

HICL Infrastructure PLC

Capital Markets Seminar

21 January 2020



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

HICL has a track record of delivering long-term income

STRONG TRACK RECORD AND LONG-TERM INCOME FOCUS

8.25p

On track to deliver
target dividend¹ of
8.25p in 2020

8.65p

Target dividend
guidance¹ for the year
to 31 March 2022

9.3%

Annualised Total
Shareholder Return
since IPO²

CLEAR STRATEGY

- ▲ Disciplined portfolio construction
- ▲ Accretive investment
- ▲ Value preservation and enhancement

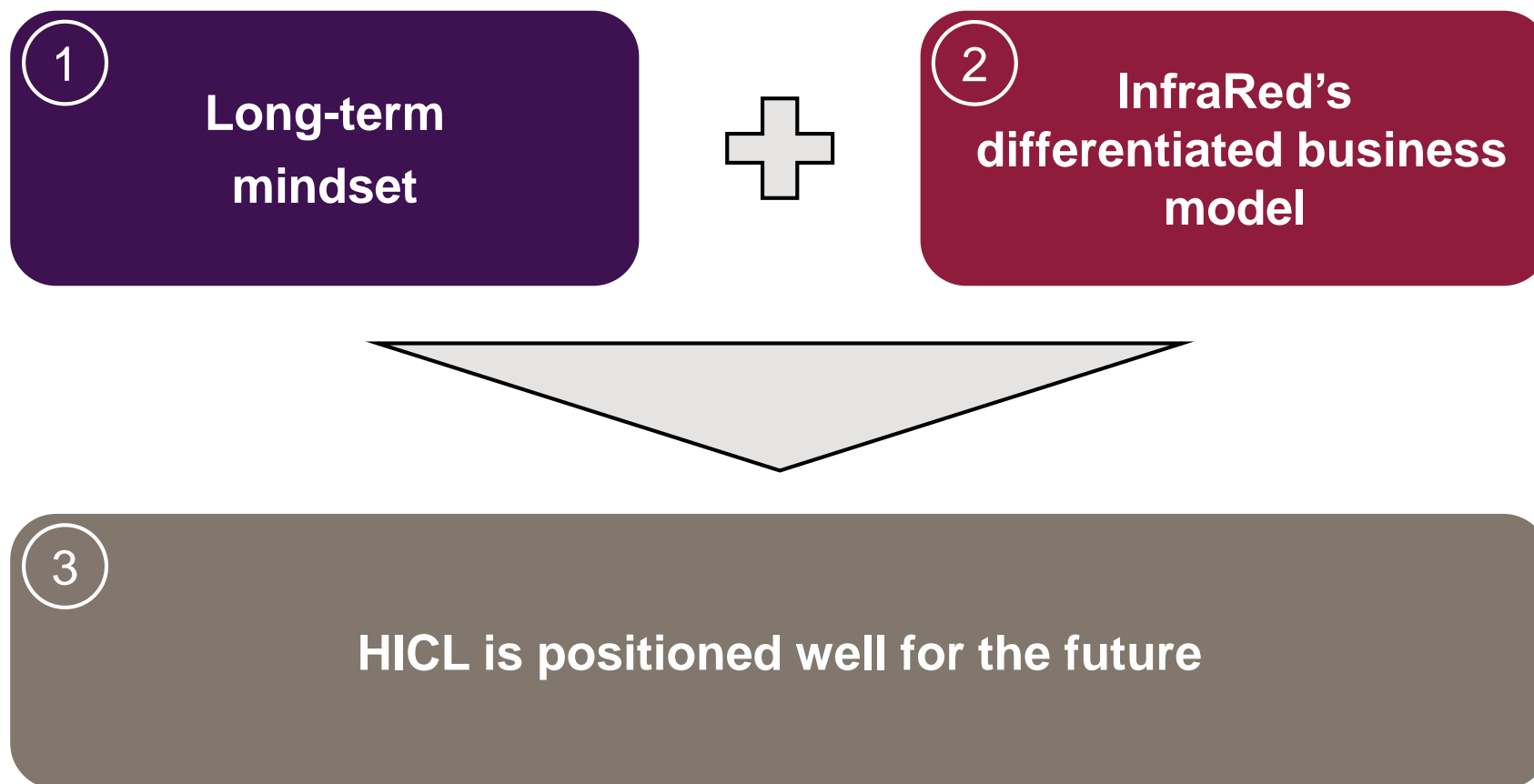
HICL IS WELL-POSITIONED FOR THE FUTURE

- ▲ Long-term mindset
- ▲ Focus on best-in-class governance
- ▲ Strength of InfraRed's management
- ▲ Future opportunities

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

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

2. NAV growth and dividends from IPO to 30 September 2019



1 HICL's long-term mindset is essential to sustainable value creation



1. Weighted average asset life at 30 September 2019. Assumes a 100-year asset life for Affinity Water. Excluding Affinity Water and Northwest Parkway, the weighted average asset life of the portfolio would be 19.3 years

2. Growth in portfolio assets from IPO to 31 December 2019

3. NAV growth and dividends from IPO to 30 September 2019

2 InfraRed's differentiated business model supports value creation

**Track record,
expertise and unique
market strategy**



**Active asset
management**



5

Development-focused
infrastructure funds
launched since 2000

£5.9bn

Income-focused
infrastructure equity
under management¹

20+ yrs

Experience investing
in core
infrastructure

44

Dedicated asset and
portfolio management
professionals²

34.2p

Outperformance of
HICL since IPO³

4

Dedicated in-house
technology development
professionals

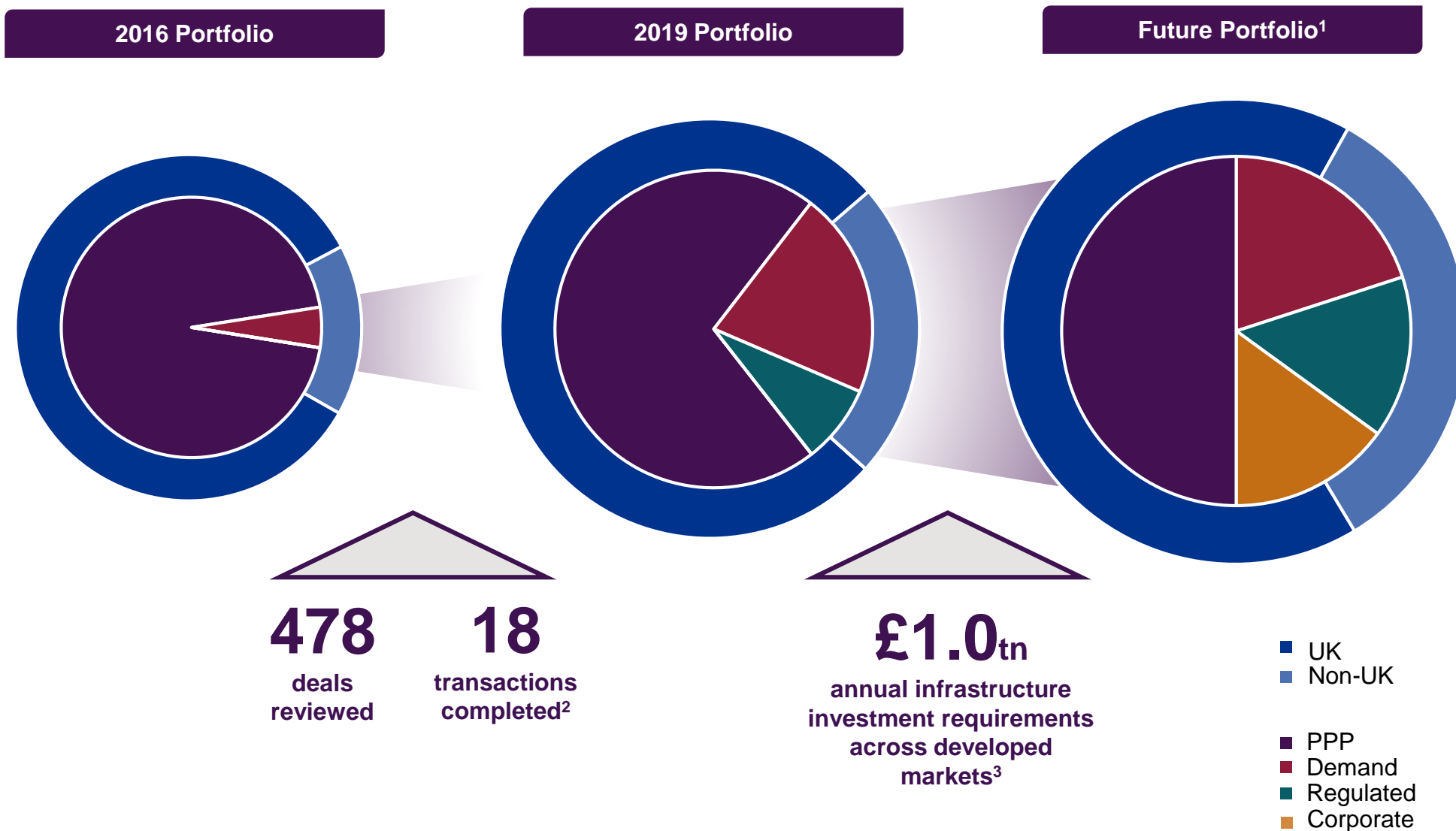
Proven, innovative platform to drive development of HICL's portfolio

1. Based on HICL and TRIG market capitalisation as 14 January 2020; plus InfraRed's Yield Fund

2. Including analyst support

3. NAV per share performance in excess of expected Earnings per Share

3 HICL's evolution: past and future



NB: All numbers at HICL year end (31 March)

1. For illustrative purposes only. The forward-looking chart represents HICL's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied

2. 24 projects were acquired. The Hochtief portfolio consists of 6 projects and the Zaanstad and A9 acquisitions have both been considered as two separate transactions

3. Average annual infrastructure need across North America, Europe, Australia and New Zealand in the road, rail, electricity and water sectors

Sources: InfraRed, Oxford Economics, Global Infrastructure Outlook 2017, Organisation for Economic Co-operation and Development



Stewart Orrell, Head of Asset Management & Ross Driver, Asset Manager

➤ *Active asset management and innovation*



Tom Robson, Portfolio Manager & Clément Leverd, Asset Manager

➤ *Value Enhancement in practice*



David Carr, Bouygues Energies & Services

Simon Wood, North Bristol NHS Trust

Mark Wayment, Asset Manager

Minesh Shah, Fund Management (panel chair)

➤ *Deep dive: Stakeholder discussion panel*



Edward Hunt, Fund Management

➤ *Infrastructure pipeline evolution and portfolio outlook*

➤ *Acquisition strategy*

Active asset management

Stewart Orrell

Head of Asset Management



Preserving value through responsible asset management

▲ InfraRed's asset management strategy mitigates risk and delivers long-term value

▲ Key aspects:

