

**HICL Infrastructure PLC**  
Annual Results Presentation

22 May 2024

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**Past performance is not a reliable indicator of future returns. Capital and income at risk.**

# Annual Results Highlights & Investment Proposition

# 1. Core positioning

- Essential infrastructure
- Inflation protection
- Lower end of risk spectrum



# 2. Active management

- Hands-on approach
- Active asset rotation
- Driving outperformance



# 3. Established pedigree

- Specialist management
- 18-year track record
- Global capability



## Effective capital allocation

**£509m<sup>1</sup> / +11%<sup>2</sup>**

Divestments / premium to NAV

- △ Improved portfolio composition
- △ RCF to be repaid May 2024
- △ £50m buyback programme

## Return to dividend growth

**8.35pps**

New FY26 dividend guidance<sup>3</sup>

- △ Yield improved by M&A activity
- △ Inflation flowing through portfolio
- △ Real growth in demand assets

## Positioned for long-term returns

**8.9%**

Market implied net return<sup>4</sup>

- △ Core infrastructure strategy
- △ Income *and* capital growth
- △ Structurally growing sector

**Past performance is not a reliable indicator of future returns. Capital and income at risk**

1. All transactions had completed by May 2024  
2. Disposal premium over carrying value across all announced disposals  
3. This is a target only and not a profit forecast. There can be no assurance that this target will be met  
4. As at 31 March 2024. Based on discount rate, less ongoing charges ratio, adjusted to reflect the share price discount to the NAV using published discount rate sensitivities

# Solid underlying performance allows for increased dividend guidance

**158.2p**

NAV per share

31 March 2023: **164.9p**

**9.0%**

Annualised underlying  
portfolio return<sup>1</sup>

31 March 2023: **10.2%**

**Nil**

RCF drawings

As at 22 May 24

**1.37x<sup>2</sup> / 1.05x**

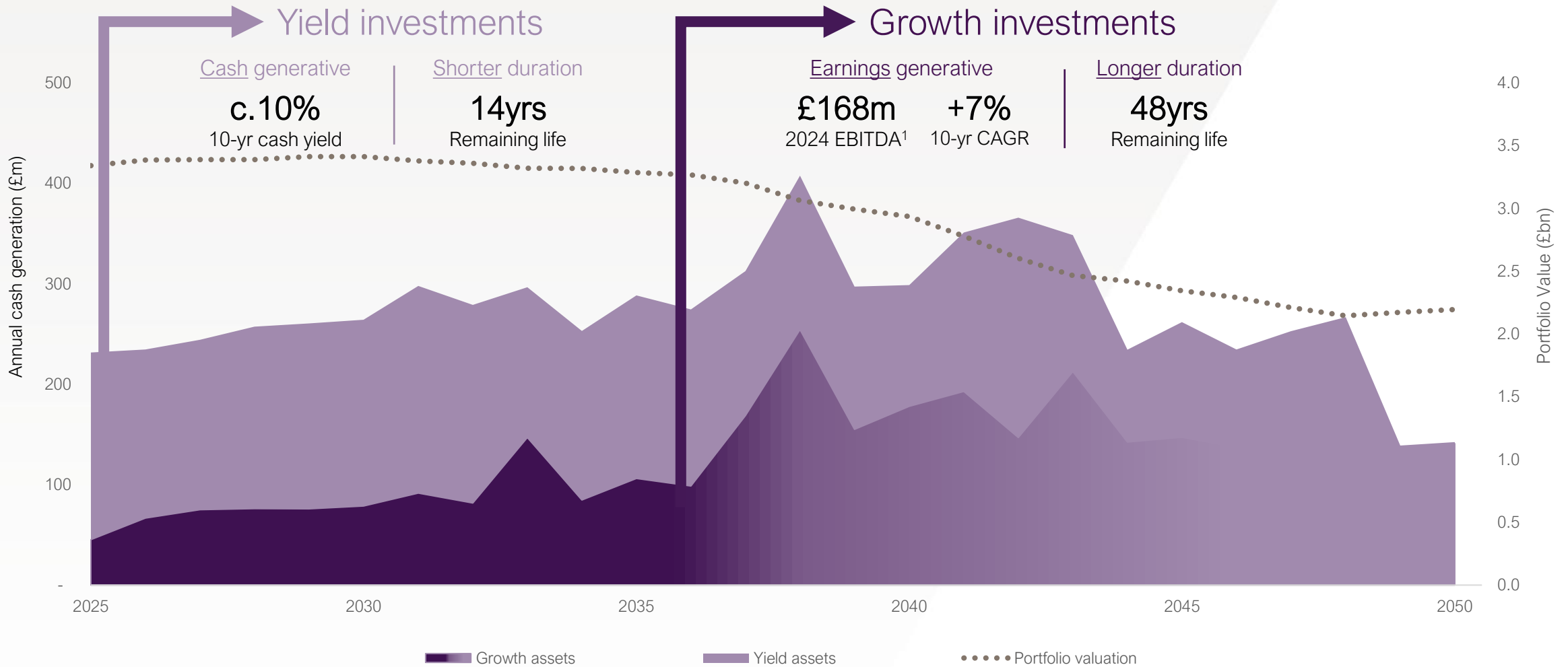
Dividend cash cover  
including<sup>2</sup> / excluding  
profits on disposal

31 March 2023: **1.31x / 1.03x**



1. Before the impact of changes to reference discount rates or macroeconomic assumptions and after the impact of accretive M&A  
2. The calculation includes total profit on disposal versus original cost of £53.4m (2023: £45.5m). Excluding this, dividend cash cover is 1.05x (2023: 1.03x)

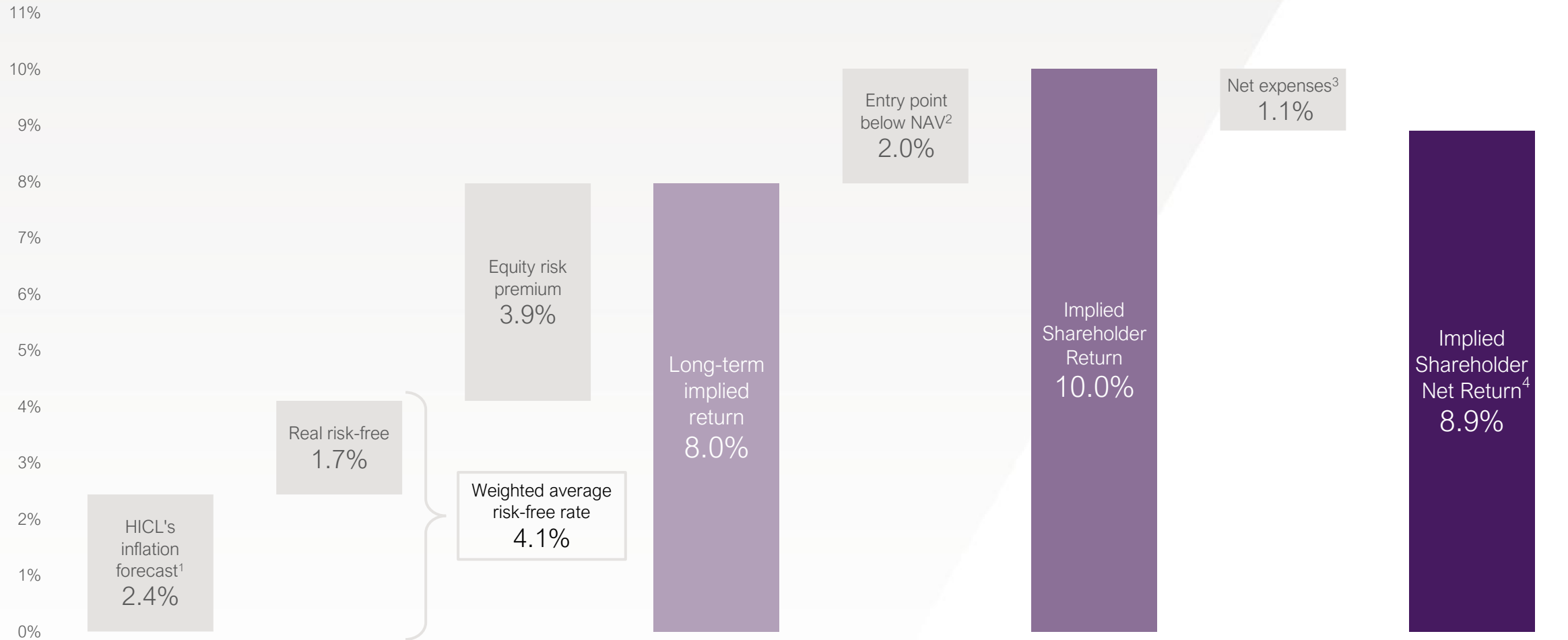
# Balanced portfolio construction drives long-term total returns



1. Represents HICL share of portfolio companies' EBITDA, per the investment valuation, as at 31 March 2024. All figures are unaudited.

