of these financial statements.

- IFRS 17 including Amendments to IFRS 17: Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective for accounting periods beginning on or after 1 January 2023)
- Amendments to IAS 8: Definition of Accounting Estimate (effective for accounting periods beginning on or after 1 January 2023)
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for accounting periods beginning on or after 1 January 2023)
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023 with immediate effectiveness)

The Company also 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 IAS 1: Classification of Liabilities as Current or Non-current (effective for accounting periods beginning on or after 1 January 2024)
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements (effective for accounting periods beginning on or after 1 January 2024)
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (effective for accounting periods beginning on or after 1 January 2024)
- Amendments to IAS1: Non-current Liabilities with Covenants (effective for accounting periods beginning on or after 1 January 2024)
- Amendments to IAS 21: Lack of Exchangeability (effective date 1 January 2025)
- IFRS 18: Presentation and Disclosure in Financial Statements (effective date 1 January 2027)

Financial instruments

Financial assets and liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the contractual rights to the cash flows from the instrument expire or the asset or liability is transferred and the transfer qualifies for derecognition in accordance with IFRS 9.

Non-derivative financial instruments

Non-derivative financial instruments comprise the Company's investment in the equity and debt of its direct Corporate Subsidiary, 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 loan stock 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.

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 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. IILP has issued a £150m private placement. This note is held at amortised cost.

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 based on a calculation specified within the financing loan agreement with Luxco. Dividend income is recognised when the Company's right to receive payment is established.

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.

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 "SORP"). However, where relevant and appropriate, the Directors have looked to follow the recommendations of the 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 SORP and a summary of these judgements are as follows:

- Net gains on investments are applied wholly to the Capital reserve as they relate to the revaluation or disposal of investments;
- Dividends are applied to the Revenue reserve except under specific circumstances where a dividend arises from a return of capital or proceeds from a refinancing, when they are applied to the Capital reserve;
- Fees payable are applied to the Capital reserve where the service provided is, in substance, an intrinsic part of an intention to acquire or dispose of an investment;
- 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; and
- Foreign exchange movements are applied to the Revenue reserve where they relate to movements on non-portfolio assets.

Cash and cash equivalents

Cash and cash equivalents held by the Company comprise cash balances, deposits held at 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.

Notes to the financial statements continued
For the year ended 31 March 2024

2. Key accounting policies continued

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.

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.

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.

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.

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. 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
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.

To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

– It obtains funds from one or more investors for the purpose of providing these investors with professional investment management services;
– 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
– 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.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion is reassessed on an annual basis.

The Company holds significant stakes in the majority of its portfolio companies and must exercise judgement in the level of control of the underlying portfolio company that is obtained in order to assess whether the Company should be classified as a subsidiary.

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. Luxco holds the investment in IILP, which in turn holds investments in infrastructure assets which are held at fair value. The portfolio is well-diversified by sector, geography and underlying risk exposures. The underlying investments are all valued based on a discounted cash flow methodology with the exception of the A13 investment. Management exercise judgement in determining the appropriate assumptions that underpin these valuations. Note 14 sets out the sensitivity of key assumptions to reasonably possible changes in assumptions.

4. Geographical analysis

The tables below provide an analysis based on the geographical location of the Company's underlying investments.

Investment income	UK	Eurozone	Rest of the World	Total
31 March 2024	**£24.0m**	**£8.8m**	**£2.4m**	**£35.2m**
31 March 2023	£115.8m	£69.5m	£17.0m	£202.3m

Investment in investment entity subsidiaries	UK	Eurozone	Rest of the World	Total
31 March 2024	**£2,124.3m**	**£645.0m**	**£433.2m**	**£3,212.5m**
31 March 2023	£2,318.0m	£535.6m	£496.1m	£3,349.7m

5. Total investment income

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Dividends received	**198.0**	151.5
Interest received	**–**	17.5
Net (loss)/gain on revaluation of investment in Investment Entity subsidiary	**(162.8)**	33.3
Total	**35.2**	**202.3**

6. Company expenses

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Fees to auditor	**0.5**	0.4
Investment Manager fees (Note 18)	**0.1**	0.1
Directors' fees (Note 18)	**0.5**	0.5
Professional fees	**3.6**	2.9
Total	**4.7**	**3.9**

Fees to auditor comprise the Company's £0.4m audit fees as well as £0.1m fees to KPMG LLP, in respect of their interim review of the Company's accounts (2023: £0.3m audit fees and £0.1m interim review fees). Additional fees relating to the audit of the Company's subsidiaries were £0.5m (2023: £0.2m). The non-audit services for the Company, its subsidiaries and affiliates were £0.3m (2023: £0.4m)

Notes to the financial statements continued
For the year ended 31 March 2024

Information regarding the Group's Auditor

During the year, the Group received the following services from its External auditor, KPMG LLP. The table below is prepared in accordance with Companies Act requirements, which is consistent with both IFRS and the Investment basis.

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Audit Services		
Statutory audit		
Company	**0.4**	0.3
UK Subsidiaries	**0.5**	0.2
Total audit services	**0.9**	0.5
Non-audit services		
Other assurance services	**0.4**	0.5
Total audit and non-audit services	**1.3**	1.0

7. Employees

The Company had no employees during the year (31 March 2023: Nil).

8. Income tax

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Current taxes		
Current year	**–**	–
	–	–

The effective rate of corporation tax in the UK for a large company is 25% (2023: 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 2024 £m	Year ended 31 March 2023 £m
Profit before tax		
Profit before tax multiplied by the UK corporation tax rate of 25% (2023: 19%)	**7.6**	37.7
Effect of:		
Non-deductible capital losses/(gains)	**40.7**	(6.3)
Non-taxable dividend income	**(49.5)**	(28.8)
Dividends designated as interest distributions	**–**	(3.3)
Other	**1.2**	0.7
Total	**–**	**–**

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.

The Company is not expected to generate taxable profits not covered by the Investment Trust exemption in the foreseeable future. Therefore no deferred tax asset has been recognised in respect of these losses.

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 2024	Year ended 31 March 2023
Profit attributable to equity holders of the Company	**£30.5m**	£198.4m
Weighted average number of Ordinary Shares in issue[1]	**2,031.5m**	2,004.3m
Total basic and diluted earnings per Ordinary Share	**1.5 pence**	**9.9 pence**

1 No new shares were issued in the year (31 March 2023: 94,674,560 new shares issued). At 31 March 2024 the Company had 2,031,488,061 shares in issue (31 March 2023: 2,031,488,061).

10. Distributions to Company shareholders

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Amounts paid and recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend for the year ended 31 March 2023 of 2.07p	**42.2**	40.1
First quarterly interim dividend for the year ended 31 March 2024 of 2.06p per share	**41.8**	41.8
Second quarterly interim dividend for the year ended 31 March 2024 of 2.06p per share	**41.8**	41.8
Third quarterly interim dividend for the year ended 31 March 2024 of 2.06p per share	**41.8**	41.8
	167.6	**165.5**
Amounts not recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend proposed for the year ended 31 March 2024 of 2.07p	**42.2**	42.1

The Company has elected to distribute a percentage of the dividends paid to shareholders as an interest distribution for tax purposes.