Mark Wayment



Mark Holden



Giorgiana Wegener



Experienced team

**Focused on strong
stakeholder relationships**

**Enhanced by proprietary
technology platform**

Strength and depth in an experienced, multi-disciplinary team

InfraRed's UK Based Asset Management Team

Stewart Orrell



Mark Wayment



Mark Holden



Giorgiana Wegener



Scott Springett



Natalia Poupard



Ross Driver



David Foot



Clément Leverd



Sarah Favre



James Heath



Stephanie Exell



Jo Beswetherick



Alex Thorne



Tony Roper



Andy Pitt

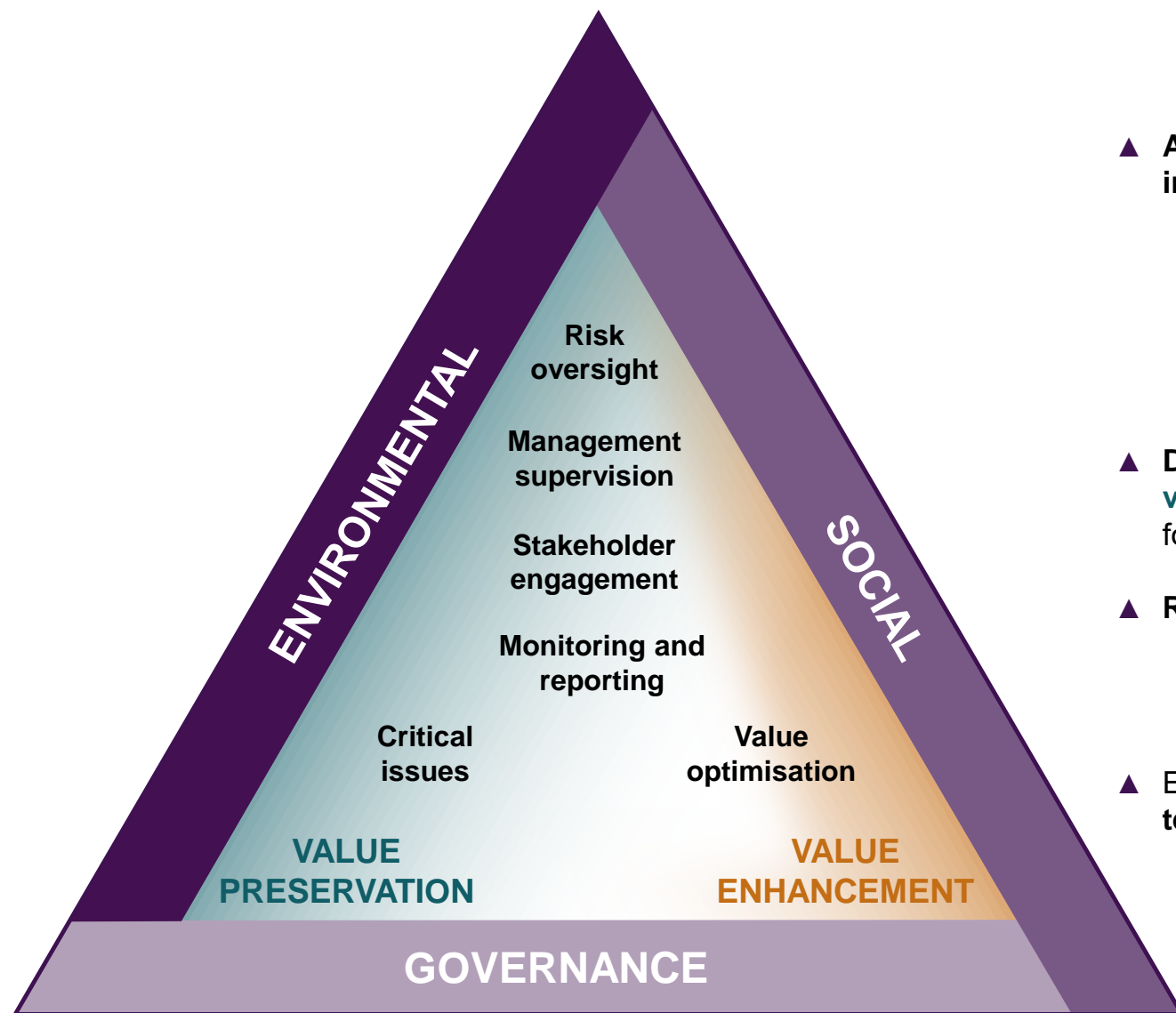


Experience

- ▲ 28 professionals globally
- ▲ Multi-disciplinary backgrounds
- ▲ Portfolio company board directorships

Benefits

- ▲ Best practice governance
- ▲ Expert oversight
- ▲ Proactive leadership




- ▲ **Asset Management at every phase of investment life:**
 - Acquisition due diligence
 - Construction (where applicable)
 - Operations
 - Divestment or hand-back
- ▲ **Decision making informed by long-term value preservation and value enhancement** for HICL's shareholders and stakeholders
- ▲ **Responsible investment:**
 - Grounded in sustainable thinking
 - Delivered through ESG initiatives
- ▲ Enabled by InfraRed's bespoke, **proprietary technology**

Stakeholder engagement is central to the success of HICL's investments



Stakeholder engagement is fundamental to sustainable value



‘Managers who grasp the importance of actively developing and sustaining relationships with affected communities and other stakeholders throughout the life of their project, are reaping the benefits of improved risk management and better outcomes on the ground.’

International Finance Corporation (World Bank)

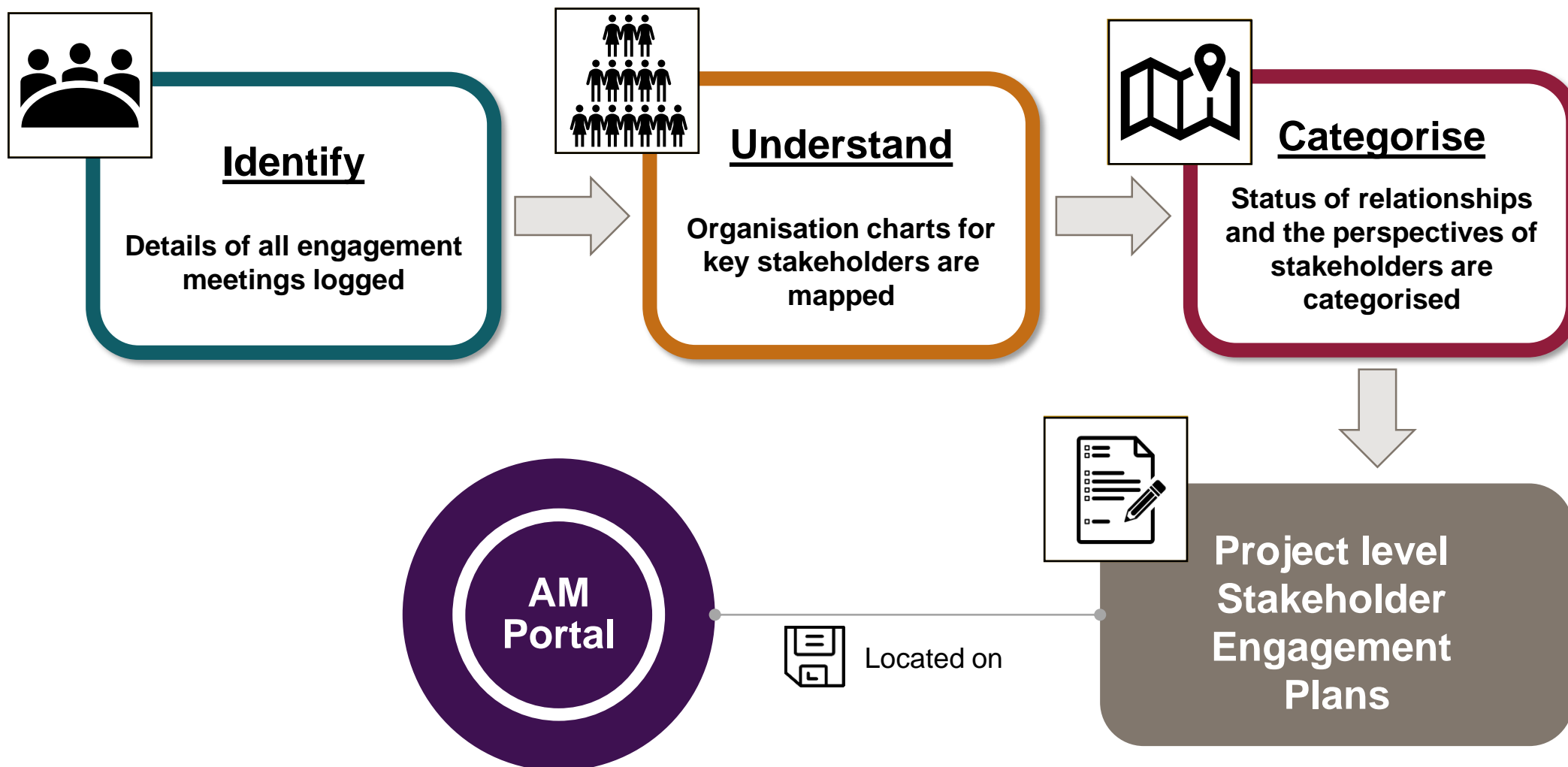
‘High performing project managers lean into relationships with people. For them, stakeholder engagement is not merely a marginal, cosmetic, ‘touchy-feely’ add-on to competencies, it is where they stand or fall in their effectiveness.’

Association for Project Management

**InfraRed’s responsible investment approach has been recognised
PRI have awarded the Infrastructure business an A+ rating five years running**

InfraRed deploys an effective engagement approach

Stakeholder Engagement Planning



Leveraging technology and data

Ross Driver
Asset Management

A digital platform allows us to:

- ▲ Capture consistent, relevant data
- ▲ Rapidly respond to developing risks
- ▲ Interrogate aggregated information
- ▲ Make the connections faster

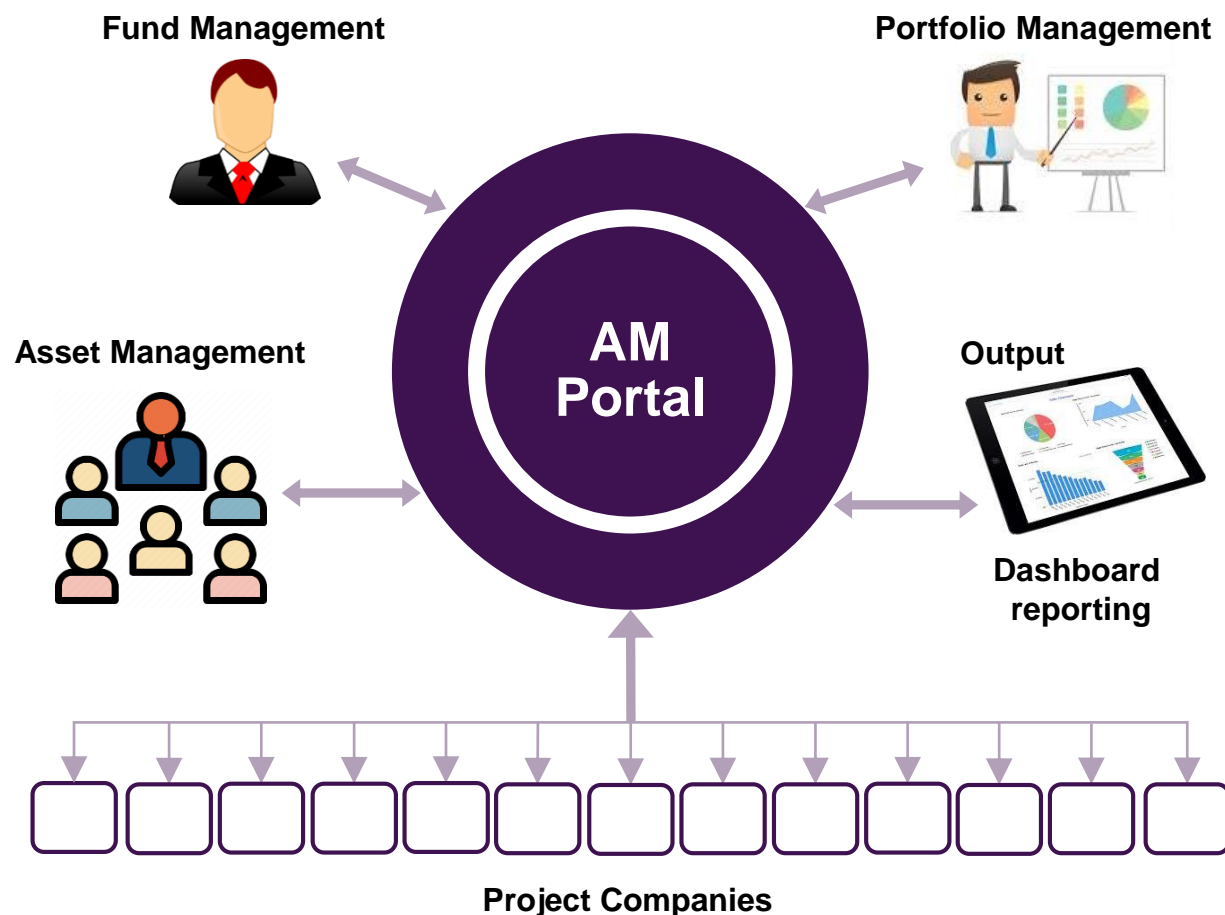
Benefits for HICL:

- ▲ Enhanced risk mitigation
- ▲ Scalable platform
- ▲ Adaptive system
- ▲ Supports portfolio diversification



A proprietary digital platform that provides enhanced access to data

The InfraRed Asset Management Portal



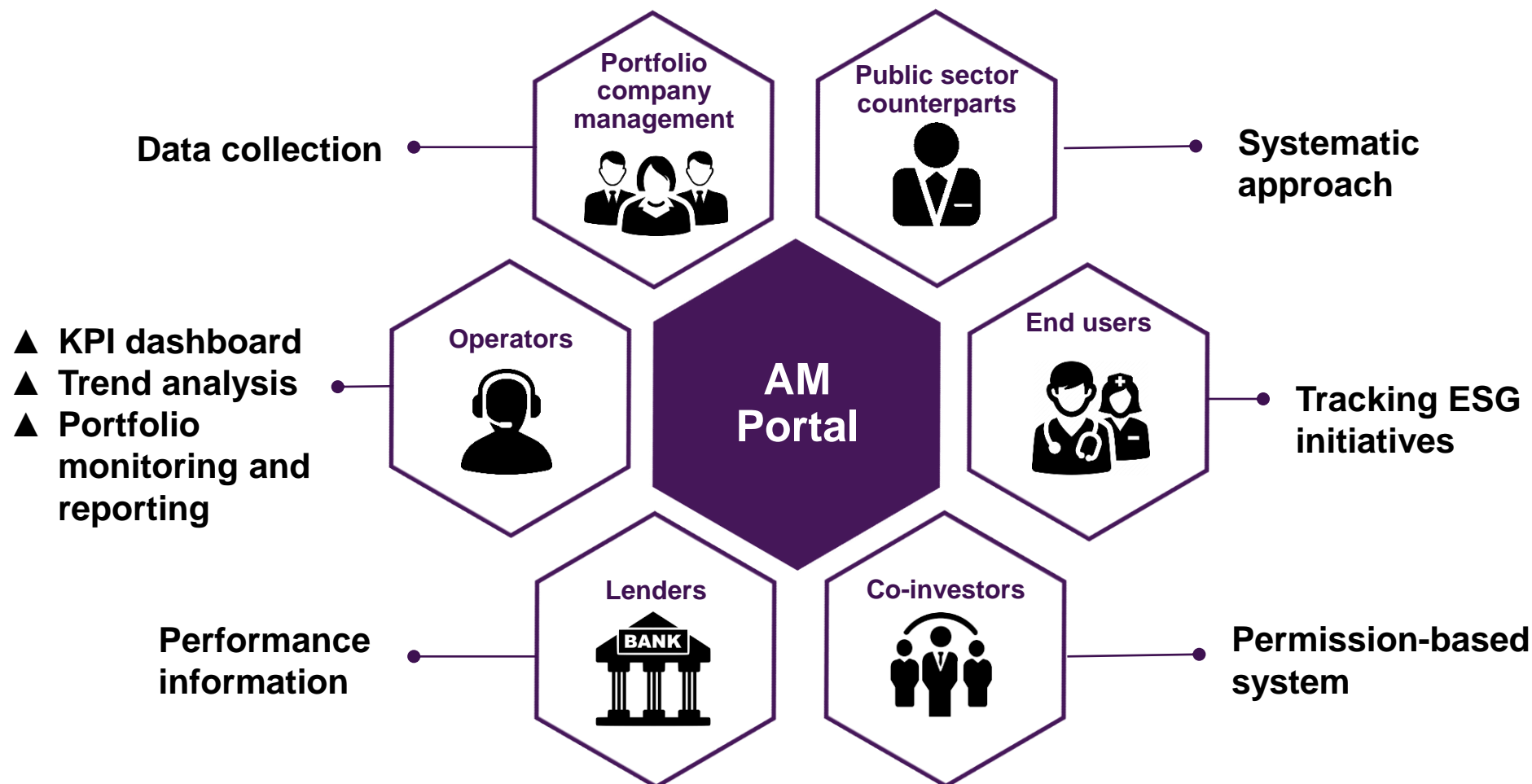
What is it?

- ▲ A proprietary, cloud-based collaboration platform
- ▲ Developed with our portfolio company management teams as primary end users
- ▲ The primary means through which we capture data and documents for HICL

Benefits

- ▲ Drives efficiency through automating tasks via workflows
- ▲ A flexible and scalable tool that can be modified as required

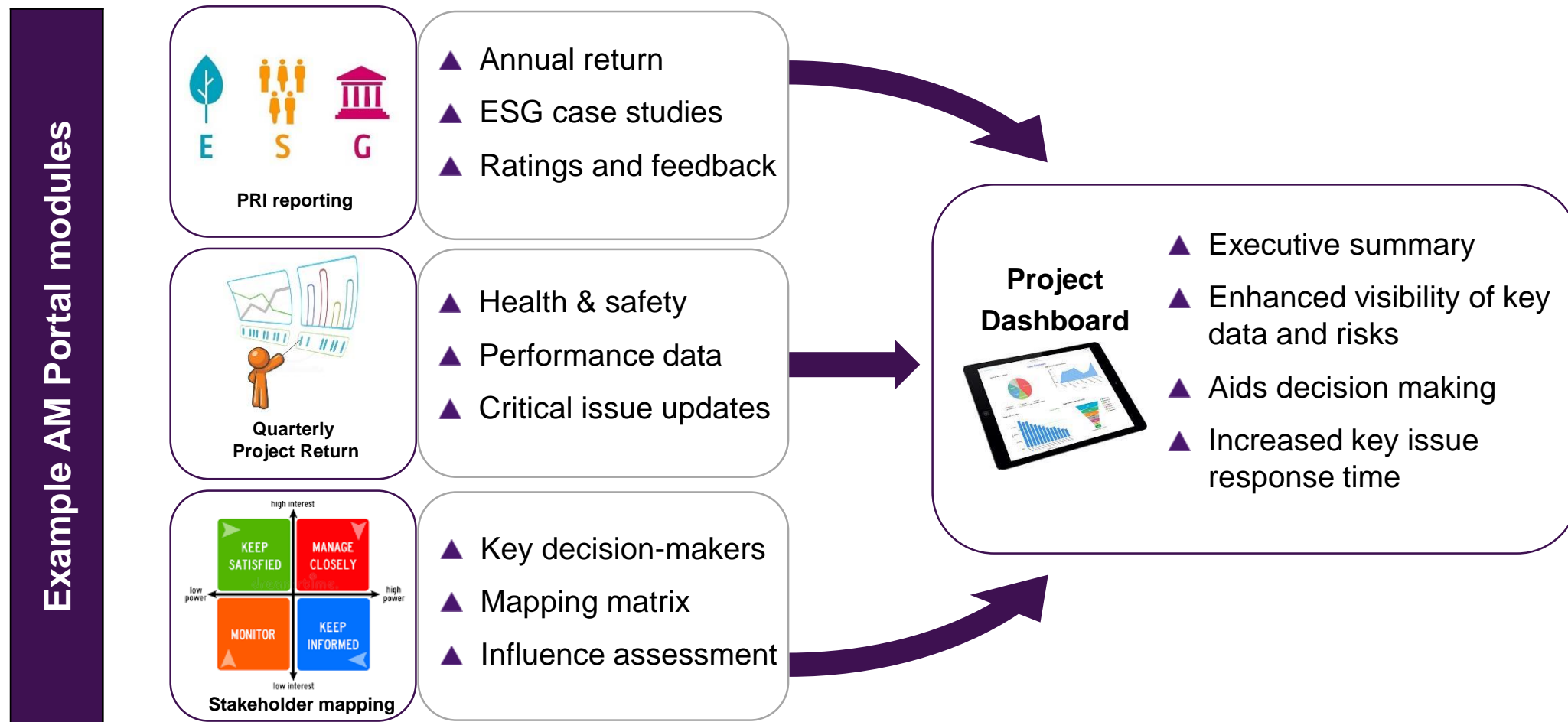
Enriched data provides support to all areas of asset management



The AM Portal enables InfraRed to efficiently collect more data, of higher accuracy from HICL's investments, giving greater insights into portfolio trends and dynamics

AM Portal enables data sharing and aggregation to aid decision-making

Data capture embedded across the HICL portfolio for:



Flexible system which is being continually evolved

Development



Overview

- ▲ Existing Lessons Learned Library with over 150 examples
- ▲ Commitment from managers and partners to contribute
- ▲ InfraRed's AM Portal is facilitating this initiative
- ▲ Desire to capture best practice from across our whole industry, and implement preventative measures on HICL assets

Community targeted:

HICL portfolio

117

Investments

Wider InfraRed portfolio

100+

Further infrastructure projects

Management Service Providers

100+

Additional infrastructure projects

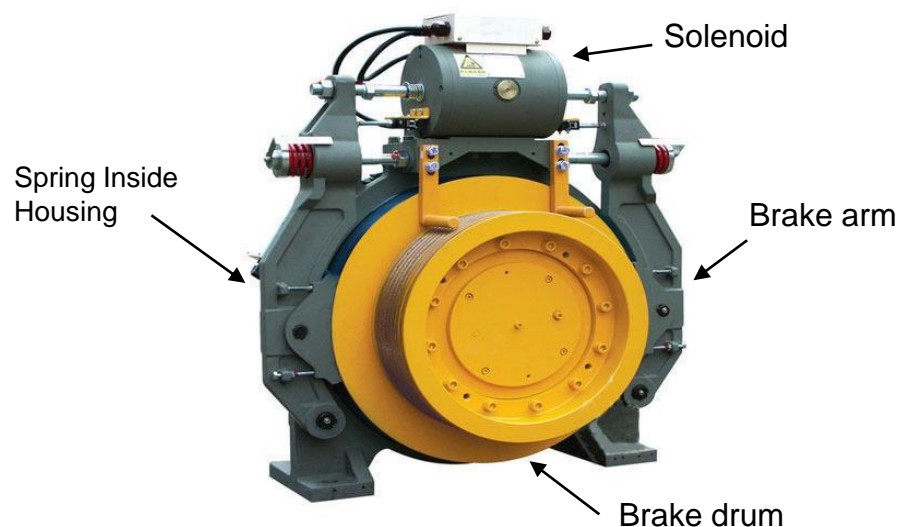
Operator partners

50+

Across HICL geographies

Technical / 046 / Traction Lift Brakes

Issue description: Loss of brake efficiency resulting in unreliability



Observed impact

- ▲ Lift jolting upward when passengers stepped off

Technical description

- ▲ The solenoid, which locks the brake was worn, resulting in the brakes overheating

Operational impact

- ▲ Unchecked, allows the lift motor to power through the applied brake
- ▲ This action resulted in the brakes overheating, losing efficiency and jolting of the lift

Root cause

- ▲ Maintenance and inspection regime of whole brake system

Mitigation

- ▲ Movement sensors installed

Benefits to HICL

- ▲ Can learn from others' experience
- ▲ Can pre-emptively check for known issues

InfraRed's AM Portal is an investment in the future

Three key benefits:

Facilitates data transfer

- Simplifies the collection of relevant data from management
- Efficient means for handling 'big data' on portfolio assets

Supports our systematic and innovative approach

- Ability to create bespoke data capture forms for projects
- Freedom to collate, manipulate and present information

Scalable for a growing platform

- New investments can be added quickly with standard template
- Adaptive for different sectors within core infrastructure

Utilising technology to stay at the forefront of asset management

Value Enhancement in practice

Tom Robson

Portfolio Management

Clément Leverd

Asset Management

Value Enhancement is a key driver of long-term success

HICL has consistently delivered additional value since IPO through a variety of value enhancement activities