**There can be no assurance that these projections will be met. Capital and income at risk.**

# Attractive long-term real returns from income and capital growth



1. Based on HICL's inflation assumptions (see page 46) across entire portfolio

2. Based on share price discount to NAV as at 31 March 2024

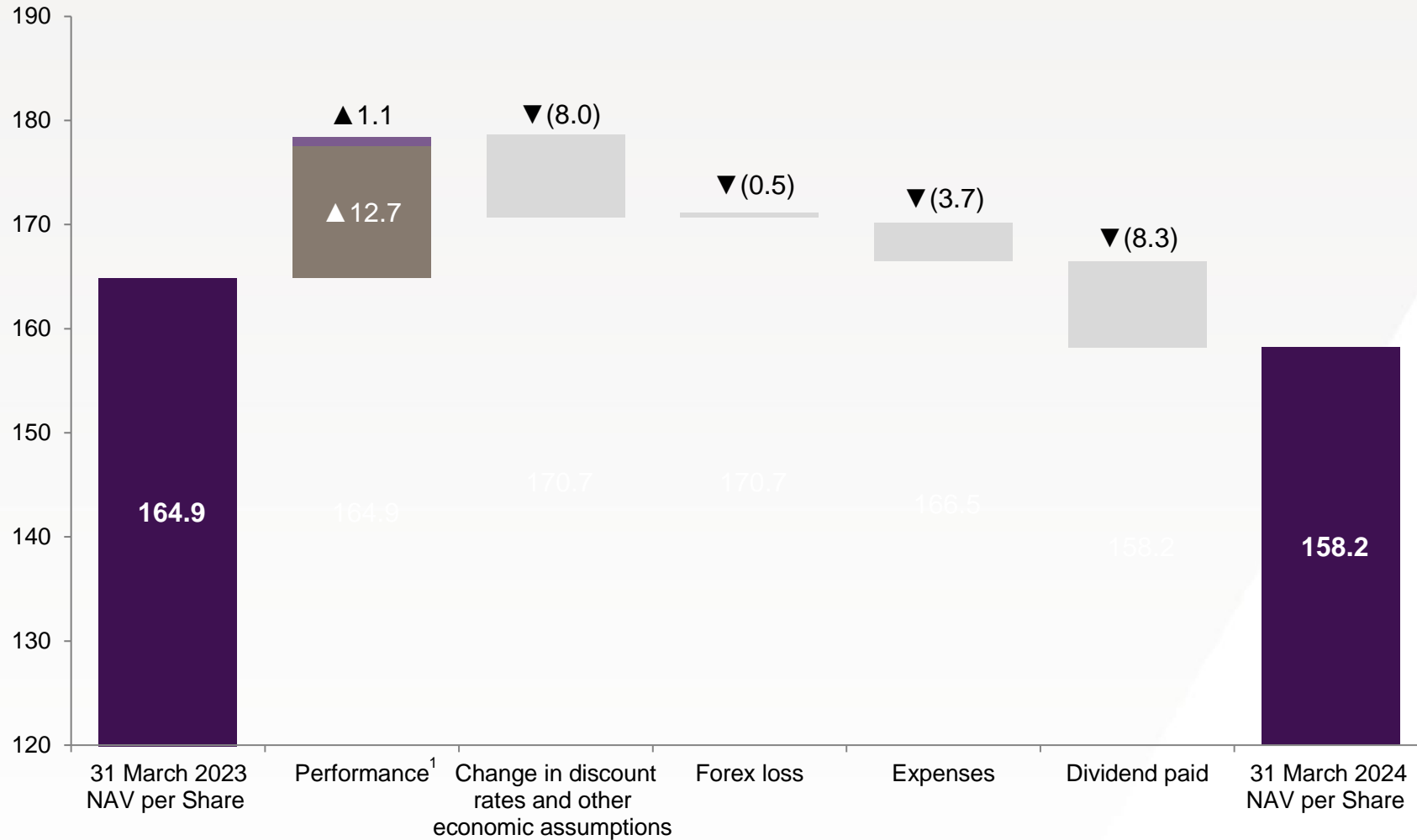
3. Based on an OCR of 1.14% for the year ended 31 March 2024

4. Based on discount rate, less ongoing charges ratio, adjusted to reflect the share price discount to the NAV using published discount rate sensitivities on slide 13



# Financial Performance

# Active portfolio management balances macroeconomic factors



Net debt<sup>2</sup>  
 £303.9m / £116.7m  
 Pre / post committed disposals

Fund borrowing %<sup>3</sup>  
 12.1% / c. 7.0%  
 Pre / post committed disposals

OCR<sup>4</sup>  
 1.14%

1. Performance comprises the unwinding of the discount rate (Value Preservation) and the Investment Manager's Value Enhancement initiatives. These initiatives include realised profit on disposals

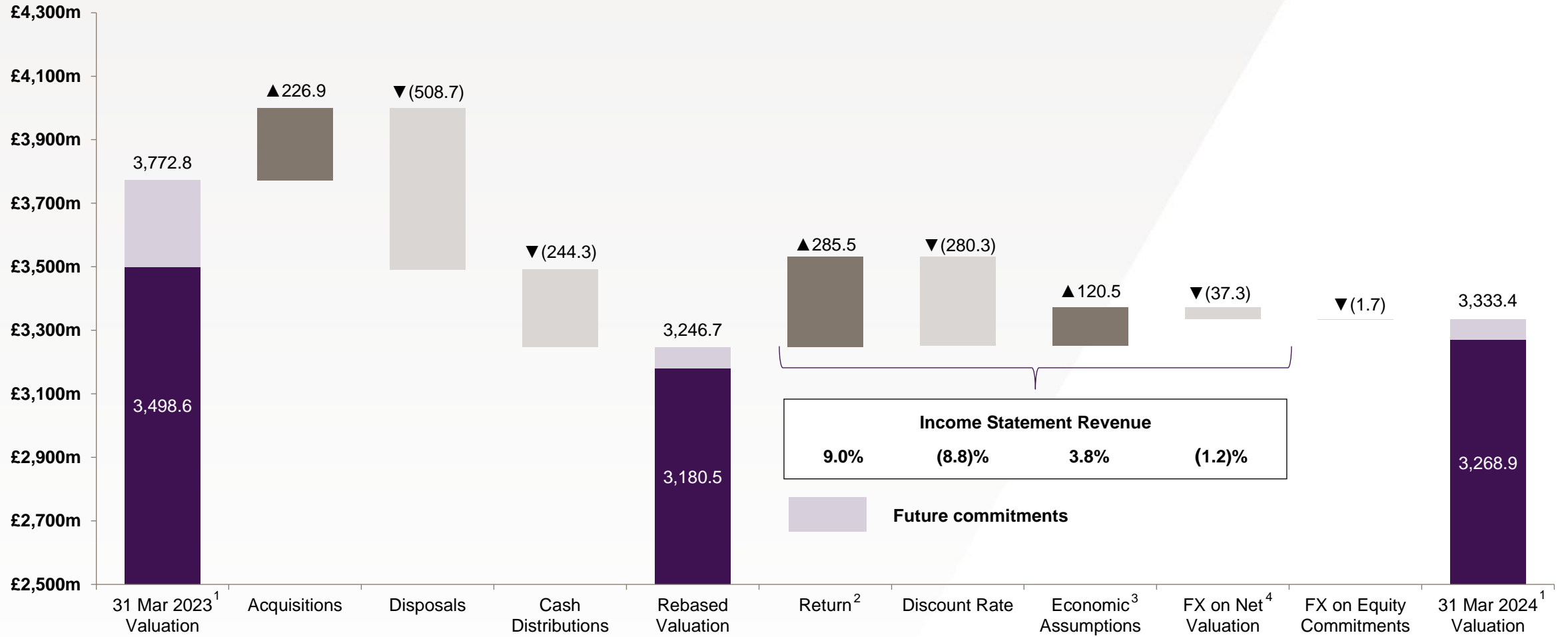
2. £147.6m net debt as at 31 March 2023. There were no disposals outstanding

**Past performance is not a reliable indicator of future returns. Capital and income at risk**

3. 7.7% as at 31 March 2023. The available liquidity (cash plus the headroom on the RCF) was £490.1m at 31 March 2024 (31 March 2023: £486.7m). 7.0% post disposal borrowing ratio includes cancellation of 50% of Hornsea II LC, following the partial disposal of the investment

4. 1.09% as at 31 March 2023

# Disciplined focus on maximising shareholder value

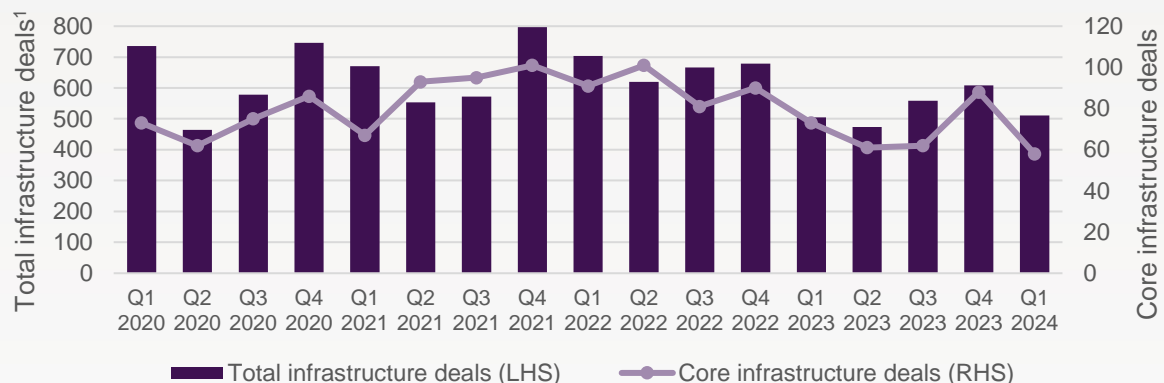


**Past performance is not a reliable indicator of future returns. Capital and income at risk**

1. On an Investment Basis, split into investments at fair value (dark purple) and future commitments (light purple)  
 2. "Return" comprises the unwinding of the discount rate and portfolio outperformance, excluding the impact of changes in economic assumptions and reference discount rates  
 3. Principally forecast inflation assumptions  
 4. FX movement, net of hedging, is a £(9.8m) loss

# Significant private / public dislocation in infrastructure valuations

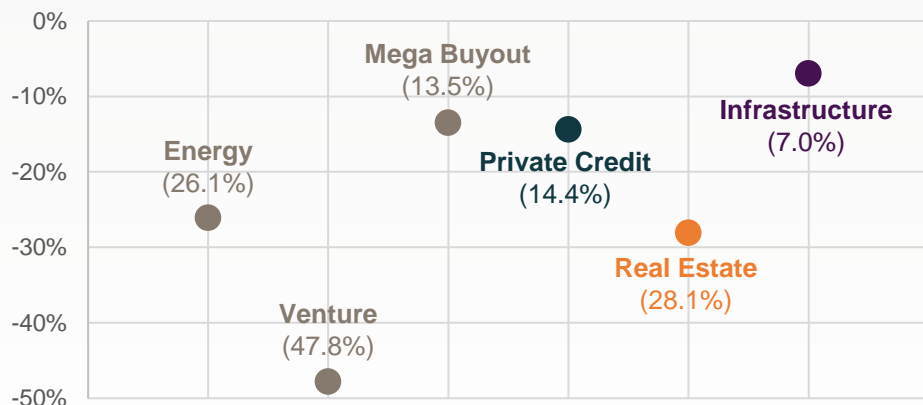
## Private Infrastructure Market Remains Active



**9 assets / £509m**  
of HICL disposals all at or above carrying value since 31 March 2023

**1.8x** MOIC<sup>2</sup>      **11%** Realised IRR<sup>2</sup>

## Private Market Secondaries Average Pricing over 2023<sup>3</sup>



## Average Public Market Discount to NAV<sup>4</sup>

31 March 2024

<b>Listed Infrastructure</b>	<b>(18)%</b>
<b>Listed Private Credit</b>	<b>(17)%</b>
<b>Listed Real Estate</b>	<b>(33)%</b>