Quarterly interest streaming fluctuates due to several factors, including the forecast annual effective interest received from underlying projects (which moves with acquisitions and disposals) and FX hedging gains/losses.

11. Net assets per Ordinary Share

	31 March 2024	31 March 2023
Shareholders' equity as at 31 March	**£3,213.0m**	£3,350.0m
Less: fourth interim dividend	**£(42.2)m**	£(42.1)m
	£3,170.8m	£3,307.9m
Number of Ordinary Shares as at 31 March	**2,031.5m**	2,031.5m
Net assets per Ordinary Share after deducting fourth interim dividend	**156.1p**	162.8p
Add fourth interim dividend	**2.07p**	2.07p
Net assets per Ordinary Share at 31 March	**158.2p**	**164.9p**

Notes to the financial statements continued
For the year ended 31 March 2024

12. Investment in Investment Entity subsidiary

Carrying amount of the investment in Luxembourg Corporate Subsidiary	31 March 2024 Equity Investment £m	31 March 2024 Loan investment £m	31 March 2024 Total carry amount £m	31 March 2023 Equity Investment £m	31 March 2023 Loan investment £m	31 March 2023 Total carry amount £m
Opening balance	**2,152.1**	**1,197.6**	**3,349.7**	1,912.4	1,246.1	3,158.5
Additions to investment in the year	**–**	**–**	**–**	157.9	–	157.9
(Loss)/gain on revaluation of investment (Note 5)	**(3.6)**	**(159.2)**	**(162.8)**	81.8	(48.5)	33.3
Additional loan drawdown	**–**	**25.6**	**25.6**	–	–	–
Carrying amount at year end	**2,148.5**	**1,064.0**	**3,212.5**	2,152.1	1,197.6	3,349.7

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 Luxco. IILP's Net Asset Value is based on the aggregate fair value of each of its investments along with the working capital of its intermediate holding companies.

Refer to page 46 for the valuation techniques and key model inputs used for determining investment fair values.

The Investment Manager has carried out fair market valuations of IILP's portfolio companies as at 31 March 2024. 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 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 1.6% to 9.6% (weighted average of 8.0%) (31 March 2023: weighted average of 7.2%).

The fair values of the Group's financial assets and liabilities not held at fair value, which include the £150m private placement issued by IILP, are not materially different from their carrying values.

In general, the terms of senior funding arrangements may restrict the ability of portfolio companies to make distributions.

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 and have approved the annual budget for the company; and
- Portfolio company compliance with the terms of senior funding arrangements.

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 2024:

- The acquisition of a 5.9% stake in Altitude Infra's fibre-to-the-home platform for £88.4m;
- The acquisition of a 45.75% stake in Texas Nevada Transmission LLC for £207.3m;
- The acquisition of a 75% stake in the Hornsea II OFTO for £119.1m; and
- The incremental acquisition of a 3.1% stake in the A63 Motorway for £20.1m.

Disposals

The Company, via its Corporate Subsidiaries, made the following disposal and divestment during the year ended 31 March 2024:

- The partial disposal of Northwest Parkway ("NWP") generated net proceeds of $82.8m (£68.5m);
- A portfolio disposal comprising Queens (Romford) Hospital, Oxford John Radcliffe Hospital, Priority Schools North East Batch and South Ayrshire Schools and half of the Group's investment in the Hornsea II OFTO which generated combined final proceeds received of £197.4m[1].
- The disposal of Bradford BSF Schools PPP, phases 1 and 2 (UK) generated combined proceeds of £37.6m;
- The disposal of University of Sheffield accommodation generated proceeds of £18.5m;
- The disposal of the Group's remaining 22.3% stake in NWP generated proceeds net of costs and taxes of $215.5m (£172.4m)[1].

Note 20 details the acquisitions and disposals 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 of the Portfolio section on pages 46 to 52 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 2024 £m	31 March 2023 £m
Financial assets		
Investment in Investment Entity subsidiary	**3,212.5**	3,349.7
Financial assets at fair value through profit or loss	**3,212.5**	**3,349.7**
Trade and other receivables	**0.3**	0.4
Cash and cash equivalents	**1.1**	1.0
Financial assets – amortised cost	**1.4**	**1.4**
Financial liabilities – other financial liabilities		
Trade and other payables	**(0.9)**	**(1.1)**
Financial liabilities	**(0.9)**	**(1.1)**

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)

31 March 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment in Investment Entity subsidiary (Note 12)	**–**	**–**	**3,212.5**	**3,212.5**

1 By 21 May 2024, the proceeds from the disposals of Northwest Parkway and Hornsea II had been received

Notes to the financial statements continued
For the year ended 31 March 2024

14. Financial instruments continued

	Level 1 £m	Level 2 £m	Level 3 £m	31 March 2023 Total £m
Investment in Investment Entity subsidiary (Note 12)	–	–	3,349.7	3,349.7

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
Valuation methodology

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	£3,212.5 (31 March 2023: £3,349.7)	A 5% sensitivity on closing NAV chosen due to historical volatility	£160.6

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, with the sensitivity having the same impact on both net assets and total investment income. See also the Valuation of the Portfolio section on page 46.

Sensitivities	-0.5% p.a. change	Investment at fair value through profit or loss	+0.5% p.a. change
Discount rates			
31 March 2024	**£173.8m**	**£3,268.9m**	**£(158.2)m**
31 March 2023	£195.4m	£3,498.6	£(177.1)m
Inflation rates			
31 March 2024	**£(141.3)m**	**£3,268.9m**	**£160.0m**
31 March 2023	£(176.1)m	£3,498.6	£207.5m
GDP			
31 March 2024	**£(55.3)m**	**£3,268.9m**	**£38.4m**
31 March 2023	£(86.9)m	£3,498.6m	£82.6m

	-1% p.a. change	Investment at fair value through profit or loss	+1 p.a. change
Cash deposit rates			
31 March 2024	**£(46.9)m**	**£3,268.9m**	**£46.5m**
31 March 2023	£(58.8)m	£3,498.6	£58.2m
Debt interest rates			
31 March 2024	**£25.5m**	**£3,268.9m**	**£(27.7)m**
31 March 2023	£28.7m	£3,498.6	£(20.4)m

	-5% p.a. change	Investment at fair value through profit or loss	+5% p.a. change
Tax			
31 March 2024	**£107.1m**	**£3,268.9m**	**£(107.9)m**
31 March 2023	£132.6m	£3,498.6m	£(131.6)m

The sensitivity assumes that the changes are for all future periods. The increase is consistent with that shown by the Company's listed infrastructure peers and this allows for comparisons to be made. A higher sensitivity is not considered necessary as the mix of the portfolio means that the sensitivity is linear and it is possible to estimate the impact if percentage changes are in multiples of this sensitivity.

The Directors recognise that current levels of macroeconomic volatility are likely to give rise to materially greater possible ranges of values than has been the case for a number of years.