InfraRed focuses on two types of value enhancements

①

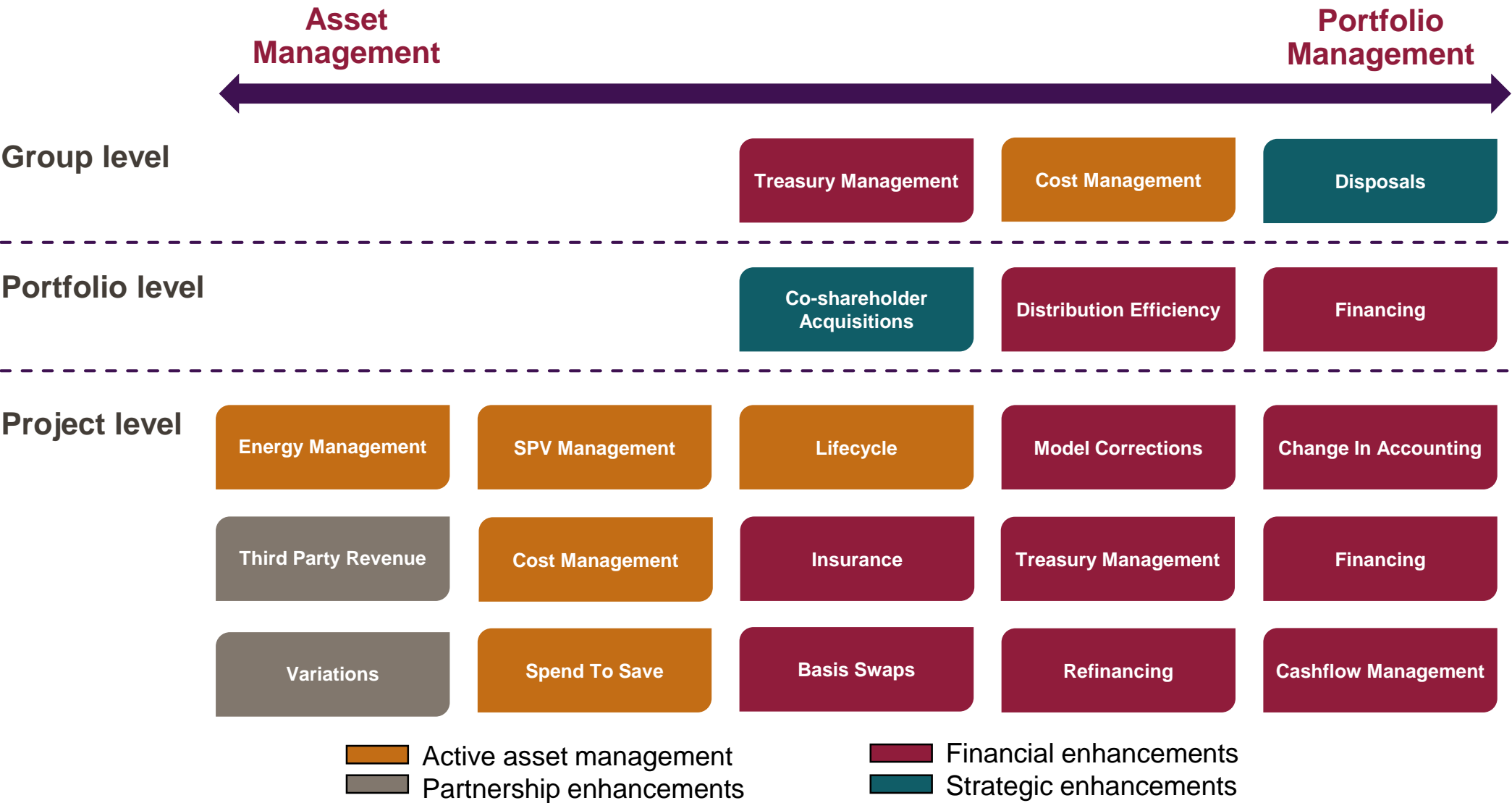
Economic benefit
for shareholders

②

Improved asset performance
for stakeholders

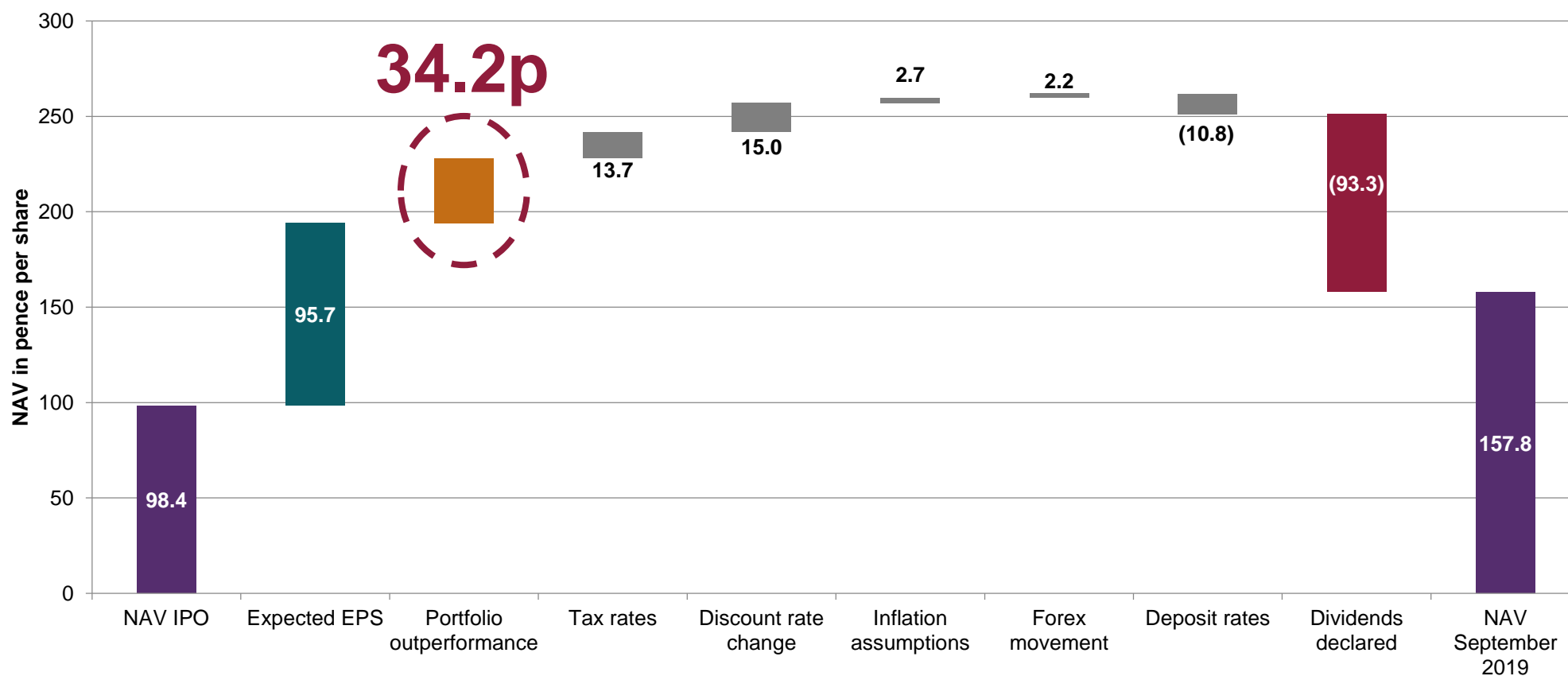
Opportunities exist to continue to deliver value enhancements in the future

Portfolio and Asset Management teams work proactively together



Significant outperformance delivered through active management

HICL'S NAV / share movement – IPO 2006 to September 2019



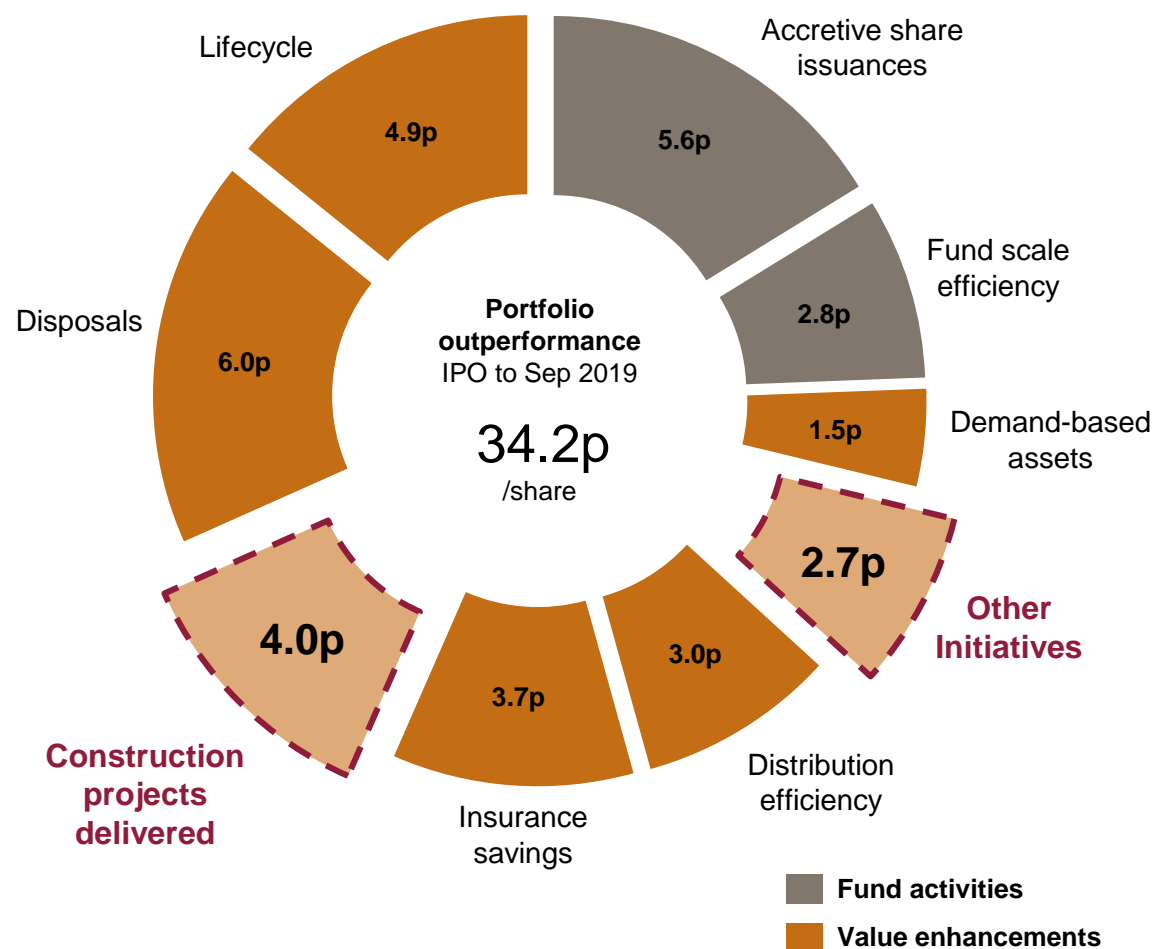
1. Expected earnings per share was rebased in March 2016 providing a higher expected return for future periods

2. Outperformance is determined with reference to expected EPS from IPO to 30 September 2019. N.B. Expected EPS was rebased from 1 April 2016

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

Targeted range of initiatives have contributed to outperformance

Breakdown of HICL's NAV / share movement – IPO to 30 September 2019



Value enhancements

- ▲ Wide range of initiatives, adding to NAV growth
- ▲ Lifecycle improvements better than forecast
- ▲ Achieving successful construction completion
- ▲ Sale of projects at a premium

Fund activities

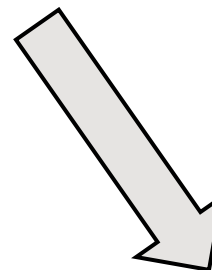
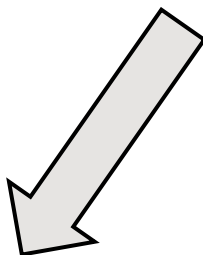
- ▲ Share issuances to fund accretive acquisitions
- ▲ Economies of scale lowering ongoing charge percentage

Contract variations can deliver two important drivers of value



Variations

Repurposing existing spaces or
providing additional services



Stakeholder Value

- Providing additional value to clients or communities
- Developing positive partnerships, supporting future relationships

Economic Value

- In aggregate variations provide demonstrable value to the fund
- Individual variations can create value

St Pancras: Expanding commercial space to increase revenue

Economic Value

The variation

Develop and convert the Midland Road service yard into lettable retail and storage space.