1. Infrastructure deals source: Preqin. Core infrastructure deals source: Combination of Infracore and InfraRed internally reviewed deal universe

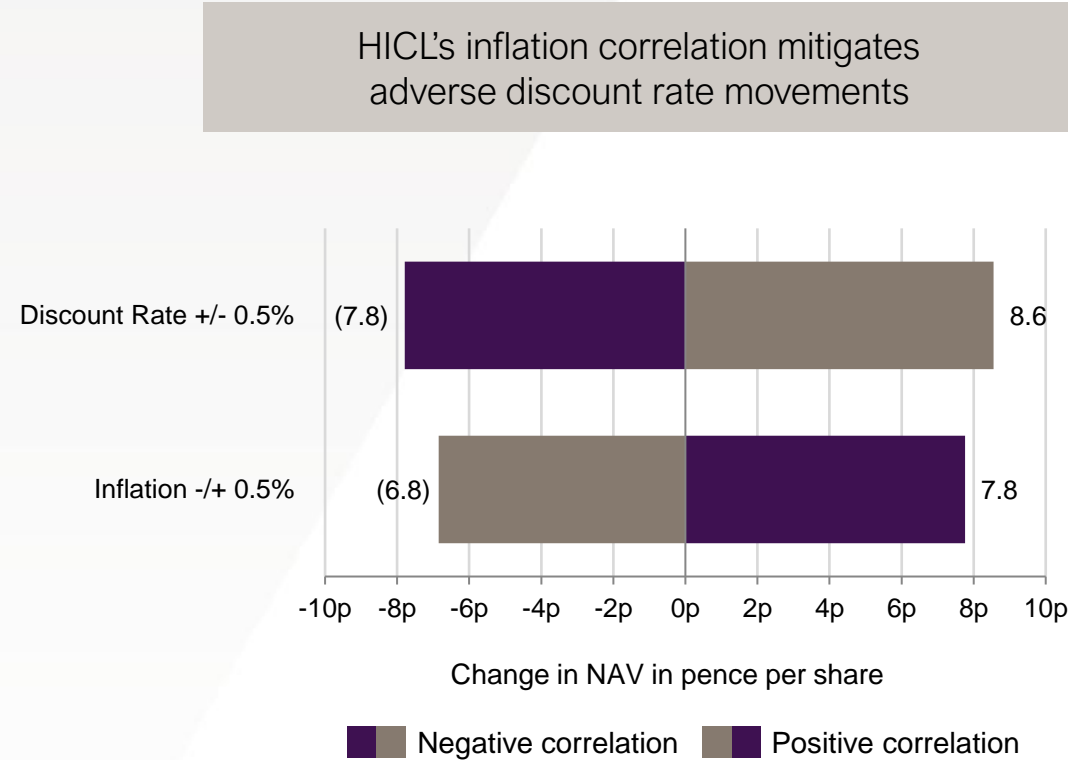
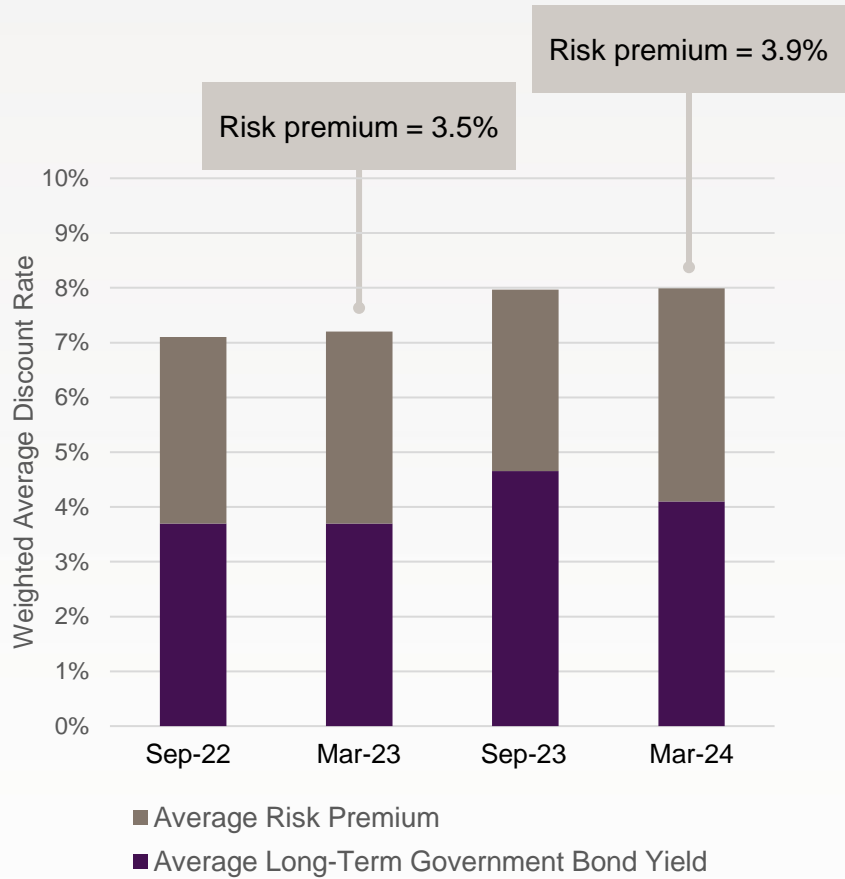
2. Multiple on Invested Capital (MOIC) and Realised IRR calculated on a blended basis across all

disposals announced during the year to 31 March 2024

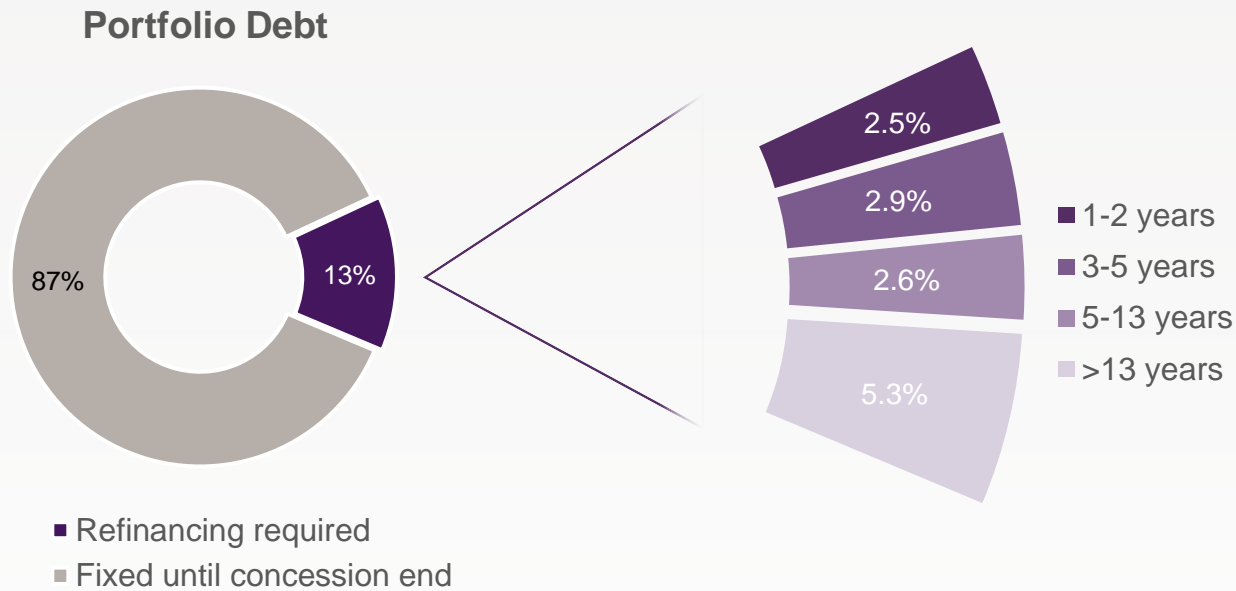
3. Secondaries pricing source: Campbell Lutyens 2024 Secondary Market Overview

4. Source: Bloomberg as at 31 March 2024, using AIC defined investment trust sectors

# An inherently defensive portfolio, with increased risk premium



# Limited portfolio refinancing exposure

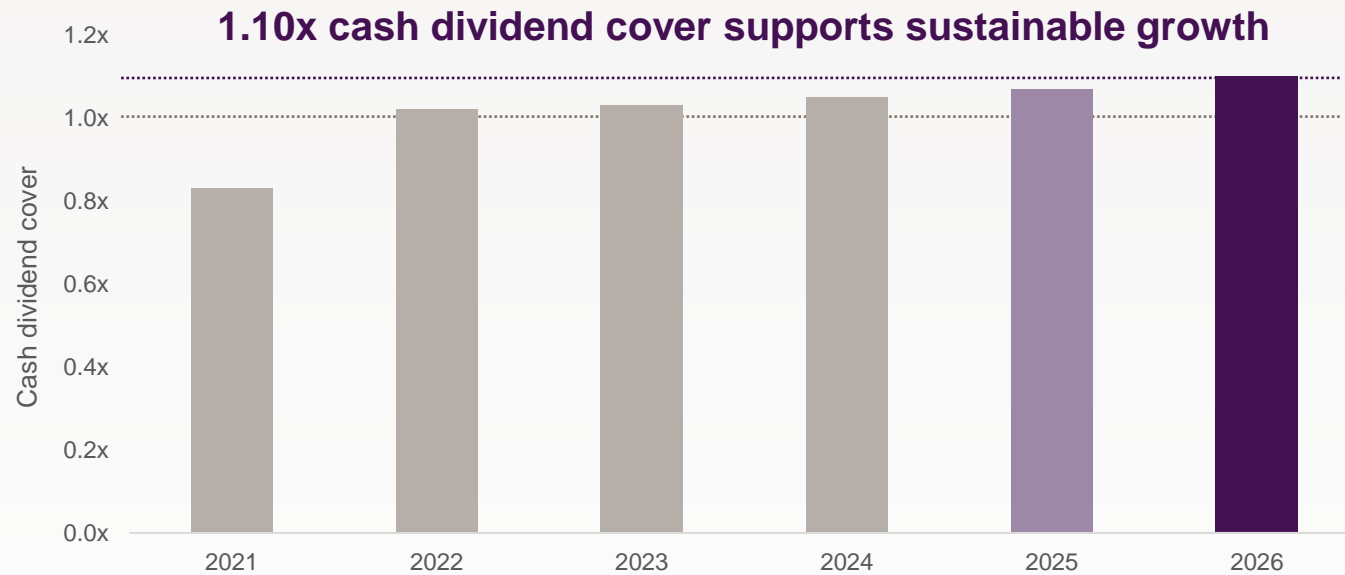


HICL's portfolio gearing<sup>1</sup> **68%**

Average gearing of assets with refinancing risk<sup>2</sup> **50%**

Note: Percentage of debt maturing has been calculated based on the total debt of assets exposed to refinancing risk  
1. Based on the 31 March 2024 Directors' Valuation. All debt is non-recourse  
2. Gearing for assets exposed to refinancing requirements is calculated based on the 31 March 2024 Directors' Valuation