15. Loans and borrowings

The Group's multi-currency £650m facility is held by its Corporate Subsidiary, IILP. It has a three-year tenor, which runs to 30 June 2026. Post-year end, the facility size was reduced from £650m to £400m at the Group's request.

In May 2023, the Company's Corporate Subsidiary, IILP, issued £150m of Private Placement loan notes. The notes were issued in two tranches: £100m expiring in 2033 and £50m expiring in 2035. The weighted average interest rate is 5.80% (5.75% after hedging). The notes are held at amortised cost by IILP.

16. Share capital and reserves

Ordinary Shares	31 March 2024 m	31 March 2023 m
Authorised and issued at the beginning of the year	**2,031.5**	1,936.8
Issued for cash	**–**	94.7
Authorised and issued at end of year – fully paid	**2,031.5**	**2,031.5**

The holders of the 2,031,488,061 Ordinary Shares (31 March 2023: the 2,031,488,061) 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 2024
No new share issuances occurred during the year ended 31 March 2024.

For the year ended 31 March 2023
In July 2022, 94.7 million new Ordinary Shares of 0.01p each were issued to various institutional investors at an issue price per share (before expenses) of 169.0p.

Share capital	31 March 2024 £m	31 March 2023 £m
Opening balance	**0.2**	0.2
Balance at end of year	**0.2**	**0.2**

Share premium	31 March 2024 £m	31 March 2023 £m
Opening balance	**1,213.3**	1,055.3
Issue of Ordinary Shares	**–**	160.0
Costs of issue of Ordinary Shares	**–**	(2.0)
Balance at end of year	**1,213.3**	**1,213.3**

Revenue reserve and Capital reserve
Revenue reserve and Capital reserve 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 Investment Entity subsidiary since acquisition on 1 April 2019.

17. Financial risk management

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 IILP as disclosed below. The Corporate Group, via IILP, owns a portfolio of investments predominantly in the subordinated loanstock and equity of project companies. These companies are structured at the outset to minimise financial risks where possible. Ongoing risk management occurs through the individual boards of the project companies and monitored through regular financial and operational performance reports.

Notes to the financial statements continued
For the year ended 31 March 2024

17. Financial risk management continued

Market risk

Returns from HICL's investments are 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.

As at 31 March 2024, and following the sale of Northwest Parkway, the proportion of the portfolio considered sensitive to GDP as at 31 March 2024 has reduced to 14% (18% at 31 March 2023), with four assets sensitive to GDP, namely, the A63, M1-A1 Road, RMG Roads and HS1. 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.

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. The sensitivity of the portfolio companies to interest rates is shown in Note 14.

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. 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 CPIH from 2030, RPI-linked project companies have been aligned to CPIH from this date. The sensitivity of the Corporate Group to inflation is shown in the sensitivities table in Note 14 on page 124.

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, NZ dollar and other currency denominated borrowings. At 31 March 2024, the Corporate Group, via IILP, hedged its currency exposure through Euro, Canadian dollar, New Zealand 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 in the sensitivities table in Note 14 on page 124. The proceeds from the NWP disposal were fully hedged from the date the sale was signed.

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 2024	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	**0.9**	**–**	**–**	**–**
Total	**0.9**	**–**	**–**	**–**

31 March 2023	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	1.1	–	–	–
Total	**1.1**	–	–	–

18. Related party transactions and transactions with the Investment Manager

InfraRed was appointed under an Investment Management Agreement, dated 4 March 2019, as Investment Manager to, and as 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 p.a., 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 (2023: £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 company within the same group as 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 2024, 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 £33.9m (2023: £32.5m), of which £8.1m remained payable at 31 March 2024 (2023: £8.3m).

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 under a put and call framework agreed with the InfraRed owners, exercisable after four and five years respectively from 1 July 2020.

In May 2023, Sun Life subscribed for £50.0m on an arm's length basis of the Private Placement Notes issued by IILP. As at 31 March 2024, £50.0m remained outstanding and £1.0m of interest had been accrued. Total interest paid to Sun Life in the year was £1.5m.

The Directors of the Company, who are considered to be key management, received fees for their services. Their fees were £0.5m (2023: £0.5m) for the year ended 31 March 2024 (see Note 6). One Director also receives fees for serving as Director of the Luxembourg subsidiary – the annual fees are £8.0k (2023: £7.5k). (Further detail is included in the Directors' Remuneration Report on page 91.)

All of the above transactions were undertaken on an arm's length basis.

19. Guarantees and other commitments

As at 31 March 2024, the Company, via a Corporate Subsidiary, had £64.5m of commitments for future project investments (31 March 2023: £274.2m).

20. Events after balance sheet date

By 21 May 2024, proceeds from the disposals of Northwest Parkway and Hornsea II had been received. This represents the remaining 23.3% stake in Northwest Parkway and a 37.5% stake in Hornsea II.

On 21 May 2024, the RCF was fully repaid using proceeds from the disposal of Hornsea II and NWP.