Key facts

3

existing units
reconfigured to
drive rental
value

1,800

sq ft
new retail floor
area

1,500

sq ft
new lettable
remote storage



HS1

109km rail line between St Pancras International and the Channel Tunnel.

The UK's only high-speed railway, including four stations: St Pancras International, Stratford International, Ebbsfleet International and Ashford International.



Army Base Programme: Improving the Army's managed estate

Stakeholder Value

Allenby and Connaught

Provision of modern, high quality, fully serviced, purpose built living and working accommodation for 18,700 soldiers.



The variation

New and improved infrastructure for British troops withdrawing from Germany in addition to units relocating within the UK.

Key facts

4,000

soldiers moving to
garrisons

£1.1 bn

amendment to
contract

130

new buildings

4

build sites

200

demolitions,
alterations,
extensions and
refurbishments

2,600

new bed spaces

“The soldiers...will have some of the best and most developed training facilities in defence.”

Lieutenant Colonel David Penniall MBE BEM RA

Reinforcing our successful partnership with the British Army



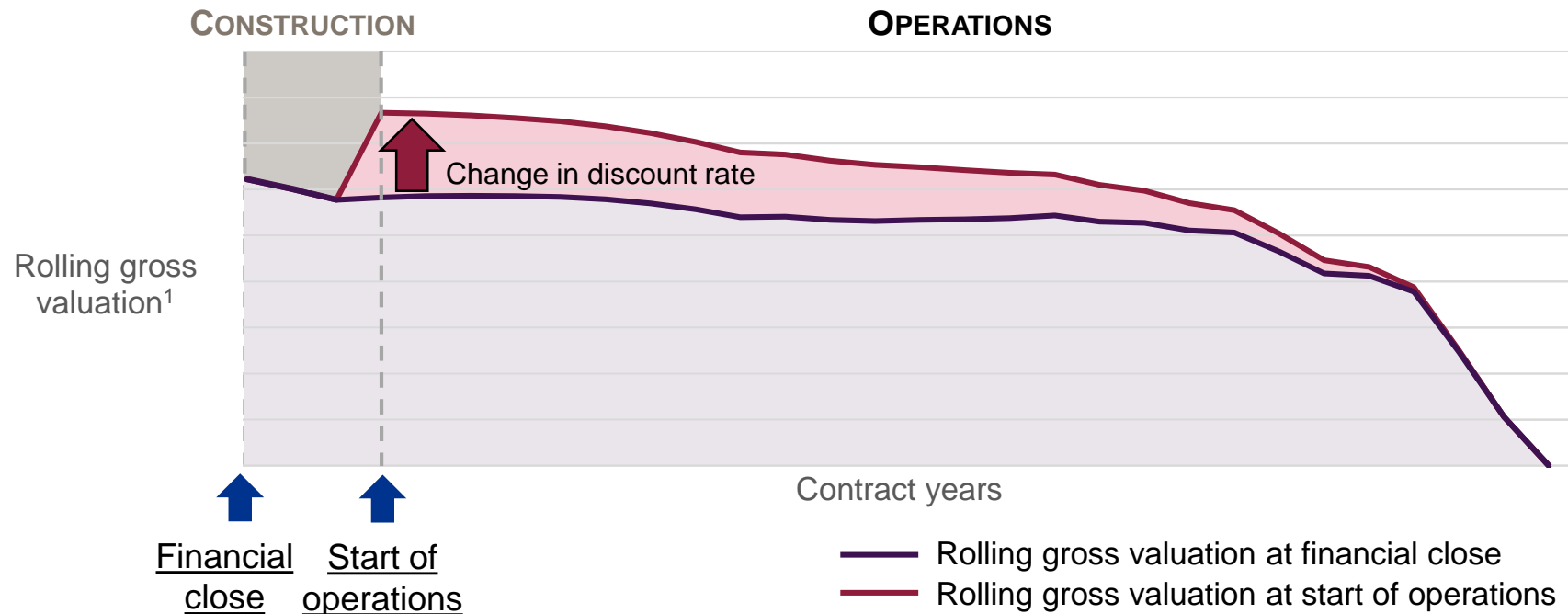
1. To view the full video, please visit: <https://www.youtube.com/watch?v=nVDIqTU6pgs>

Construction projects



Opportunity to create value from assets in construction

- ▲ HICL can create value by de-risking construction projects



- ▲ Total value enhancement generated by de-risking assets in construction since IPO:

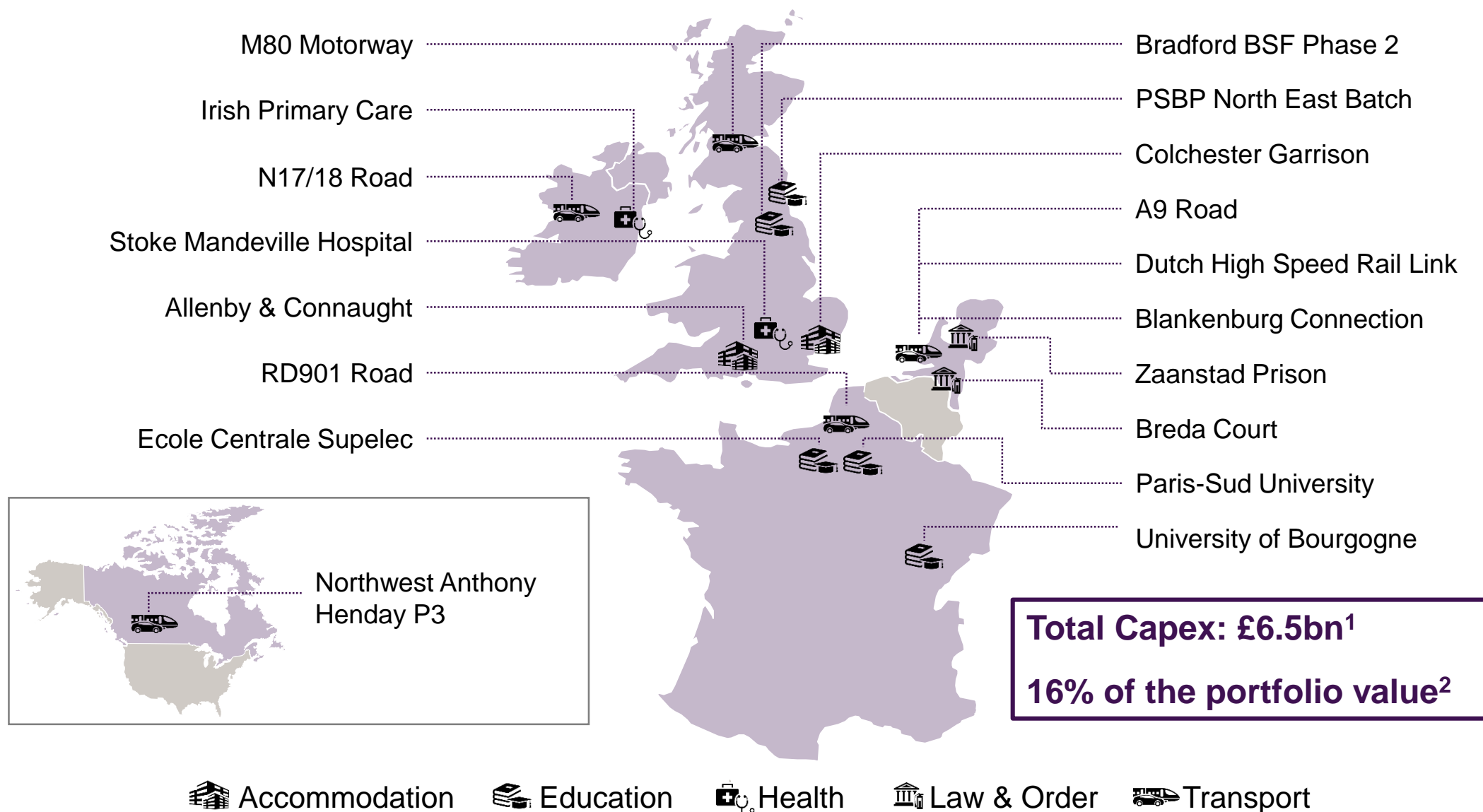
4.0p per share²

- ▲ There is **ongoing opportunity** in the portfolio to deliver more value through construction