# Dividend cover has improved steadily allowing for dividend growth from FY2026



Increased cash flow from divestments

c.£20m<sup>1</sup>

Dividend growth resumed from 2026<sup>2</sup>

8.35pps

Potential uplift from assets resuming distributions<sup>3</sup>

+0.1pps

1. Represents the additional cash forecast to be generated from the FY24 M&A activity, over the next five years
2. **This is a target only and not a profit forecast. There can be no assurance that this target will be met**
3. Based on expected cash benefit from assets resuming distributions during FY26

# Portfolio Performance



# HICL's core infrastructure focus



HICL invests in core infrastructure assets with highly defensive qualities, attractive in volatile markets

## Cash Flow Quality



Stable revenues



Less operational complexity



## Market Positioning



Defensive positioning



High barriers to entry



## Criticality



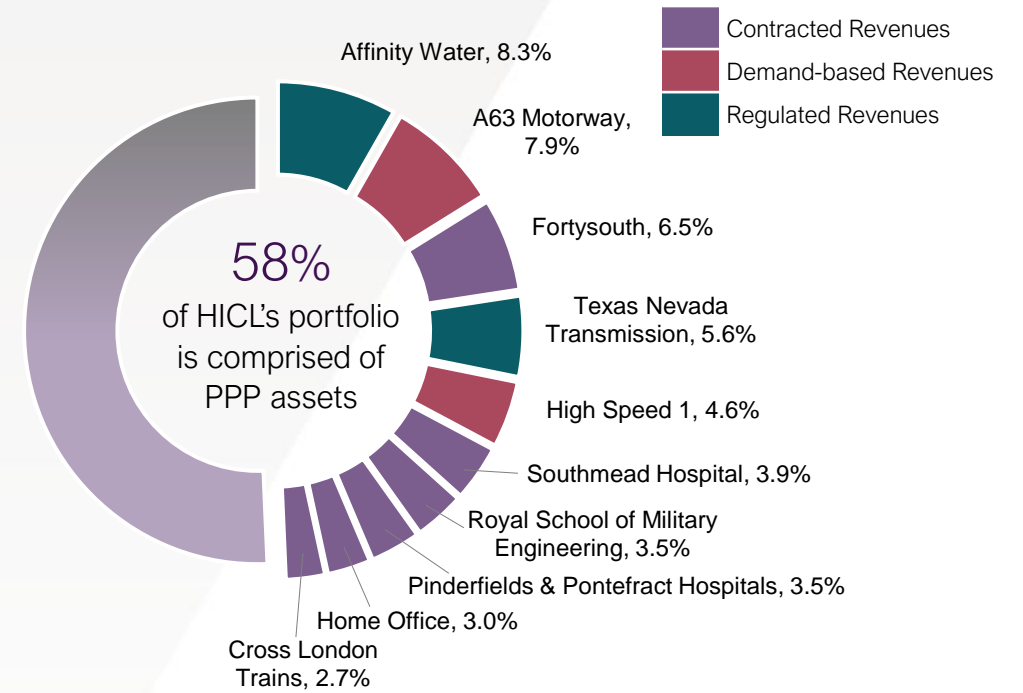
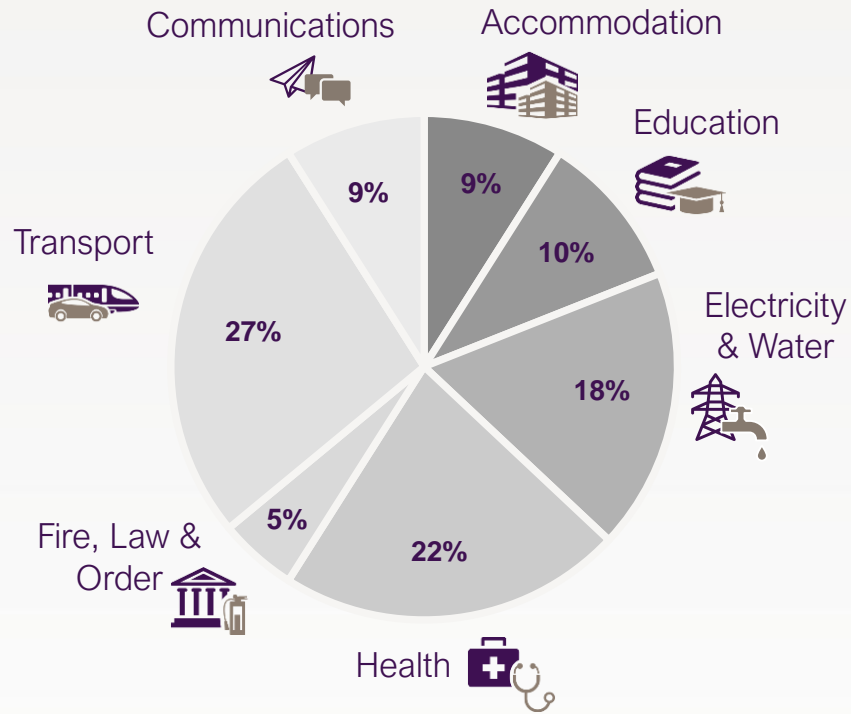
Essential assets



Social license

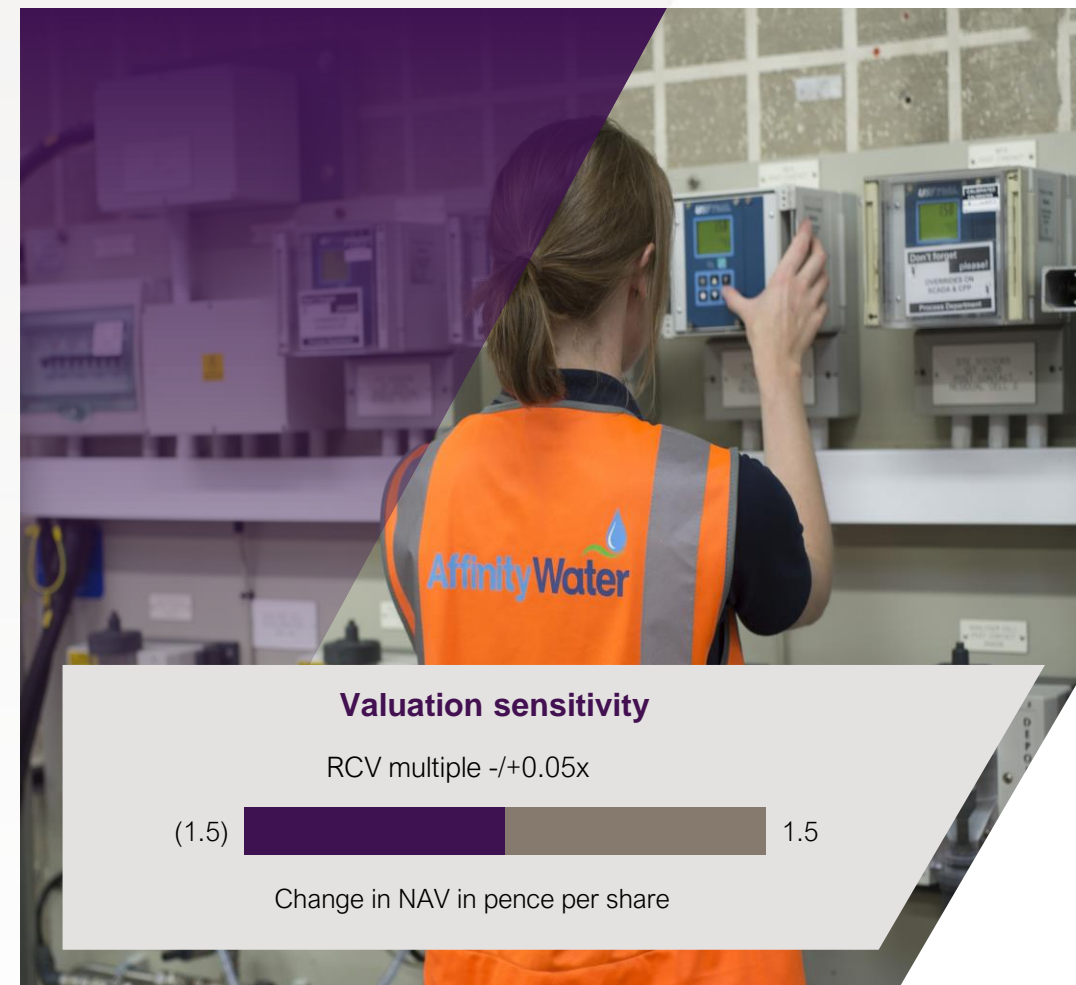


# Highly diversified portfolio



## Operational update – Affinity Water (8.3% of portfolio)

- △ Water-only company (non-sewage) in South East England
- △ PR24<sup>1</sup> draft determination expected in June 2024
  - Plan is fully funded
  - Plan includes significant capital investment with modest bill increases over the five-year period
- △ Operational performance in line with expectations:
  - Sector-leading leakage reduction of 19%<sup>2</sup> vs 17% target
  - Exceeded commitments in limiting supply interruptions and main bursts
  - Small aggregate ODI penalty in line with valuation
- △ Proactive balance sheet management means company is well placed to manage the current macro-environment