Notes to the financial statements continued
For the year ended 31 March 2024

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-24	Shareholding 31-Mar-23	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. (Incorporated in Holland)	Strawinskylaan 1021, 1077 XX, Amsterdam, The Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison (Holdings) Ltd	C/O Sodexo Remote Sites Limited 4th Floor, Exchange No.1, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	67%	67%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison Ltd	C/O Sodexo Remote Sites Limited 4th Floor, Exchange No.1, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	33%	33%	31 Mar 23	(1.6)	176.1
Affinity Water Capital Funds Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar 23	2.6	65.3
Affinity Water East Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[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%	31 Mar 23	(1.7)	285.4
Affinity Water Holdco Finance Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar 23	–	291.7
Affinity Water Holdings Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Pension Trustees Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar 23	2.2	66.8
Affinity Water Southeast Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	37%	37%	31 Mar 23	2,222.0	66,764.0
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]
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]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
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]
Altitude Infra (Incorporated in France)	Tour Trinity – 1bis Place de la Défense, 92400 Courbevoie	6%	–	31 Dec 23	(23.5)	375.1
Altitude Infrastructure Construction (Incorporated in France)	1bis Place de la Défense, 92400 Courbevoie, France	6%	–	31 Dec 22	48.4	51.2
Altitude Infrastructure Exploitation (Incorporated in France)	1bis Place de la Défense, 92400 Courbevoie, France	6%	–	31 Dec 22	40.9	33.1
Altitude Infrastructure THD (Incorporated in France)	1bis Place de la Défense, 92400 Courbevoie, France	3%	–	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/A[2]
Amalie PFI (UK) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	1.8	33.7
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]
Aotearoa Towers GP Limited (Incorporated in New Zealand)	15 Customs Street West, Auckland Central, Auckland, 1010, New Zealand	40%	40%	N/A[2]	N/A[2]	N/A[2]
Aotearoa Towers Group Limited Partnership (Incorporated in New Zealand)	15 Customs Street West, Auckland Central, Auckland, 1010, New Zealand	40%	40%	N/A[2]	N/A[2]	N/A[2]
Aotearoa Towers Hold Limited Partnership (Incorporated in New Zealand)	15 Customs Street West, Auckland Central, Auckland, 1010, New Zealand	40%	40%	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	12%	12%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Holdings Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	12%	12%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	12%	12%	31 Dec 22	31.6	16.7
Atlandes	15, avenue Léonard de Vinci, CS60024, Cedex, Pessac, 33615, France	24%	21%	31 Dec 23	40.1	0.1
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]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Axiom Education (Edinburgh) 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 (Perth & Kinross) 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 (Perth & Kinross) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	N/A[2]	N/A[2]	N/A[2]
BAAK Blankenburg-Verbinding B.V. (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, The Netherlands	70%	70%	31 Mar 23	12.0	821.8
Bangor and 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 and 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]
Bee Invest 1	91 rue du Faubourg Saint-Honoré 75008 Paris, France	100%	100%	N/A[2]	N/A[2]	N/A[2]
Betjeman Holdings JvCO Limited	5th Floor, Kings Place, 90 York Way London, N1 9AG	22%	22%	31 Mar 23	36.9	157.2
CTRL (UK) Limited	5th Floor Kings Place 90 York Way, London, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A[2]
Betjeman Holdings Limited	5th Floor, Kings Place, 90 York WayLondon, United Kingdom, N1 9AG	22%	22%	31 Mar 23	(0.7)	80.9
Betjeman Holdings Midco Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar 23	63.4	320.8
Birmingham and Solihull LIFT (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]
Birmingham and Solihull LIFT (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 LIFT (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 LIFT (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	60%	60%	31 Dec 22	2.0	50.3
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]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
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)	Herikerbergweg 292, 1101CT Amsterdam, The Netherlands	100%	80%	N/A[2]	N/A[2]	N/A[2]
BNC Pi2 Holding B.V. (Incorporated in Holland)	Runnenburg 9, 381 AZ Bunnik, The 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	Quadrant House Floor 6, 4 Thomas More Square, London, UK E1W 1YW	100%	100%	N/A[2]	N/A[2]	N/A[2]
By Education (Barking) Limited	Quadrant House Floor 6, 4 Thomas More Square, London, UK E1W 1YW	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%	N/A[2]	N/A[2]	N/A[2]
ByWest (Holdings) Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
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, UK, M1 4HB	–	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, UK, M1 4HB	–	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, UK, M1 4HB	–	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, UK, M1 4HB	–	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, UK, M1 4HB	–	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]
Central Blackpool PCC Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Children's Ark Partnerships Holdings 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]
Claymore Roads (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Claymore Roads 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	Q14 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, United Kingdom, NE12 8BU	30%	30%	31 Mar 23	2.7	35.6
Connect M1-A1 Limited	Q14 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, United Kingdom, NE12 8BU	30%	30%	31 Mar 23	2.7	35.6
Consort Healthcare (Birmingham) Funding plc	18 Riversway Business Village, Navigation Way, Preston, United Kingdom, PR2 2YP	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Holdings Limited	18 Riversway Business Village, Navigation Way, Preston, United Kingdom, PR2 2YP	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Intermediate Limited	18 Riversway Business Village, Navigation Way, Preston, United Kingdom, PR2 2YP	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Limited	18 Riversway Business Village, Navigation Way, Preston, United Kingdom, PR2 2YP	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) 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 (Blackburn) 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 (Blackburn) 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 (Blackburn) 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 Yorkshire) 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 Yorkshire) 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 Yorkshire) 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 Yorkshire) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Consort Healthcare (Salford) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Intermediate Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Plc	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Intermediate Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Plc	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Holdings Limited	2nd Floor, Toronto Square, Toronto Street, Leeds, United Kingdom, LS1 2HJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Plc	2nd Floor, Toronto Square, Toronto Street, Leeds, United Kingdom, LS1 2HJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
Cross London Trains Finance Company Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	6%	6%	N/A[2]	N/A[2]	N/A[2]
Cross London Trains Holdco Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	6%	6%	30 Jun 23	(11.8)	561.2
Cross London Trains Holdco 2 Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	6%	6%	30 Jun 23	32.8	(185.4)
Cross London Trains Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	6%	6%	30 Jun 23	36.5	(28.4)
Cross Texas Transmission, LLC (OpCo Debt) (Incorporated in USA)	251 Little Falls Drive, Wilmington, New Castle, DE, 19808	46%	–	31 Dec 23	27.9	597.8
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	100%	100%	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	100%	100%	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]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Daiwater Investment Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar 23	9.3	757.2
Derby School Solutions (Holdings) Limited	Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Derby School Solutions Limited	Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF	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 Hornsea Two (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	75%	–	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Hornsea Two Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	75%	–	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	50%	50%	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	50%	50%	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%	N/A[2]	N/A[2]	N/A[2]
Directroute (Tuam) Holdings Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	100%	N/A[2]	N/A[2]	N/A[2]
Directroute (Tuam) Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	100%	N/A[2]	N/A[2]	N/A[2]
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/A[2]
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]
Eastbury Park (Holdings) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	31 Dec 22	–	38.1

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Eastbury Park Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Education 4 Ayrshire (Holdings) Limited	2nd Floor 2 Lochside View, Edinburgh, United Kingdom, EH12 9DH	–	100%	N/A[2]	N/A[2]	N/A[2]
Educations 4 Ayrshire Limited	2nd Floor 2 Lochside View, Edinburgh, United Kingdom, EH12 9DH	–	100%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools (Holdings) Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	30%	30%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	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, United Kingdom, 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]
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 HC Limited	Exchange Tower, 19 Canning Street, Edinburgh, Scotland, EH3 8EH	29%	29%	N/A[2]	N/A[2]	N/A[2]
Falkirk Schools Gateway Limited	Exchange Tower, 19 Canning Street, Edinburgh, Scotland, EH3 8EH	29%	29%	N/A[2]	N/A[2]	N/A[2]
FCC (East Ayrshire) Holdings Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	26%	26%	N/A[2]	N/A[2]	N/A[2]
FCC (East Ayrshire) Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	26%	26%	N/A[2]	N/A[2]	N/A[2]
Fibre Business Infrastructure 2 Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Galvani Bidco Limited	3rd Floor, South Building, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD	19%	19%	31 Dec 22	141.0	460.3