1. Rolling gross valuation for Ecole Centrale Supelec (France)

2. NAV / share movement from IPO until 30 September 2019

HICL's track record of delivering value through construction

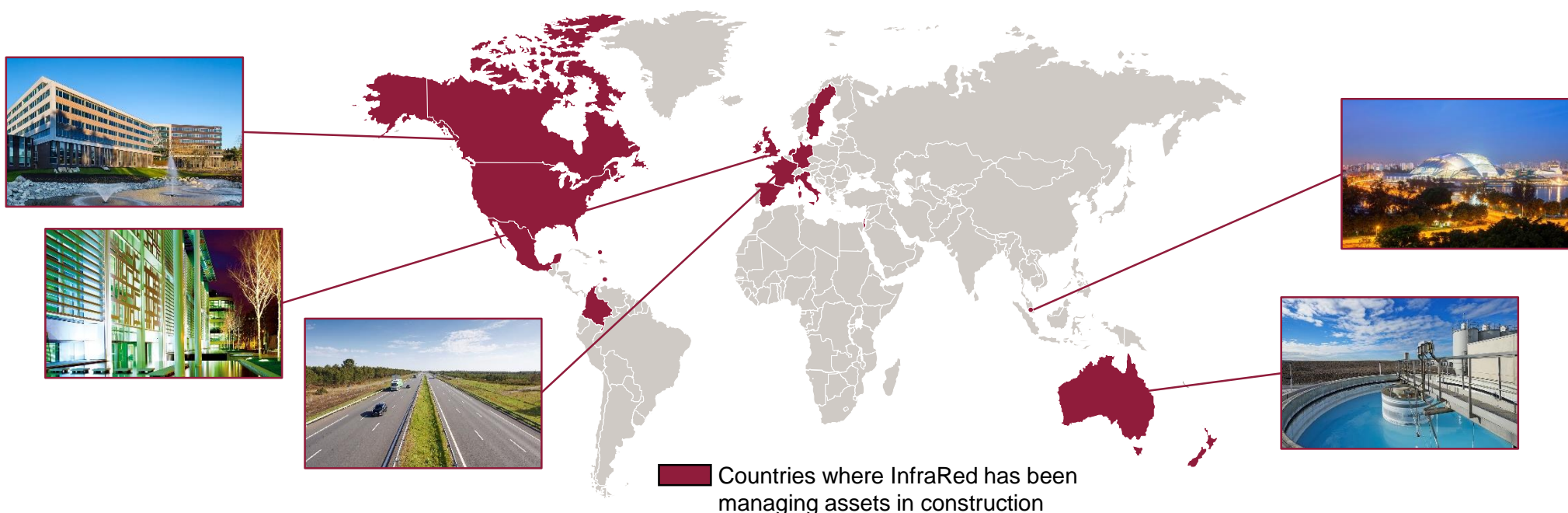


1. Sum of the total capex for the projects identified on this page

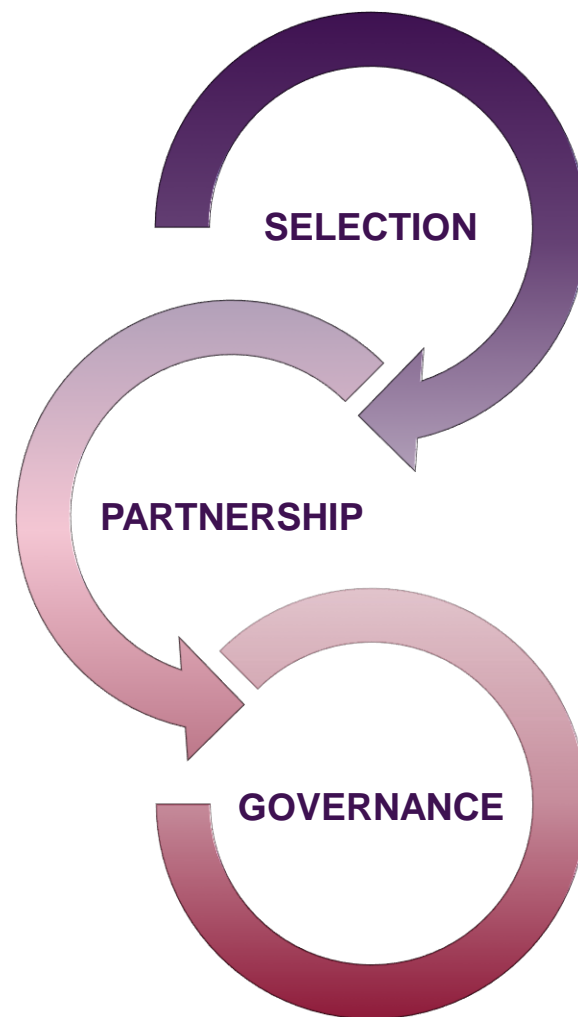
2. Sum of the equity value for the projects identified on this page, based on the September 2019 valuation

HICL benefits from InfraRed's wider expertise in greenfield projects

- ▲ InfraRed's team brings a breadth of **construction-related experience**
- ▲ InfraRed has raised five **development focused infrastructure** investment funds
- ▲ InfraRed has managed **over 75 investments in greenfield infrastructure projects** through to completion with a **total capex in excess of £22bn**
- ▲ InfraRed has **currently 15 projects in construction** with a total capex of **£5bn**



InfraRed uses a proven framework to manage construction risk for HICL



▲ Acceptable risk profile

▲ Working with Tier 1 contractors

▲ Implementing robust Board governance

Construction assets represent opportunity for future value enhancement

Paris-Sud University (France)

- ▲ Capex: €302m
- ▲ Start of operations: April 2022
- ▲ Main contractor: Bouygues



Blankenburg Connection (Netherlands)

- ▲ Capex: €1bn
- ▲ Start of operations: 2024
- ▲ Main contractor: Ballast Nedam, DEME





Deep dive: Stakeholder discussion panel

David Carr
Bouygues Energies & Services UK

Simon Wood
North Bristol NHS Trust

Mark Wayment
Asset Management

Minesh Shah,
Fund Management
(panel chair)

Deep dive: Stakeholder discussion panel



Southmead Hospital, UK



Infrastructure pipeline evolution and portfolio outlook

Acquisition strategy

Edward Hunt
Fund Management

HICL's access to selective, accretive and sustainable growth

Selective portfolio growth pursued where accretive

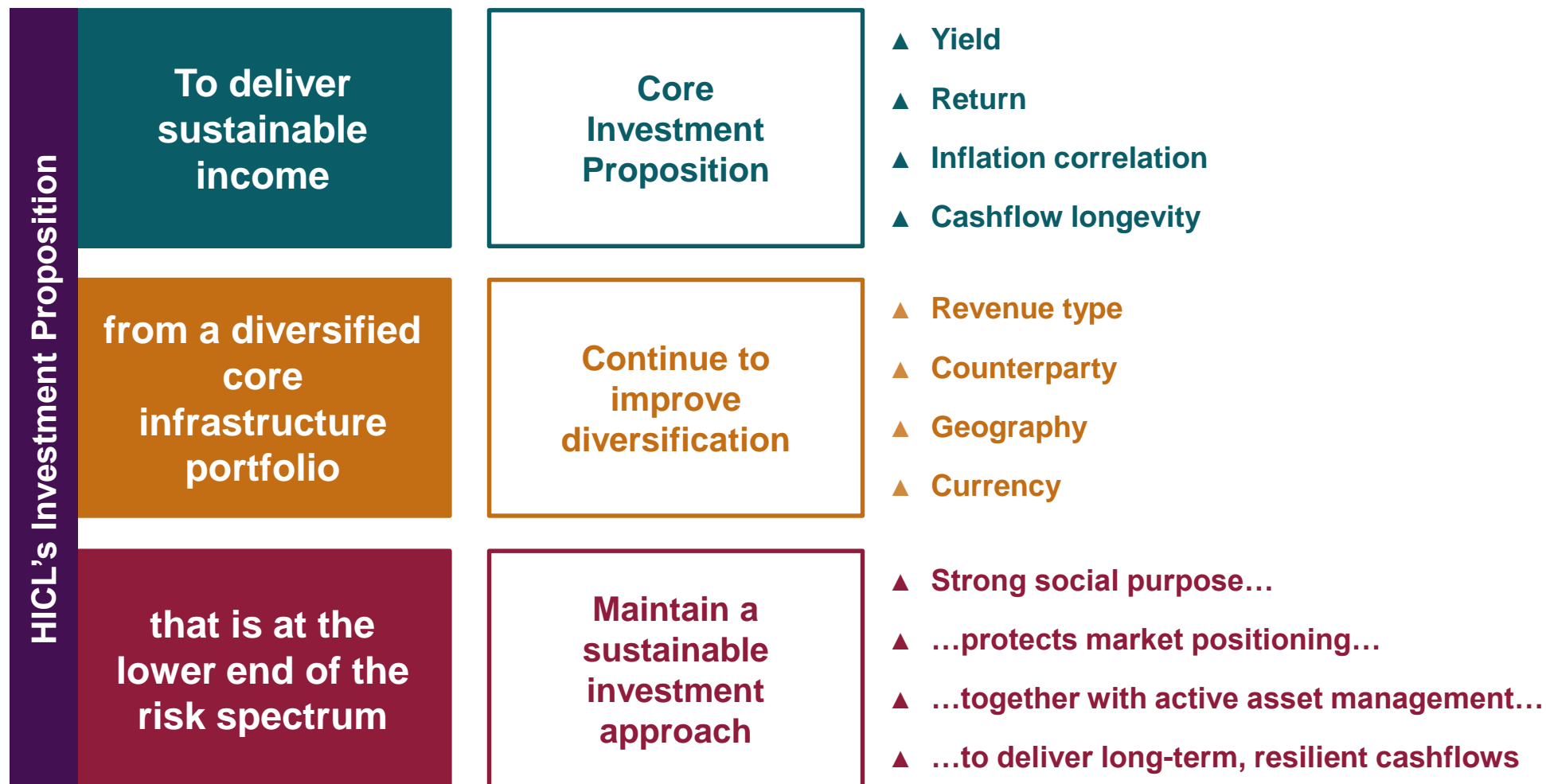
The infrastructure market has evolved... and InfraRed has evolved with it

InfraRed's international, multi-fund platform provides a differentiated origination approach

A long-term, sustainable approach resides at the heart of the origination process

HICL is well-positioned to take advantage of the pipeline of today... and tomorrow

Investing selectively to enhance the HICL Investment Proposition

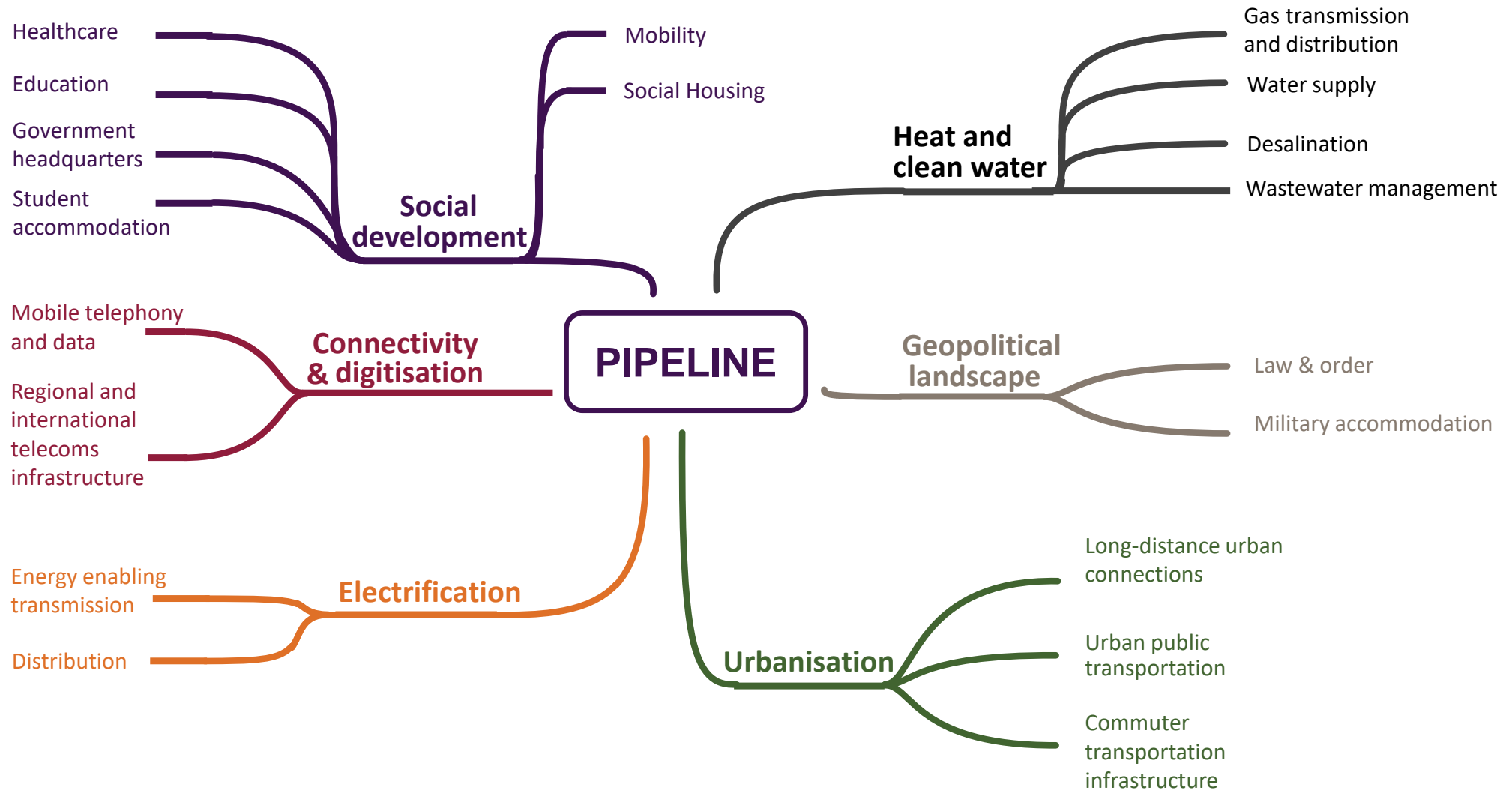


Defining “Core Infrastructure”