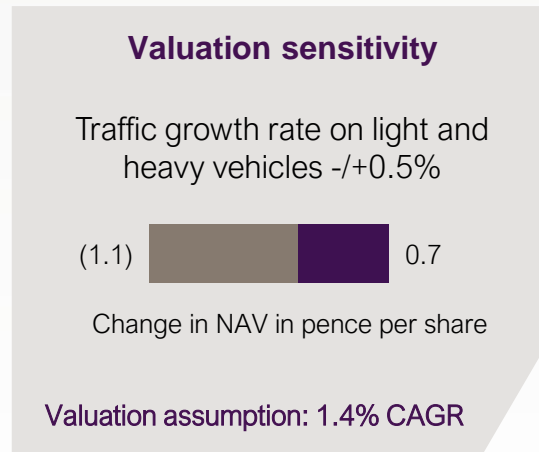
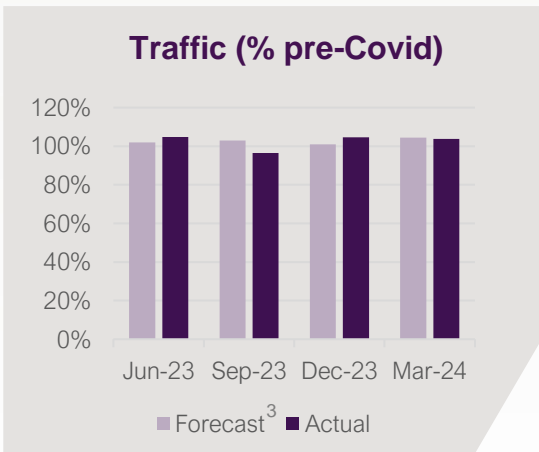


1. The Ofwat 2024 price review process that sets prices for the period from April 2025 to March 2030  
2. Measured as a three-year average reduction from a 2019-20 baseline

# Operational update – demand-based assets

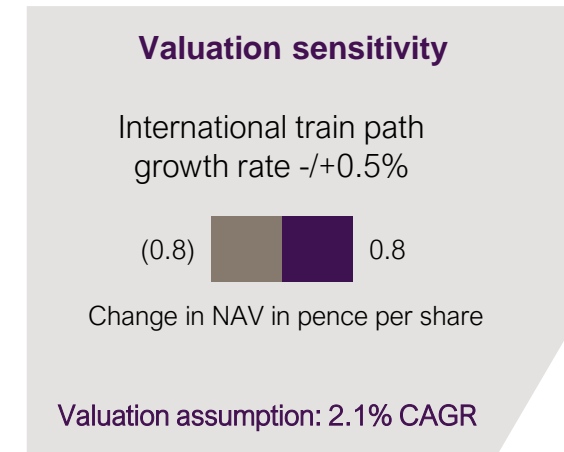
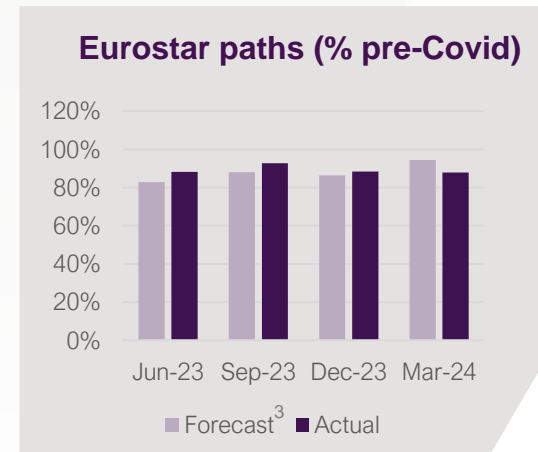
## A63 Motorway (7.9% of portfolio)

- △ Light vehicle traffic continued to grow over the year
- △ HGV traffic broadly flat when compared with FY23
- △ Toll revenue slightly behind expectations due to a traffic accident<sup>1</sup>
- △ Impact of tax on transport assets not expected to be material



## High Speed 1 (4.6% of portfolio)

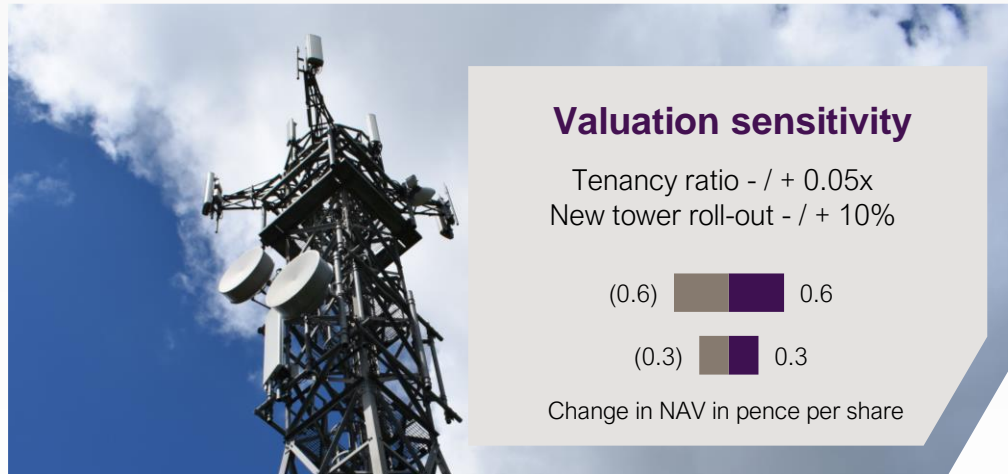
- △ Shareholder distributions resumed in Jun-23
- △ Eurostar at 89% of pre-Covid; forecast to recover by Mar-25
- △ Domestic services benefit from contractual underpin from DfT<sup>2</sup>; still forecast to be below pre-Covid levels until Mar-28
- △ Discussions ongoing with three potential new intl. operators



1. Tolls were partially suspended between 9 August and 25 August 2023 due to a traffic accident; revenue loss expected to be fully recovered through insurance  
 2. The contractual underpin guarantees the equivalent of 96% of pre-Covid revenues for domestic services for the length of the concession  
 3. Refers to the forecast assumed in the asset valuation as at 31 March 2023

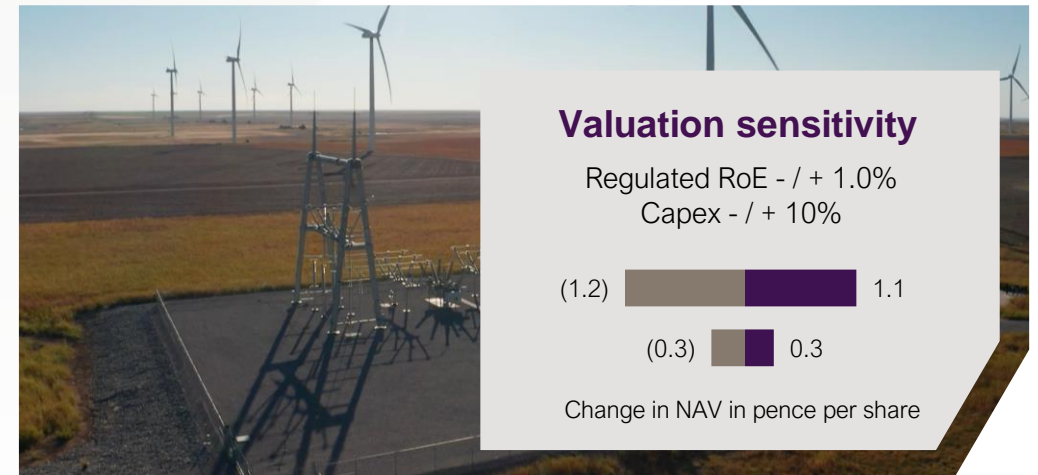
## Fortysouth (6.5% of portfolio)

- △ Business carve-out completed & operating as stand-alone entity
- △ Revenues and costs in line with expectations, underpinned by 40-year anchor tenancy contract with One NZ<sup>1</sup>
- △ Tower upgrade programme accelerated to meet 5G targets and new co-locations agreed after year-end



## Texas Nevada Transmission (5.6% of portfolio)

- △ Operational performance in line with expectations, with both networks achieving >99.99% average availability
- △ Increased debt costs partially mitigated through regulation and an improved interest rate hedging contract
- △ New interconnection opportunities identified that would represent over 3GW of additional capacity by 2030



1. Formerly known as Vodafone New Zealand

# Investment Activity and Market Outlook

# Active rotation has captured value and positioned HICL for long-term growth

## Disposals £509m

PSPB North-East



Northwest Parkway



Romford Hospital



Bradford Schools I



Bradford Schools II



Sheffield Student Accommodation



Oxford John Radcliffe



South Ayrshire Schools



**+2.6p**

NAV accretion from disposals

## Acquisitions £227m

Hornsea II OFTO<sup>1</sup>



Altitude Infra



A63 Motorway<sup>2</sup>



**+0.7p**

NAV accretion from acquisitions

1. In July 2023 HICL completed the acquisition of a 75% shareholding in Hornsea II OFTO. Half of this investment was subsequently sold as part of a portfolio sale announced in September 2023  
2. Incremental acquisition for an additional 3.1% interest adding to the 13.7% holding acquired in 2017 and 7.2% holding acquired in 2018

# Case study – Northwest Parkway disposal

- △ 33% stake in NWP acquired for **\$166m** in Dec 2016
- △ Active management approach – equal largest shareholder at acquisition
- △ Resilient operational performance:
  - **6.4%** traffic CAGR between FY17 and FY20
  - Resumed distributions 18 months after onset of Covid-19
  - FY24 revenues **+45%** vs FY17 due to inflation-linked tolls
- △ Sold in two tranches for total proceeds of **\$318m**, capitalising on interest from strategic buyer
- △ Average 5-year forecast yield of 4.3% below portfolio average – sale enhanced distributable cash flow
- △ Proceeds used to repay RCF and enable a £50m share buyback



**13%**  
Holding period IRR<sup>1</sup>

**2.2x**  
Holding period MOIC<sup>1</sup>

**30%**  
Disposal premium<sup>2</sup>

**2.1p**  
NAV uplift on disposal<sup>2</sup>

1. Combined across both disposals  
2. Relates to second disposal; first disposal was in line with carrying value. Combined disposal premium of 21%



# Continued execution of capital allocation strategy



## 1. Balance sheet management

- Δ £150m PP to diversify capital sources<sup>1</sup>
- Δ Disposal proceeds to fully repay RCF



## 2. Shareholder distributions

- Δ £50m buyback programme launched
- Δ Dividend growth to resume from FY 2026



## 3. Strategic progress

- Δ Substantial and accretive portfolio rotation
- Δ Highly selective investment opportunities