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
Galvani JVCo Limited	3rd Floor, South Building, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD	19%	19%	N/A[2]	N/A[2]	N/A[2]
Galvani Midco Limited	3rd Floor, South Building, 200 Aldersgate Street, London, United Kingdom, EC1A HD	19%	19%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans B.V (Incorporated in Holland)	Hagenweg 3 c, 4131 LX, Vianen, The Netherlands	85%	85%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans Investco B.V (Incorporated in Holland)	Hagenweg 3 c, 4131 LX, Vianen, The Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities (Holdings) Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	25%	25%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities Limited	2nd Floor Drum Suite, Saltire Court, 20 Castle Terrace, Edinburgh, United Kingdom, EH1 2EN	25%	25%	N/A[2]	N/A[2]	N/A[2]
GO-PASS Mobility Services LLC (Incorporated in USA)	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	–	33%	N/A[2]	N/A[2]	N/A[2]
Great Basin Investment, LLC (Incorporated in USA)	251 Little Falls Drive, Wilmington, New Castle, DE, 19808, USA	45%	–	N/A[2]	N/A[2]	N/A[2]
Great Basin Transmission Holdings, LLC ("GBTH") (Incorporated in USA)	251 Little Falls Drive, Wilmington, New Castle, DE, 19808, USA	45%	–	N/A[2]	N/A[2]	N/A[2]
Great Basin Transmission South, LLC ("GBTS") (OpCo Debt) (Incorporated in USA)	"FL 21, 1 Tower Center Blvd East Brunswick, NJ 08816-1145"	45%	–	31 Dec 23	10.0	370.5
GT NEPS (Holdings) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	–	N/A[2]	N/A[2]	N/A[2]
GT NEPS Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	–	N/A[2]	N/A[2]	N/A[2]
Green Timbers GP Limited (Incorporated in Canada)	1060 – 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	31 Mar 24	9.6	70.3
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/A[2]
Green Timbers Limited Partnership (Incorporated in Canada)	1060 – 1500 West Georgia Street, Vancouver, BC, V6G 2Z6, Canada	100%	100%	31 Mar 24	8.5	69.2
H&D Support Services (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
H&D Support Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Hadfield Healthcare Partnerships Holding 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	Collins House, Rutland Square, Edinburgh, Scotland, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
HDM Schools Solutions (Holdings) Limited	Collins House, Rutland Square, Edinburgh, Scotland, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Holdings Limited (Incorporated in Ireland)	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	60%	60%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Limited (Incorporated in Ireland)	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	60%	60%	31 Dec 22	(1.2)	152.8
Helix Acquisition Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar 23	34.8	(2.2)
Helix Bufferco Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar 23	34.8	(2.1)
Helix Holdings Limited (Incorporated in Jersey)	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A[2]
Helix MidCo Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar 23	34.8	(2.1)
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 SARL[1] (Incorporated in Luxembourg)	6, rue Adolphe, L-1116, Luxembourg	100%	100%	31 Mar 23	201.4	1,515.6
HICL Infrastructure 3 SARL (Incorporated in Luxembourg)	42, Rue de la Vallee, L-2661, 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 23	12.6	101.2
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/A[2]
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 Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Highway Management (Scotland) 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]
Highway Management (Scotland) Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Holdfast Training Services Limited	Building 29, Hq Rsme Brompton Barracks, Chatham, Kent, United Kingdom, ME4 4UG	100%	100%	N/A[2]	N/A[2]	N/A[2]
HS1 Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	31 Mar 23	36.9	157.2
Information Resources (Oldham) Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Information Resources (Oldham) Investment Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
Information Resources (Oldham) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
InfraRed Towers Investments Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	5.7	279.8
Infraspeed (Holdings) B.V. (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, The Netherlands	43%	43%	31 Dec 23	13.1	46.0
Infraspeed B.V. (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, The Netherlands	43%	43%	31 Dec 23	44.8	45.0
Infrastructure Central Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	(11.3)	265.7
Infrastructure Investment Limited Partnership	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	202.4	3,350.4
Infrastructure Investments (A63) Holdings Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	25.2	214.1
Infrastructure Investments (Affinity) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	91%	91%	31 Mar 23	(13.5)	302.3
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%	31 Mar 23	(31.5)	127.2
Infrastructure Investments (Bond) 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 (Colorado) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	2.5	244.2
Infrastructure Investments (Defence) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	18.3	97.7
Infrastructure Investments (Defence) Holdings Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	14.8	97.7
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]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
Infrastructure Investments (HSL ZUID) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	26.0	66.7
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/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) L.P.	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	7.0	53.5
Infrastructure Investments (Portsmouth) Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	16.5	86.3
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 (TNT) 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 Galvani Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	3.2	61.1
Infrastructure Investments Group Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	36.5	1,563.5
Infrastructure Investments Holdings Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	(6.2)	429.2
Infrastructure Investments NWP (US) LLC (Incorporated in USA)	701 Northwest Parkway, Broomfield, CO 80023, USA	–	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments OFTO 2 Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Infrastructure Investments PPP OFTO Holdings LLP	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	(31.3)	114.3
Infrastructure Investments PPP OFTO LLP	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	0.0	0.2
Infrastructure Investments PPP OFTO Midco LLP	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar 23	31.4	114.2
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]
Infrastructure Investments TNT (US) LLC, (Incorporated in USA)	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Dec 23	1.5	65.5
Integrated Bradford Holco One Limited	3rd Floor 3 – 5 Charlotte Street, Manchester, UK, M1 4HB	–	48%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford Holdco Two Limited	3rd Floor 3 – 5 Charlotte Street, Manchester, UK, M1 4HB	–	48%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV One Limited	3rd Floor 3 – 5 Charlotte Street, Manchester, UK, M1 4HB	–	62%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV Two Limited	3rd Floor 3 – 5 Charlotte Street, Manchester, UK, M1 4HB	–	62%	N/A[2]	N/A[2]	N/A[2]
Ivywood Colleges Holdings Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ivywood Colleges 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%	25%	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 Holding 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]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
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]
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 Routiere Investissement (Incorporated in France)	91, rue du Faubourg Saint-Honoré 75008 Paris, France	100%	100%	N/A[2]	N/A[2]	N/A[2]
Mahi Tahi Towers Investment Pty Limited (Incorporated in Australia)	Level 4, Suite 4, 225 George Street, Sydney NSW, 2000, Australia	100%	100%	30 Jun 23	0.0	197.8
Mahi Tahi Towers Limited (Incorporated in New Zealand)	15 Customs Street West, Auckland Central, Auckland, 1010, New Zealand	40%	40%	31 Mar 23	(8.1)	493.8
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	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]
Minerva Education and Training (Holdings) Limited	3rd Floor, 3-5 Charlotte Street, Manchester, UK, M1 4HB	45%	45%	N/A[2]	N/A[2]	N/A[2]
Minerva Education and Training Limited	3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	45%	45%	N/A[2]	N/A[2]	N/A[2]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Motorway Infrastructure SAS	92 Avenue de Wagram 75017 Paris, France	100%	70%	31 Dec 23	40.0	0.1
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 School 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]
Nordie 2 Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	39%	39%	31 Dec 23	9.9	139.1
Nordie France Limited (Incorporated in France)	92 avenue de Wagram, 75017 Paris, France	39%	–	31 Dec 23	(6.4)	144.8
Nordie Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	39%	39%	31 Dec 23	9.9	139.1
Northwest Connect General Partnership (Incorporated in Canada)	10060 Jasper Avenue, Suite 1201, Edmonton, AB T5J 4E5, Canada	50%	50%	31 Dec 23	8.5	48.4
Northwest Connect Holdings 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]
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]
Northwest Connect Investment 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]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Northwest Parkway LLC (Incorporated in USA)	701 Northwest Parkway, Broomfield, CO 80023, USA	–	33%	31 Dec 23	(1.2)	248.4
NWP Holdco LLC (Incorporated in USA)	701 Northwest Parkway, Broomfield, CO 80023, USA	–	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%	N/A[2]	N/A[2]	N/A[2]
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/A[2]
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, The Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Pi2 Holding B.V. (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, The 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]
Platon- Saclay	1 Avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	N/A[2]	N/A[2]	N/A[2]
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]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
Prime LIFT Investments Limited	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/A[2]
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 (Holdings) 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]
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	75%	75%	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	3rd Floor Suite 6c, Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	50%	50%	N/A[2]	N/A[2]	N/A[2]
Renaissance Miles Platting Limited	3rd Floor Suite 6c, Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	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 23	11.7	85.2
Road Management Consolidated PLC	Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF	58%	58%	N/A[2]	N/A[2]	N/A[2]
Road Management Group Limited	Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF	58%	58%	31 Dec 22	(4.9)	80.1
Road Management Limited	Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF	58%	58%	N/A[2]	N/A[2]	N/A[2]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/(Loss) £m	Aggregate Capital & Reserves £m
Road Management Services (A13) PLC	43 Orchard Place, London, United Kingdom, E14 0JW	42%	42%	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 22	(2.5)	41.3
Road Management Services (Peterborough) Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	58%	58%	31 Dec 22	(2.5)	38.9
RSP (Holdings) Limited	Precision House, Mcneil Drive, Motherwell, Scotland, 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 TLP (Hold Co Two) Limited	Suite 6c, 3rd Floor Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Hold Co One) Limited	Suite 6c, 3rd Floor Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co One) Limited	Suite 6c, 3rd Floor Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co Two) Limited	Sevendale House 3rd Floor, Suite 6c, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	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	80%	80%	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	80%	80%	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	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP Education Partnership Limited	Suite 6c, 3rd Floor Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	80%	80%	N/A[2]	N/A[2]	N/A[2]
Salford Schools Solutions HoldCo Limited	3rd Floor Suite 6c, Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	26%	26%	N/A[2]	N/A[2]	N/A[2]
Salford Schools Solutions Limited	3rd Floor Suite 6c, Sevendale House, 5-7 Dale Street, Manchester, United Kingdom, M1 1JB	26%	26%	N/A[2]	N/A[2]	N/A[2]
Schools Capital Limited	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]