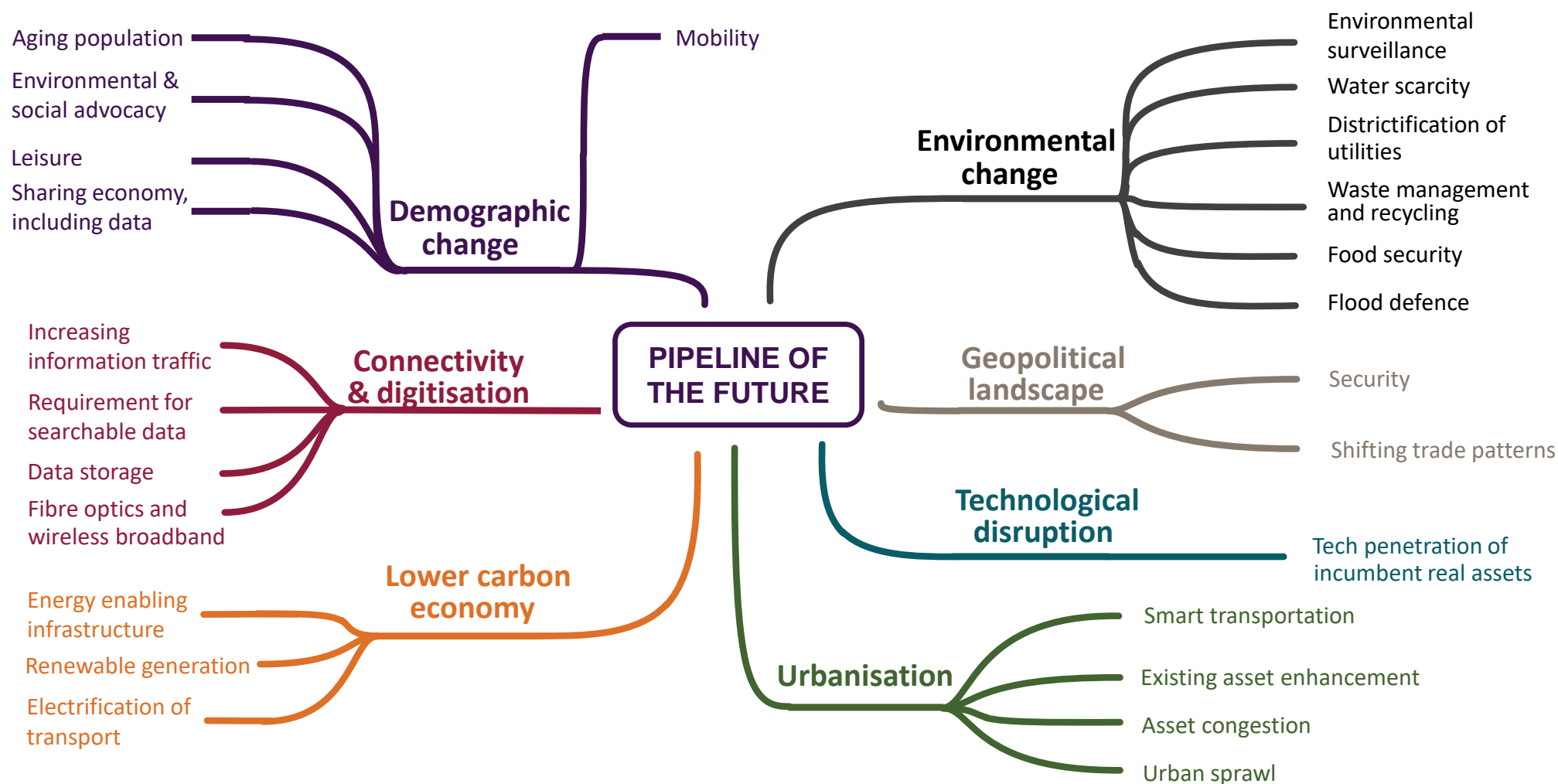
Cashflow Quality	Stable revenues	<ul style="list-style-type: none">▲ Low volatility▲ Suitable/diverse counterparties▲ Inflation protection
	Lower operational gearing / complexity	<ul style="list-style-type: none">▲ High capital cost▲ Low operational complexity
Market Positioning	Defensive positioning	<ul style="list-style-type: none">▲ Monopolistic characteristics e.g. from exclusive contract or lack of feasible competition▲ Regulated in some circumstances
	High barriers to entry	<ul style="list-style-type: none">▲ Capital intensive business model▲ Structural protections
Criticality	Essential assets	<ul style="list-style-type: none">▲ Strong social licence and public benefit▲ Real assets supporting essential services or facilitating important social function

Essential real assets that deliver resilient cashflows from a protected market position

Historic pipeline driven by economic development and modernisation



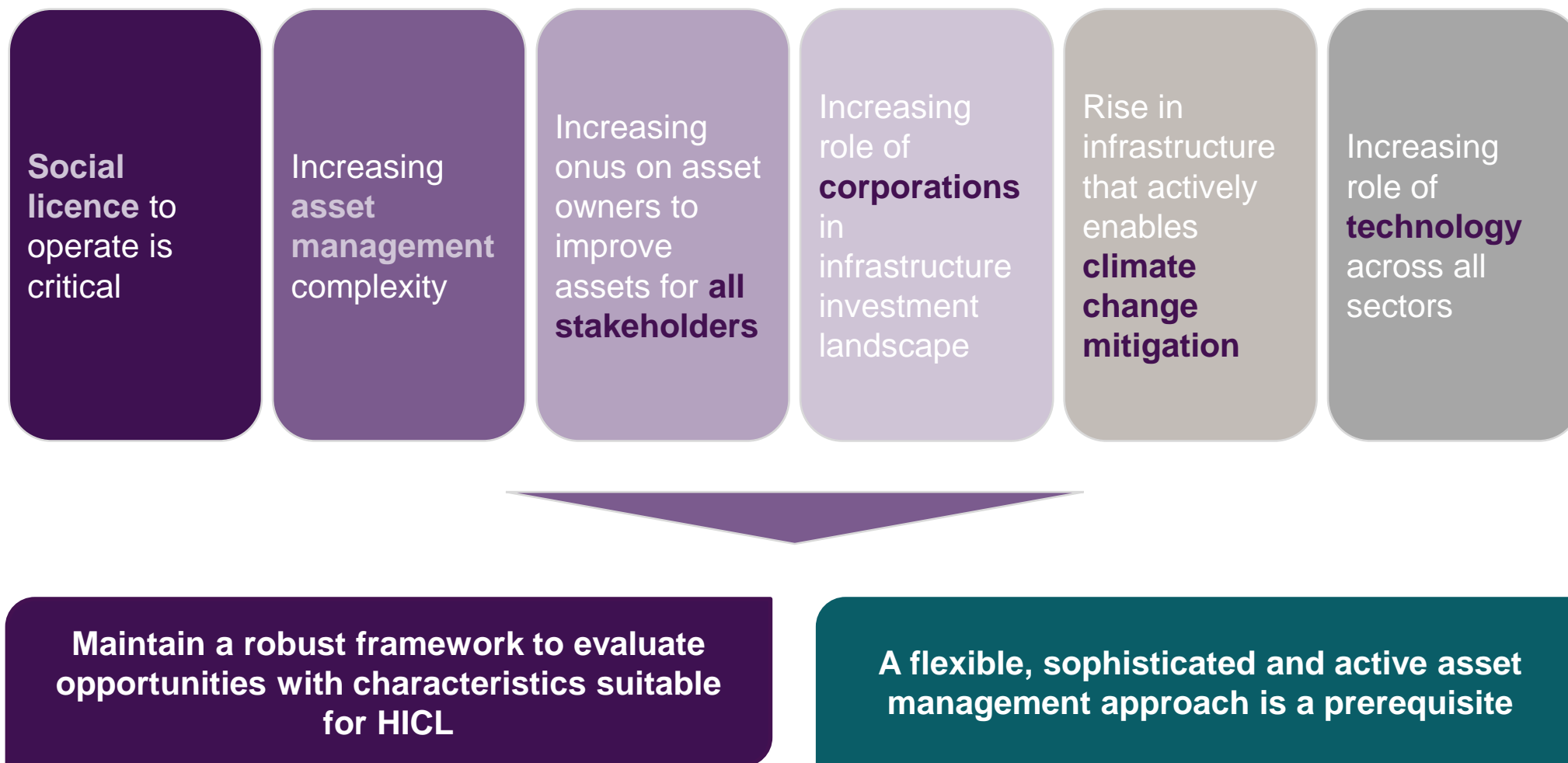
Projecting the future core infrastructure pipeline



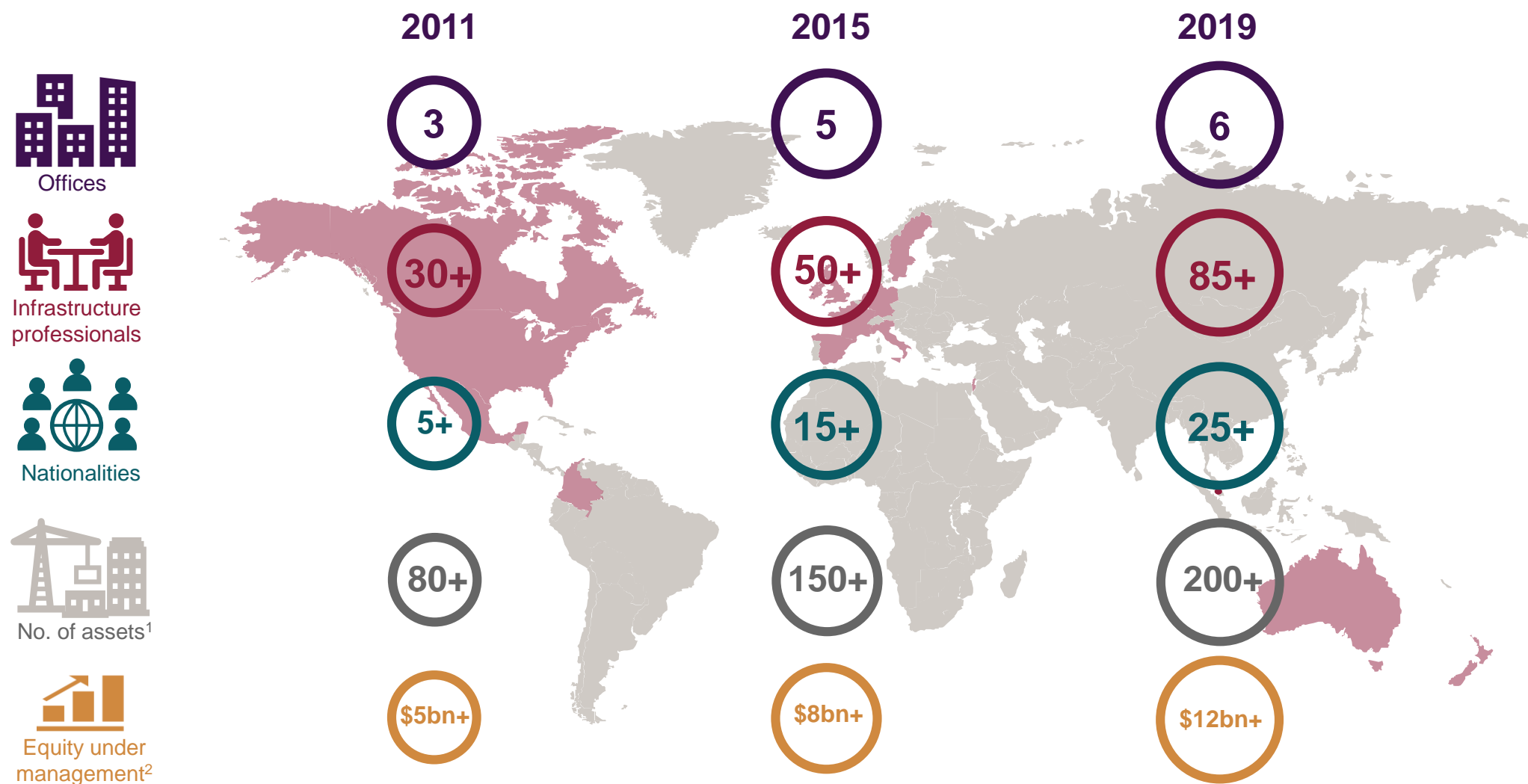
Source: InfraRed analysis

1. "Five Megatrends And Their Implications for Global Defense & Security", Nov. 2016, PwC
2. "Megatrends – what do they mean for infrastructure planning?", Dec. 2014, PwC
3. "Megatrends Reshaping the Infrastructure Sector", 29 May 2018, Stefano Gatti
4. "Emerging Trends in Infrastructure", Jan. 2019, KPMG