**Proven ability to generate value**



**Positioned to deliver enhanced returns**

1. In May 2023, the Group issued £150m of Private Placement loan notes

# Concluding Remarks

# Resilient performance despite continued external challenges

Significant milestones reached in capital allocation strategy



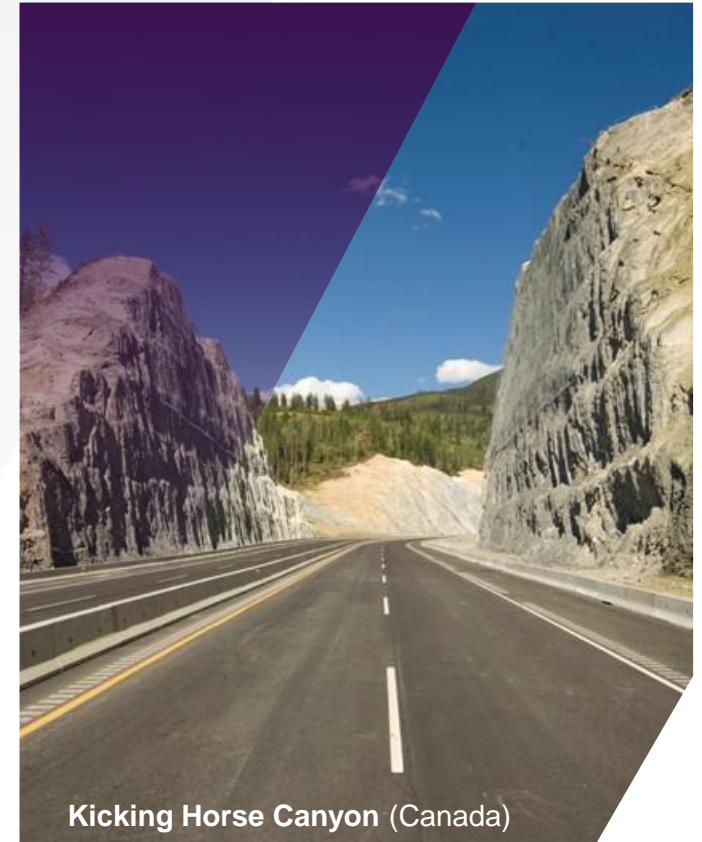
Return to dividend growth, share buyback programme initiated



Public / private market dislocation captured to generate value



HICL well positioned to capitalise on attractive opportunities



Kicking Horse Canyon (Canada)

HICL

# Appendix I

Company Information

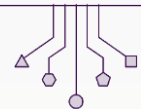


**45%**  
of portfolio

Developing **strong social foundations**



**37%**  
of portfolio



**connecting communities**



**18%**  
of portfolio

**supporting sustainable modern economies**

# Board of Directors I

Non-executive Directors with a broad range of relevant experience and qualifications



**Mike Bane**  
Chair

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 EMEA 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.



**Kenneth Reid**  
Senior Independent Director

Kenneth, a Singapore resident, has more than 35 years international experience in infrastructure development, construction and investment. Initially with Kier Group, and then from 1990 with Bilfinger Berger AG, Ken served globally in various senior management roles, including as a member of the Group Executive Board of Bilfinger between 2007 and 2010.

Ken graduated in Civil Engineering from Heriot-Watt University with First Class Honours and then 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.



**Rita Akushie**  
Audit Committee Chair

Rita Akushie 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.



**Liz Barber**  
Director

Liz Barber has nearly 30 years of experience in advising UK regulated utilities in senior leadership positions. She served as CFO of Kelda and Yorkshire Water for 9 years, followed by 2 years as CEO, leading a successful CMA referral and initiating a significant transformation programme. Prior to this she was a partner at EY where she had a number of senior roles, specialising in audit and assurance and advising regulated utilities and utility regulators. She is a Fellow of the Institute of Chartered Accountants (ICAEW).

Liz is currently the Senior Independent Director and Interim Remco Chair for Cranswick plc, Audit Committee Chair of Encyclis Limited and a Non-Executive Director of Renew Holdings plc. Pro-bono roles include chairing the ICAEW Sustainability Committee and member of the Technical Standards Committee and Chair of the Yorkshire and Humber Climate Commission.

# Board of Directors II

Non-executive Directors with a broad range of relevant experience and qualifications



**Frances Davies**  
Remuneration Committee Chair

Frances 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. Prior to that she served as Head of Global Institutional Business at Gartmore Investment Management. Previously she held roles at Morgan Grenfell Asset Management and SG Warburg.

Frances currently serves as Chair of the Federated Hermes Property Unit Trust and is a non-executive director of Supermarket Income REIT plc and Aegon UK plc.



**Martin Pugh**  
Director

Martin Pugh 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.



**Simon Holden**  
Risk Committee Chair

Simon Holden 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.

# Investment Manager

Senior InfraRed team, experienced in making and managing infrastructure investments



## HICL's Investment Committee

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

**Chris Gill** – Head of Investment Committees

**Jack Paris**<sup>1</sup> – CEO

**Helen Price** – CFO

**Edward Hunt** – Head of Core Infrastructure Funds

**Stewart Orrell** – Head of Asset Management

# 100+ years

of combined experience making and managing infrastructure investments

## HICL's Senior Leadership



### Edward Hunt

Head of Core Infrastructure Funds, InfraRed  
Edward is HICL's fund manager



### Helen Price

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

1. Appointed 1 July 2023

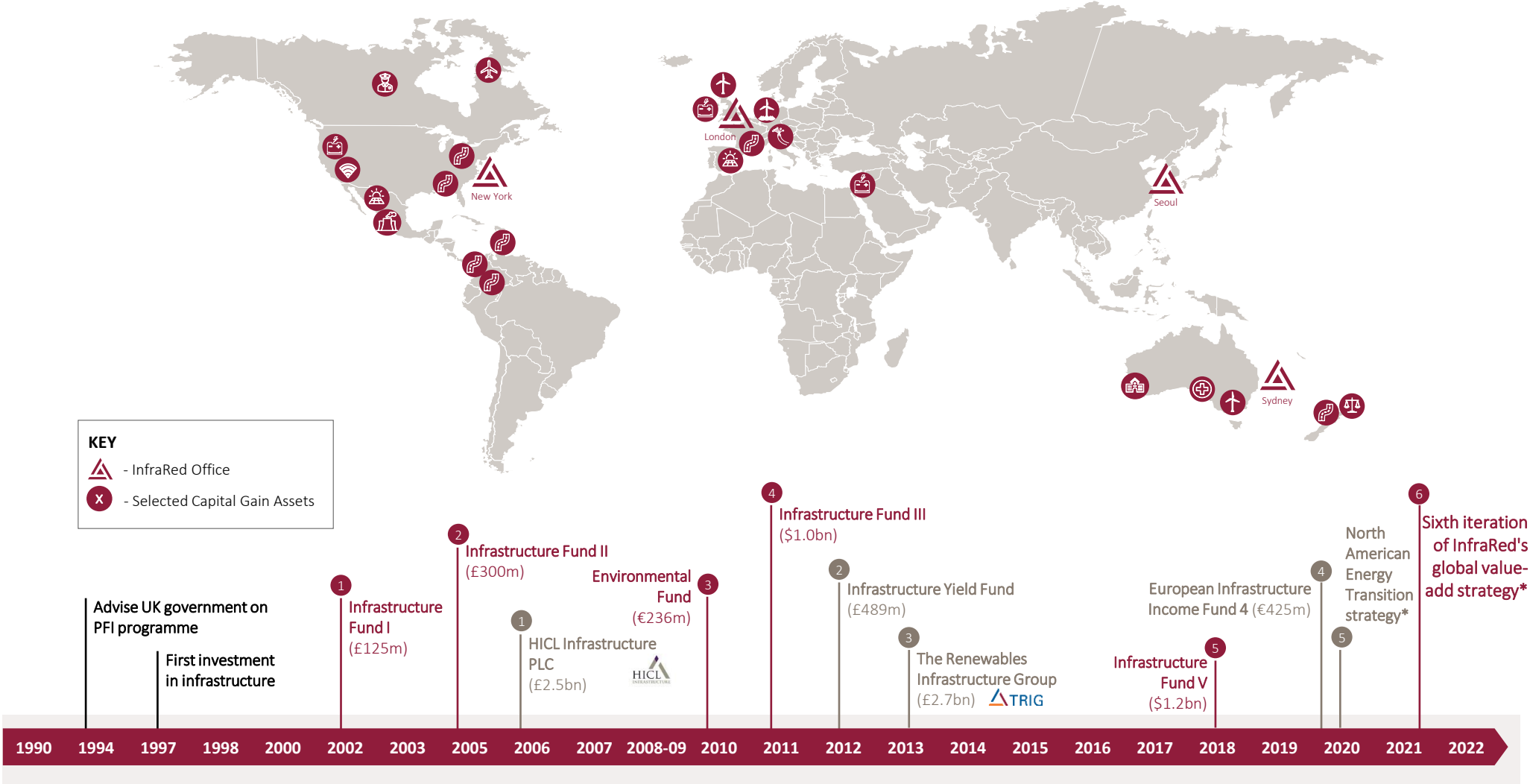


HICL

## Appendix II




The Investment Manager

# InfraRed Capital Partners - Established infrastructure manager with international reach



Dates relate to launch date of each fund; Numbers in brackets indicate size of total commitments to each of the funds except HICL Infrastructure PLC (HICL) and The Renewables Infrastructure Group (TRIG) which indicate market capitalisation as at 31st December 2023 for TRIG and 30th September 2023 for HICL. Infrastructure Fund III size net of cancellation of c.\$200m of commitments in June 2016  
 \*In fundraising as of March 2024

# InfraRed Capital Partners - Mid-market specialist driving financial performance

<p><b>Longevity</b></p> <p><b>25 years</b> Investing in infrastructure</p> 	<p><b>Track record<sup>1</sup></b></p> <p><b>1.9x / 18.2%</b> Realised net capital gain MOIC/IRR</p> <p><b>1.7x / 15.9%</b> Total net capital gain MOIC/IRR*</p> 	<p><b>Complementary strategies</b></p> <p><b>\$13bn</b> Equity under management / 11 infrastructure funds launched<sup>2</sup></p> 
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*\*Unrealised and realised investments*

<p><b>Investment portfolio</b></p> <p><b>240+</b> Current investments making an impact on societies globally</p> 	<p><b>Expertise</b></p> <p><b>160+</b> Total number of staff and partners globally / 5 offices</p> 	<p><b>Sustainability mindset</b></p> <p><b>70% of AUM</b> To be aligning, aligned or net zero by 2030 in line with NZAM</p> 
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*Past performance is not a reliable indicator of future results. Capital and Income at Risk*