Notes to the financial statements continued
For the year ended 31 March 2024

21. Related undertakings continued

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
Schools Public/Private Partnership (Ireland) Limited (Incorporated in Ireland)	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	50%	50%	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/A[2]
Services Support (Manchester) 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 (Cleveland) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, 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, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Sheffield LEP Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sheff 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]
Texas Nevada Transmission, LLC (HoldCo Debt) (Incorporated in USA)	251 Little Falls Drive, Wilmington, New Castle, DE, 19808, USA	46%	–	31 Dec 23	34.5	609.4
The Hospital Company (Oxford John Radcliffe) Holdings Limited	Unit 18 Riversway Business Village, Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	–	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Oxford John Radcliffe) Limited	Unit 18 Riversway Business Village, Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	–	100%	31 Dec 22	0.9	(59.1)
The Hospital Company (Southmead) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, 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, 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, Scotland, ML1 4UR	30%	30%	N/A[2]	N/A[2]	N/A[2]

Entity	Registered address	Shareholding 31-Mar-24	Shareholding 31-Mar-23	Year end	Profit/ (Loss) £m	Aggregate Capital & Reserves £m
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]
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 Services 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 Limited	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 Limited	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 Limited	Level 7, One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Via Erste Beteiligungsgesellschaft mbH	Franz-Ehrlich-Str. 5 12489, Berlin, Germany	100%	100%	N/A[2]	N/A[2]	N/A[2]
Via Muehlhausen GmbH & Co KG	Vor dem Riedtor 7, 99998 Mühlhausen, Germany	50%	50%	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 the Companies Act requirements, no disclosure has been made where capital and reserves and profit or loss are not considered to be material

Appendix 1

SFDR Principal Adverse Impact ("PAI") Disclosures

The indicators set out below outline HICL's non-financial impact of its investments in accordance with Article 7 of the SFDR. The Company has reported in line with all 14 mandatory PAIs and 7 voluntary PAIs to provide a high level of transparency as to HICL's ESG performance and to enable HICL's shareholders to meet their own regulatory and voluntary reporting requirements.

The Sustainability Report outlines the actions already taken as well as actions planned in order for HICL to improve performance against these PAIs. To read about those specific metrics and targets, please see pages 12-13 of HICL's 2024 Sustainability Report.

All PAIs have been calculated in accordance with the requirements of Annex 1 of the SFDR Regulatory Technical Standards (RTS) and as indicated in the notes below.

Mandatory indicators

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2023	Portfolio Coverage
Greenhouse gas emissions[1]	1. GHG emissions	Scope 1 GHG emissions	tCO_2e	**30,400**	100%
		Scope 2 GHG emissions	tCO_2e	**23,534**	100%
		Scope 3 GHG emissions	tCO_2e	**35,625**	100%
		Total GHG emissions	tCO_2e	**89,559**	100%
	2. Carbon footprint	Carbon footprint	tCO_2e/€m invested	**23**	100%
	3. GHG intensity of investee companies	GHG intensity of investee companies	tCO_2e/€m revenue	**239**	100%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	**0**	100%
	5. Share of non-renewable energy consumption and production[2]	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	%	**86**	93%
	6. Energy consumption intensity per high impact climate sector[3]	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	GWh/€m	**0.01**	100%
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%	**0**	99%
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes/€m	**0**	99%
Waste	9. Hazardous waste and radioactive waste ratio[4]	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes/€m	**0.80**	100%

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2023	Portfolio Coverage
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	**0**	99%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	**18**[5]	99%
	12. Unadjusted gender pay gap[6]	Average unadjusted gender pay gap of investee companies	%	**20**	32%
	13. Board gender diversity[7]	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	%	**23**	99%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%	**0**	100%

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Voluntary climate and other environment-related indicators

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2023	Portfolio Coverage
Greenhouse gas emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	%	**24**[8]	99%
Water, waste and material emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	%	**11**[8]	99%

Voluntary indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Unit	Metric as at 31 December 2023	Portfolio Coverage
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	%	**3**	99%
	2. Rate of accidents	Rate of accidents in investee companies expressed as a proportion of the total number of investee companies	RIDDORs per project	**0.28**	120 projects
	6. Insufficient whistleblower protection[8]	Share of investments in entities without policies on the protection of whistleblowers	%	**2**	99%
Human rights	11. Lack of processes and measures for preventing trafficking in human beings[9]	Share of investments in investee companies without policies against trafficking in human beings	%	**6**	99%
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	%	**0**	99%

1 Calculated using valuation information as at 31 March 2024
2 Calculated as the average of each investee companies' share of non-renewable energy as a proportion of its total energy consumption.
3 As per our interpretation of the material sectors based on NACE code categories A-H and J-L, the following sectors would be considered as high impact climate sectors: road, rail, power transmission and water treatment
4 Calculated as the weighted average based on investment value to date
5 The UN Global Compact is a newer framework which has been recently introduced as a requirements in respect to human rights. Hence, a number of the projects or subcontractors haven't updated their processes to align with this framework yet. Given its prominence, through InfraRed, HICL will look to work with portfolio companies to improve alignment over the coming years.
6 This metric refers to Affinity Water and Altitude Infra only, as these are the two assets in HICL's portfolio with the required number of employees to meet the criteria of this PAI. Portfolio coverage for this metric is shown as a proportion of the valuation of portfolio companies which have direct employees
7 Calculated as the average of each investee companies' board gender diversity
8 Share of investments calculated by valuation as at 31 March 2024
9 Share of investments calculated by valuation as at 31 March 2024. For the purposes of this metric we have assessed whether a project undertakes training and audit procedures in respect to the UK Modern Slavery Act 2015 or equivalent

Product name: HICL Infrastructure PLC
Legal entity identifier: 213800BVXR1E5L7PEV94

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**

☐ It made **sustainable investments with an environmental objective:** ___%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective:** ___%

☒ **No**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

HICL Infrastructure PLC's (the "**Company**" or "**HICL**") investment proposition is to deliver sustainable income and capital growth from a diversified portfolio of investments in core infrastructure. The Company offers investors stable, long-term returns from core infrastructure assets that are vital to communities. HICL's vision is to enrich lives through infrastructure and to attain the E/S Characteristics. The Company's E/S Characteristics were met by focusing on the following sustainability themes:

- Strong Social Foundation, through investments in health, education, law & order, and accommodation;

Appendix 1 continued

- Connecting Communities, through investments in rail and rolling stock, fibre networks and telecom towers; and
- Sustainable Modern Economies, through investments in assets that contributing to the energy transition to achieve net zero carbon emissions and deliver climate resilient infrastructure, including water, offshore electricity transmission, district energy and electricity distribution.

(together, the "E/S Characteristics").

HICL's Manager, InfraRed Capital Partners, ("**The Investment Manager**", "**The Manager**" or "**InfraRed**") ensured that, through the reporting period, HICL:

- invested in assets with a social purpose and proactively engaged with its stakeholders to improve sustainability outcomes across the portfolio;
- promoted environmental initiatives for the benefit of current and future generations;
- made a positive overall impact on the communities in which our assets are located; and
- through all of the above, aligned the interests of stakeholder groups of HICL's investments which typically have long asset lives.

How did the sustainability indicators perform?

InfraRed used the following key performance indicators to measure the attainment of the E/S Characteristics that the Company promotes:

- Environmental: Energy, water and waste management, consideration of climate risks and Scope 1, 2, 3 emissions; and
- Social: community contributions to environmental or social initiatives, and health & safety polices and performance, assessment of human rights and diversity and inclusion policies

(together, the "Sustainability Indicators").

Information regarding the performance of HICL's investments against all sustainability indicators besides Scope 1, 2 and 3 Emissions is provided in the table on page 148 of this Annual Report. Information regarding the Company's investments' performance against Scope 1, 2 and 3 Emissions is provided in the table on page 69 of this Annual Report.

...and compared to previous periods?

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

A comparison to the previous period's results can be found in the tables contained in pages 69 and 70 of this Annual Report.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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How did this financial product consider principal adverse impacts on sustainability factors?

Prior to acquisition of an investment, the Investment Manager considers performance against the mandatory principal adverse impact indicators in Table 1 Annex 1 of the SFDR RTS, to the extent that relevant data is available from each potential investee company. Post-acquisition, the Manager ensured assessment of the mandatory principal adverse impacts on an ongoing basis through an annual ESG Survey which portfolio companies are asked to complete, the results of which are published in HICL's Sustainability Report each year. Information regarding InfraRed's consideration of the principal adverse impacts in respect of HICL's investments is provided in HICL's Sustainability Report.

What were the top investments of this financial product?

The information shown in the table below has also been provided on page 26 of this Annual Report.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **1 January to 31 December 2023**

Largest investments	Sector	% Assets	Country
Affinity Water	*Water & Electricity*	*8.3%*	*UK*
A63 Motorway	*Transport*	*7.9%*	*France*
Fortysouth	*Communications*	*6.5%*	*New Zealand*
Texas Nevada Transmission	*Water & Electricity*	*5.6%*	*USA*
High Speed 1	*Transport*	*4.6%*	*UK*
Southmead Hospital	*Healthcare*	*3.9%*	*UK*
Royal School of Military Engineering	*Education*	*3.5%*	*UK*
Pinderfields & Pontefract Hospital	*Healthcare*	*3.5%*	*UK*
Home Office	*Fire, Law & Order*	*3.0%*	*UK*
Cross London Trains	*Transport*	*2.7%*	*UK*

What was the proportion of sustainability-related investments?

N/A

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

99.6% of HICL's investments were made to attain the E/S Characteristics in the reporting period.

To confirm, the Company's asset allocation has been calculated based on market values in respect of "#1 Aligned with E/S Characteristics" investments and mark-to-market value in respect of the "#2 Other" assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made?

The Company's investments were in core infrastructure assets, in the following sectors: Accommodation, Communications, Education, Electricity & Water, Healthcare, Fire, Law & Order and Transport.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

InfraRed is not currently in a position to disclose how and to what extent the investments underlying the Company are in economic activities that qualify as environmentally sustainable economic activities (as defined in Article 3 of the EU Taxonomy). This is because HICL's investments are in social infrastructure, which cannot at present be assessed against the EU Taxonomy. In accordance with the European Commission's Decision Notice of 13 May 2022 (C(2022) 3051), InfraRed confirms that the Company's investments are 0% EU Taxonomy-aligned.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

Yes

X No

[1] Fossil gas and/or nuclear related activities will only compy with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economy activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

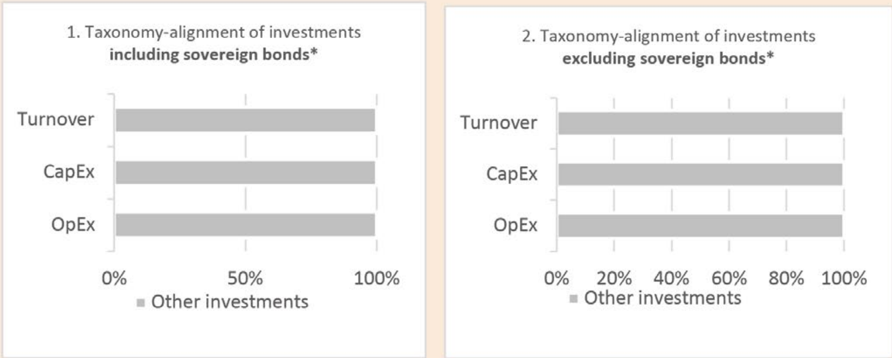
Appendix 1 continued

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What was the share of investments made in transitional and enabling activities?