1. Excluding Fund VI, which is in early investment phase.  
2. As at 31st December 2023 at GBP/USD of 1.2881, EUR/USD of 1.1226, EUM is USD 13.433m

# InfraRed Capital Partners - Strong platform driving two complementary strategies

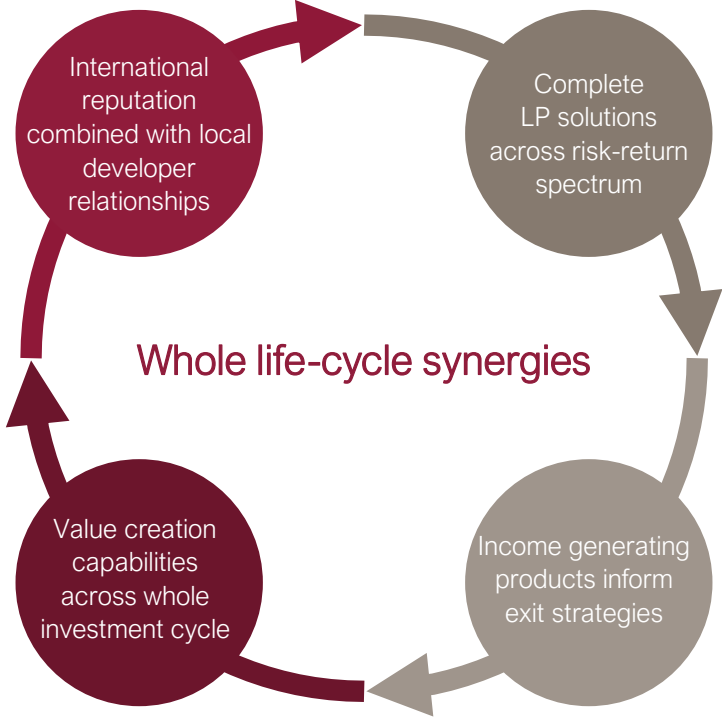
**Greenfield/Value-Add capital gains**  
(unlisted)

Strategy  
**Exit driven**

Exits / Deals  
**>70 / >80**

EUM  
**\$2.5bn**

Duration  
**12 years**



**Brownfield, income-generating**  
(listed / unlisted)

Strategy  
**Buy & hold**

Deals  
**>200**

EUM  
**\$10.9bn**

Duration  
**25+ years**  
(with liquidity)

HICL

# Appendix III

The Investment Portfolio

# HICL's Top 10 Assets I

1



## Affinity Water (UK)

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

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

2



## A63 Motorway (France)

The A63 Motorway in Southwest France includes the upgrade of an existing 105km road linking the towns of Salles (Gironde) and St-Geours de Maremne.

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

3



## Fortysouth (New Zealand)

Fortysouth is a leading independent tower company, with 1,500 wholly-owned mobile towers covering 98% of the country's population.

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

4



## Texas Nevada Transmission (USA)

Texas Nevada Transmission ("TNT") comprises two distinct electricity transmission systems. Together, the networks consist of over 800km of high-voltage transmission lines, switching stations and substations, which have been fully operational since 2014.

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

5



## High Speed 1 (UK)

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

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

## HICL's Top 10 Assets II

6



### Southmead Hospital (UK)

Southmead Hospital PFI project is an 996-bed acute hospital concession on a single site at Southmead in North Bristol.

**Sector:** Health  
**% 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 (UK)

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

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

8



### Pinderfields & Pontefract Hospitals (UK)

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

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

9



### Home Office (UK)

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

**Sector:** Accommodation  
**% of portfolio:** 3.0% (March 2023: 2.9%)  
**HICL holding:** 100.0%  
**Concession life remaining:** 7 years  
**Status:** Operational

10



### Cross London Trains (UK)

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.

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

# Portfolio Diversification

HICL's Portfolio, as at 31 March 2024<sup>1</sup>

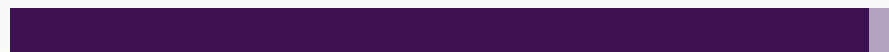


## REVENUE TYPE



▲	Contracted Revenues	65%
▲	Demand-based Revenues	14%
▲	Regulated Revenues	21%

## INVESTMENT STATUS



▲	Fully operational	97%
▲	Construction	3%

## OWNERSHIP STAKE



▲	100% ownership	24%
▲	50% - 100% ownership	23%
▲	Less than 50% ownership	53%

## GEOGRAPHIC LOCATION



▲	UK	64%
▲	Europe (exc UK)	22%
▲	North America	7%
▲	Australia / New Zealand	7%

## SECTOR



▲	Accommodation	9%
▲	Education	10%
▲	Electricity & Water	18%
▲	Health	22%
▲	Fire, Law & Order	5%
▲	Transport	27%
▲	Communications	9%

1. By value using Directors' Valuation of £3,333.4m as at 31 March 2024



# Track record of highly selective divestments

## Disposal track record:

26

Asset disposals since IPO

>£1bn

Total proceeds since IPO

10.1p

NAV outperformance since IPO

## Disposal methodology:



Portfolio-wide **quantitative** approach to identifying disposal candidates with regular Board involvement

**Disposal process only considered if it will:**



Result in an overall positive impact on HICL accretion metrics;



Improve sector or geographic diversification; or



Improve risk exposure (counterparty, residual value etc).

# Investment Activity

Market coverage filtered by focused acquisition strategy and investment discipline

Investment Activity					
Type	Project	Sector	Description	Stake	Date <sup>2</sup>
<b>Transactions completed in the year</b>					
New	Texas Nevada Transmission	Electricity & Water	Two electricity transmission systems in the USA	45%	Apr-23
Partial disposal	Northwest Parkway	Transport	Partial disposal of a toll road in Colorado, USA	23.3% <sup>4</sup>	Apr-23
New	Altitude Infra	Communications	Fibre to the home in rural France	5.9%	May-23
New	Hornsea II OFTO <sup>3</sup>	Electricity & Water	Offshore wind electricity transmission asset in the UK	75%	July-23
Disposal	Bradford Schools 1	Education	Disposal of UK schools PPP	100%	Sep-23
Disposal	Bradford Schools 2	Education	Disposal of UK schools PPP	100%	Sep-23
Disposal	Sheffield Student Accommodation	Accommodation	Disposal of UK student accommodation	100%	Sep-23
Disposal	Romford Hospital	Health	Disposal of UK hospital PPP	100%	Sep-23
Disposal	PSBP North-East	Education	Disposal of UK schools PPP	100%	Sep-23
Disposal	South Ayrshire Schools	Education	Disposal of UK schools PPP	100%	Sep-23
Disposal	Oxford John Radcliffe	Health	Disposal of UK hospital PPP	100%	Sep-23
Incremental acquisition	A63 Motorway	Transport	Incremental acquisition in a French motorway	24%	Dec-23
<b>Transactions signed in the year and completed post year end</b>					
Partial disposal	Hornsea II OFTO <sup>3</sup>	Electricity & Water	Partial disposal of an offshore electricity transmission asset, UK	37.5% <sup>4</sup>	Sep-23
Disposal	Northwest Parkway	Transport	Disposal of a toll road in Colorado, USA	23.3%	Feb-24

1. Based on the Directors valuation as at 31 March 2024

2. Date of completion where applicable, otherwise date signed

3. Offshore Wind Transmission Owner (OFTO)

4. Remaining stake

# Market outlook remains positive

InfraRed's approach to sourcing new opportunities guided by HICL's vision:

**Strong Social Foundations**

**Connecting Communities**

**Sustainable Modern Economies**

**Transport**

**Fibre**

**Towers**

**Data centres**

**Water**

**OFTOs**

**Transmission**

**District heating**

- △ Ninefold increase in data creation expected between 2017-2027<sup>1</sup>
- △ Data storage demand in European cities up by 20% YoY<sup>2</sup>
- △ Long-term contracts with high-quality corporates
- △ High switching costs



- △ 20% of UK heat to come from networks by 2050 (<3% in 2022)<sup>3</sup>
- △ Heating activities create 37% of UK GHG emissions<sup>3</sup>
- △ Availability take-or-pay contracts from govts and corporates
- △ Monopolistic positioning



**Highly selective approach to new investments, leveraging networks and proprietary sourcing**

1. How to take advantage of the world's demand for data, Investors' Chronicle (2024)  
2. How to take advantage of the world's demand for data, Investors' Chronicle (2024); as at Q3 2023  
3. UK Heat Networks, Market Overview, Department for Energy Security & Net Zero (2023)

# Sustainability highlights

HICL has a role in society that extends beyond its shareholders

## Environment

- ▲ Detailed net zero transition plan for HICL's portfolio – asset specific transition plans
- ▲ InfraRed contributed to IPA Guidance on Operational Decarbonisation at PFIs

## Communities

- ▲ InfraRed Portfolio Impact initiatives rolled out across several HICL assets
- ▲ Seven winning projects in InfraRed's annual Creating Better Futures award

## People

- ▲ Enhanced monitoring of HICL's service providers via new Code of conduct forms
- ▲ Developed and implemented DEI guidance for assets with direct employees

## Governance

- ▲ First set of year-on-year comparisons of SFDR PAIs<sup>1</sup> and GHG emissions
- ▲ ESG-specific investor perception survey carried out with c.25% of HICL register