As noted above, the Company is not currently in a position to disclose how and to what extent the investments underlying the Company align with the EU Taxonomy. Therefore, the Company is not in a position to disclose the minimum share of investments in transitional and enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A

What was the share of socially sustainable investments?

N/A

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

In relation to "other" investments, currency, interest rate and power price hedging is carried out to seek to provide protection against foreign exchange risk and increasing costs of servicing Group Debt (as defined in the Prospectus) drawn down to finance investments. However, currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes. In respective of this reporting period specifically, the value of investments in "other" was 0%.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

HICL took several actions during the period to meet its E/S Characteristics. An outline and a few examples are provided below, for more detailed information please refer to HICL's 2024 Sustainability Report.

Social impact:

As a trusted steward of essential infrastructure assets, HICL sits at the heart of communities and plays a key role in modern society. HICL therefore encourages its portfolio companies to create impact initiatives which address the needs of their local communities. An example of one of HICL's social initiatives over the past year was by its largest asset by value, Affinity Water. In March 2024, Affinity Water announced its grant funding allocation to the Red Shed Garden Project, a charity aimed at supporting individuals living with dementia in Hertfordshire by offering horticultural therapy, gardening activities, and social interaction opportunities. The grant funding will enable the Red Shed Garden Project to expand its services to reach more beneficiaries and will support the operation of four garden clubs offering tailored activities designed to meet the diverse needs and abilities of participants. The funding, facilitated in partnership with the Hertfordshire Community Foundation, also highlights Affinity Water's commitment to addressing local needs and promoting social well-being.

Just as important as creating and implementing community initiatives is recognising and rewarding HICL's portfolio company teams that are already making a positive impact in their local communities. InfraRed's Creating Better Futures Awards are an annual event designed to celebrate success, share best practice and drive increased ESG activity across HICL's portfolio. Judged on the four criteria of innovation, community need, collaboration and

Appendix 1 continued

resource efficiency, the Creating Better Futures Awards illustrate the importance placed by HICL and its Investment Manager on creating a positive impact for the communities served by its assets. Of the 38 submissions, 12 achieved the Gold Standard award, 7 of which were initiatives put forward by HICL assets. With more than 220 ESG Community initiatives reported across HICL's portfolio during the period, the Creating Better Futures Awards highlight only a subset of these but serve as a further incentive for HICL and InfraRed to continually seek to work for local communities and reward those assets making a positive difference.

Environment:

HICL's key themes for environment surround biodiversity, resources and climate change. In 2023 for biodiversity the project company at Pinderfields & Pontefract Hospitals, one of HICL's assets, donated funds and resources to the Mid Yorkshire Teaching NHS Trust to support the delivery of biodiversity enhancement initiatives across this site. These initiatives are expected to include the trials of new weed removal methods, the installation of structures to support local wildlife, and the creation of a native hedgerow within which 1,500 of the trees are supplied by the facilities management provider. In November 2023, volunteers from the project company and the facilities management provider partnered with the NHS Trust to plant 1,000 of these trees at the hospital site in celebration of National Tree Week. In addition to providing homes for wildlife, these will help to reduce air pollution, benefitting the hospital outpatients of 250,000 each year and their extended family members, local communities and Trust colleagues.

In regards to resources, InfraRed's annual ESG survey reported that 88% of assets in HICL's portfolio have water consumption reduction initiatives in places and 87% of assets in HICL's portfolio have waste reduction initiatives in place. These results, a slight decline from 2023, informed the Investment Manager on where to direct its resources to target resource consumption across the portfolio. Some of the outcomes of this exercise came in the form of a water saving initiative at Affinity Water and an investment into waste management technology at High Speed 1.

HICL's actions this year in the field of climate change are presented below in two parts; Net zero and Emissions.

Net zero:

In 2023 HICL's Investment Manager, InfraRed, created a detailed net zero transition plan for HICL's portfolio, including specific asset transition plans for the next three years and reinforced its 2030 net zero targets. Details on this plan can be found on pages 15-19 of HICL's 2024 Sustainability Report.

InfraRed's chosen methodology for its net zero targets is the Paris-aligned Investment Initiative's (PAII) Net Zero Investment Framework (NZIF) for Infrastructure.[2]

Following this methodology, HICL has two types of net zero targets that have been approved by the Net Zero Asset Managers initiative. HICL commits to reviewing these targets every five years at a minimum:

[2] Framework developed by the Institutional Investor Group on Climate Change (IIGCC)

Portfolio Coverage Target = 50% aligned or aligning by 2030

Engagement Threshold Target = 90% portfolio engagement

The Investment Manager has also set interim net zero targets, which include HICL, outlined in this report:

https://www.ircp.com/sites/default/files/2022-11/infrared_2022_net_zero_progress_report.pdf

Emissions Reporting:

HICL's financed emissions decreased over the period, largely due to Scope 3 emissions. In 2023, HICL's Manager adopted EXIOBASE as its data source to estimate Scope 3 emissions. Recommended by the GHG Protocol, it usesmore recent data, with greater granularity across sectors and countries than the methodology previously adopted. The use of this newer database has contributed to a material reduction in the Scope 3 emissions reported this year.

While the revised methodology provides a more accurate reflection of impact, we anticipate further movements in emissions as data quality and methodologies improve.

How did this financial product perform compared to the reference benchmark?

N/A

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Appendix 2

Valuation Policy

As described in the Valuation of the Portfolio section on page 46, 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 – Affinity Water

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.

Appendix 3

The Infrastructure Market – Sources

Page 10

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Glossary

Item	Definition
Acquisition Strategy	This identifies the scope for current acquisitions; further details can be found in HICL's Business Model section of this report
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 UK trade association for the closed-ended investment company industry
AIC Code	The 2019 AIC Code of Corporate Governance
AMP8	The UK water industry regulatory period from 2025 to 2030
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
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 and commitments at the balance sheet date. Further details can be found in the Valuation of the Portfolio section of the report
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
Investment Policy	HICL's Investment Policy has not materially changed since IPO and can be found on the website at /www.hicl.com/about-us/strategy-investment-policy/

Item	Definition
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, 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
Net zero	A portfolio coverage target, defined by the Net Zero Investment Framework for Infrastructure, is the percentage of assets under management that will be net zero, aligned or aligning by a given year. To be considered aligning, an asset must have short- and medium-term targets that are underpinned by science-based pathways for its sector; it must disclose all material scope emissions (including Scope 3) and evidence the governance of net zero plans. The requirements of aligned status have a greater focus on implementation. The asset must have forecast emissions performance against targets set as well as a decarbonisation strategy to support the reduction projection. To be considered net zero, actual emissions must match or outperform the science-based decarbonisation pathway
Ofwat	The UK 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	Companies 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 2026. See the Financial Review section of the report
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 SDGs	United Nations Sustainable Development Goals

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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.

Shareholders' funds
£3.2bn as at 31 March 2023

Market capitalisation
£2.6bn as at 31 March 2023

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).

1 Adjusted Gross Asset Value means fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations

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 can be found in full on the website at www.hicl.com

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