HICL

## Appendix IV

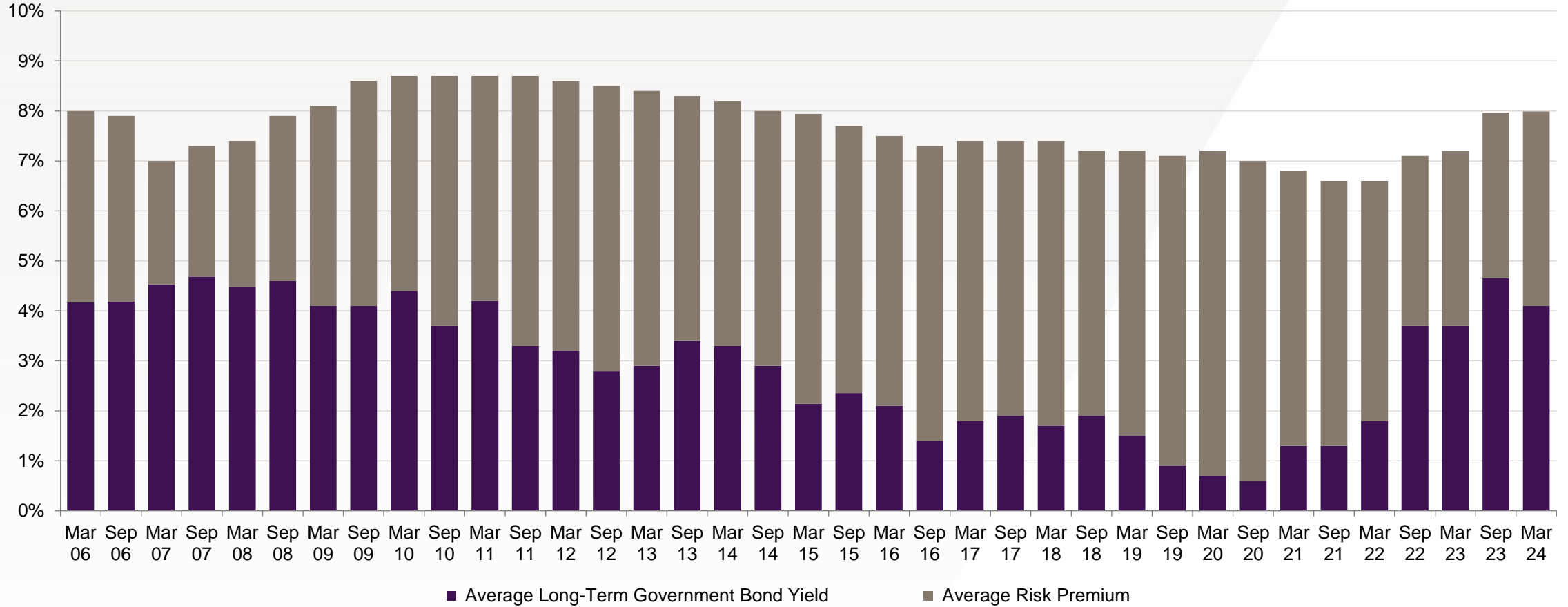
Valuation assumptions and metrics

# Key Valuation Assumptions

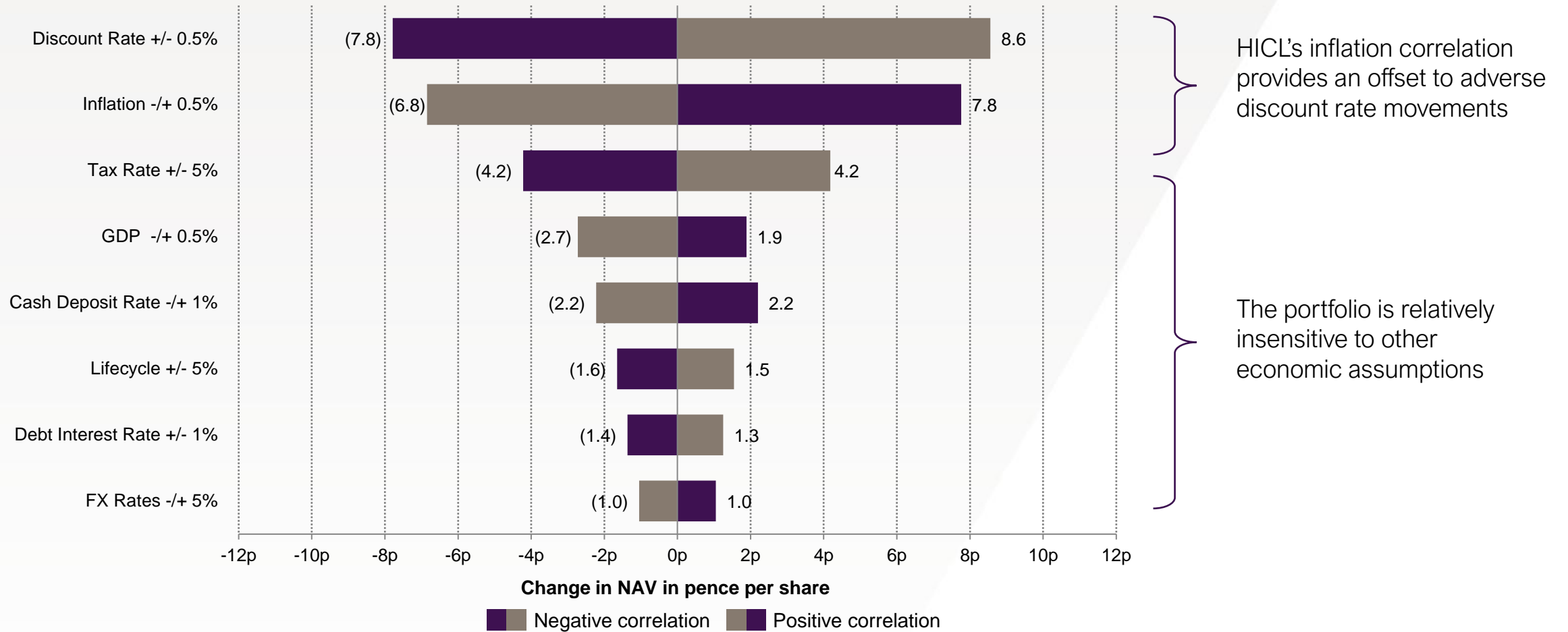
		31 March 2024	31 March 2023
<b>Discount Rate</b>	Weighted Average	8.0%	7.2%
<b>Inflation Rate<sup>1</sup></b> (p.a.)	UK (RPI <sup>2</sup> & RPIX <sup>2</sup> )	3.00% to March 2025, 2.75% to March 2026, 3.25% to March 2030, 2.5% thereafter	5.00% to March 2024, 2.75% to March 2030, 2.00% thereafter
	UK (CPI/CPIH) <sup>3</sup>	2.25% to March 2025, 2.00% to March 2026, 2.5% thereafter	4.25% to March 2024, 2.00% thereafter
	Eurozone (CPI)	2.25% to March 2025, 2.00% thereafter	5.00% to March 2024, 2.00% thereafter
	Canada (CPI)	2.25% to March 2025, 2.00% thereafter	3.00% to March 2024, 2.00% thereafter
	USA (CPI)	2.00% to March 2025, 2.00% thereafter	3.00% to March 2024, 2.00% thereafter
	New Zealand (CPI)	2.75% to March 2025, 2.25% thereafter	5.00% to March 2024, 2.50% to March 2025, 2.25% thereafter
<b>Interest Rates</b> (p.a.)	UK	4.50% to March 2025, 3.25% thereafter	3.25% to March 2025, 2.50% thereafter
	Eurozone	3.00% to March 2025, 2.00% thereafter	2.25% to March 2025, 2.00% thereafter
	Canada	3.75% to March 2025, 3.00% thereafter	3.50% to March 2025, 3.00% thereafter
	USA	4.25% to March 2025, 3.25% thereafter	4.00% to March 2025, 3.00% thereafter
	New Zealand	4.25% to March 2025, 4.00% thereafter	4.00% to March 2024, 4.25% thereafter
<b>FX Rates</b>	GBP / EUR	1.17	1.14
	GBP / CAD	1.71	1.67
	GBP / USD	1.26	1.23
	GBP / NZD	2.11	1.97
<b>Tax Rate</b> (p.a.)	UK	25%	25%
	Eurozone	Ireland 12.5%	Ireland 12.5%
		France 25%	France 25%
		Netherlands 25.8%	Netherlands 25.8%
	Canada	23% and 27%	23% and 27%
USA	21% Federal & 4.6% Colorado State	21% Federal & 4.6% Colorado State	
New Zealand	28%	28%	
<b>GDP Growth</b> (p.a.)	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. Some portfolio company revenues are fully indexed, whilst some are partially indexed
2. Retail Price Index and Retail Price Index excluding Mortgage Interest Payments
3. Consumer Prices Index including owner-occupiers' housing costs; used in the valuation of Affinity Water

# Weighted average discount rate of 8.0%



# Balanced portfolio construction



**Past performance is not a reliable indicator of future returns. Capital and income at risk**

1. NAV per share based on 2,031 million Ordinary Shares as at 31 March 2024  
 2. Sensitivities for inflation, interest rates and tax rates are based on the 35 largest investments extrapolated for the whole portfolio  
 3. Sensitivities for the debt interest rate are based on the five investments with refinancing requirements – Affinity Water (UK), TNT (USA), XLT (UK), Fortysouth (NZ) and Altitude Infra (France)  
 4. Foreign exchange rate sensitivity is net of Group hedging at 31 March 2024



HICL

# Appendix V

Summary financial statements

# Summary Income Statement and Balance Sheet



Income Statement Investment Basis <sup>1</sup>	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Total income	105.4	254.2
Fund expenses	(38.6)	(39.6)
Finance costs	(36.2)	(16.1)
Tax	(0.1)	(0.1)
<b>Total return</b>	<b>30.5</b>	<b>198.4</b>
<b>Earnings per share</b>	<b>1.5p</b>	<b>9.9p</b>
<b>Ongoing charges<sup>2</sup></b>	<b>1.14%</b>	<b>1.09%</b>

Balance Sheet Investment Basis <sup>1</sup>	31 March 2024 £m	31 March 2023 £m
Investments at fair value <sup>3</sup>	3,268.9	3,498.6
Net debt	(303.9)	(147.6)
Available liquidity <sup>4</sup>	490.1	486.7

1. HICL's Investment Basis is an Alternative Performance Measure and is the same as applied in prior periods. See page 43 of the 2024 Annual Report for information. Earnings per share and NAV per share are the same under IFRS and Investment Basis

2. Calculated in accordance with Association of Investment Companies' guidelines

3. Directors' Valuation at 31 March 2024 is £3,333.4m and comprises the investments at fair value of £3,268.9m and investment commitments of £64.5m.

4. Available amount in Revolving Credit Facility (£456.8m) plus available cash on an Investment Basis (£33.3m) as at 31 March 2024

# Summary Cash Flow Statement

Figures presented on an Investment Basis



	31 March 2024 £m	31 March 2023 £m
Opening net (debt)	(147.6)	(46.2)
<b>Net cash flow before capital movements</b>	<b>175.6</b>	<b>171.0</b>
Investments	(435.1)	(339.1)
Disposals	269.4	96.8
Debt arrangement fees paid	(2.5)	(6.7)
Foreign exchange on cash	(2.6)	-
Short term intercompany loan	(0.3)	
Equity raised (net of costs)	-	158.0
Net cashflow from derivatives	6.8	(15.9)
Dividends paid	(167.6)	(165.5)
<b>Net (debt)</b>	<b>(303.9)</b>	<b>(147.6)</b>