Asset characteristics and the operating environment are evolving

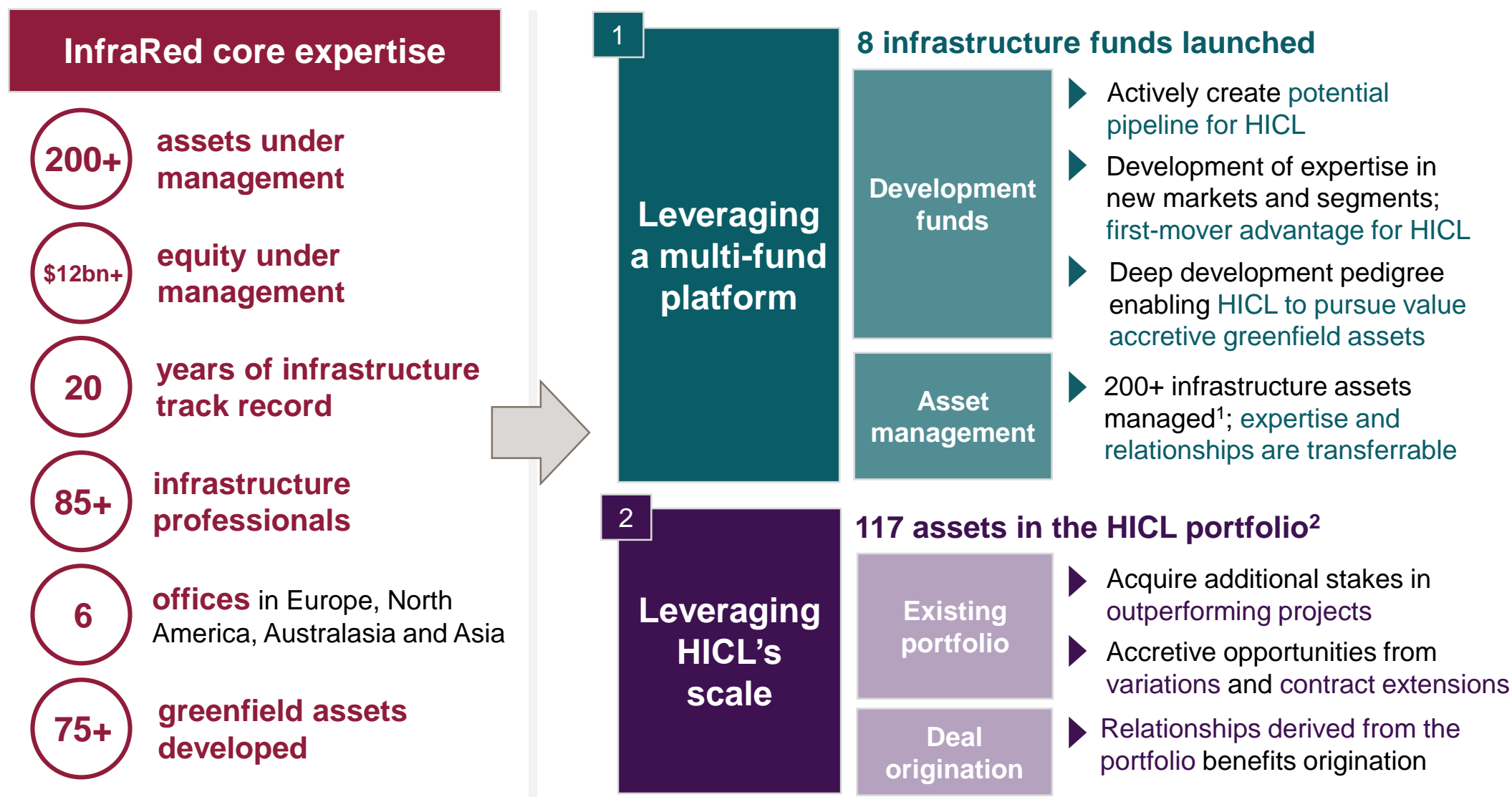


InfraRed's continually evolving business capabilities



1. No. of assets represents the number of projects managed by InfraRed
2. Equity under management includes all funds advised by or managed by InfraRed

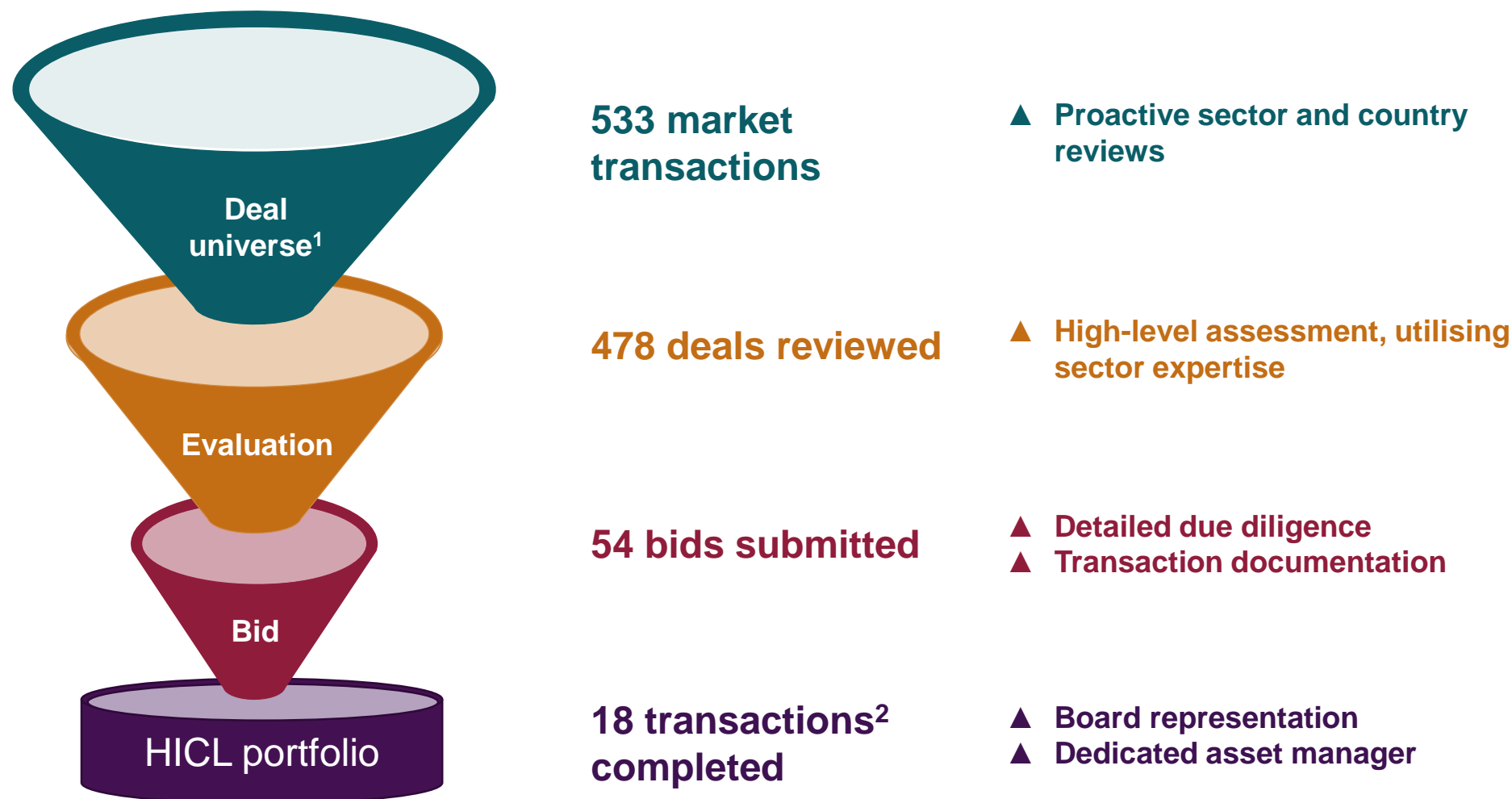
A competitive market requires a differentiated origination approach



1. Including renewables investments

2. As at 31 December 2019

A disciplined and rigorous acquisition filter



1. For the period commencing 1 April 2016 to 30 September 2019

2. 24 projects were acquired. The Hochtief portfolio consists of 6 projects and the Zaanstad and A9 acquisitions have both been considered as two separate transactions

Sustainable investment considerations to support long-term income

Due diligence considerations

High-level assessment of operations:

- ✓ Important social function or delivering essential public service
- ✓ Initial assessment excludes the impact of transitional policies and behaviours to mitigate adverse climate change

Review of cashflows / operations:

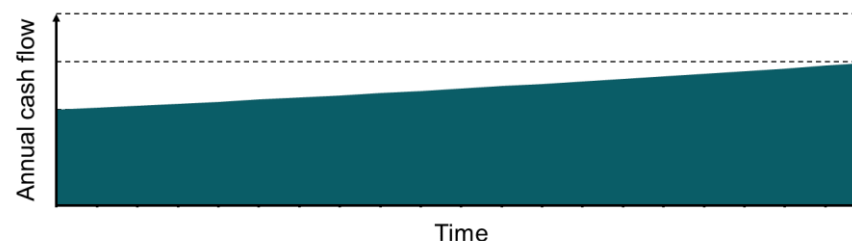
- ✓ Incorporating the impact of climate action into the base case
- ✓ Sensitising for a range of climate change scenarios

Development of opportunities:

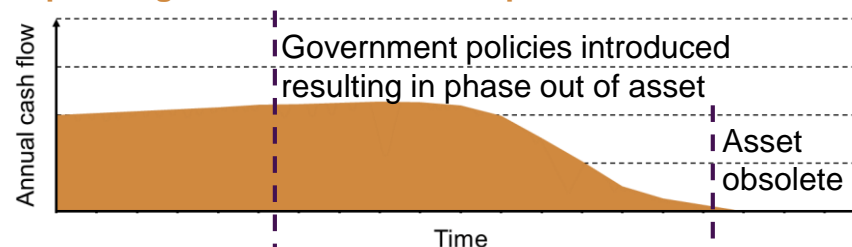
- ✓ Can the asset be repurposed to mitigate stranded asset risk?
- ✓ Initiatives that enhance social purpose and the business case
- ✓ Building resilience to climate change and transitional policies

Consequence for forecast cashflows¹

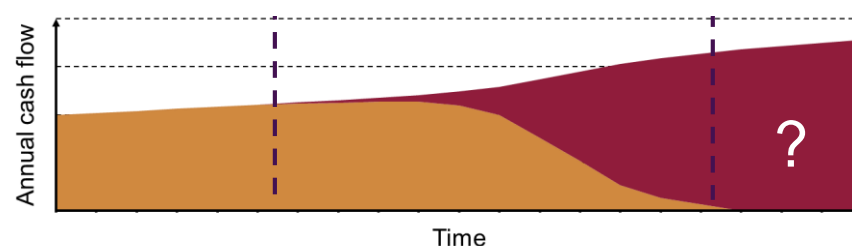
Base case:



Incorporating obsolescence assumptions:



Repurposing asset to mitigate stranded asset risk:



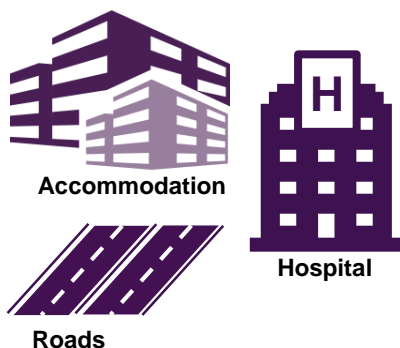
Investment decision:

- ? Weighing the risk of obsolescence associated with the opportunities against revenue stability and returns
- ? Assessing whether a conservative base case incorporating the impact of climate action is accretive

Acquisition Strategy: strong near-term outlook for core infrastructure

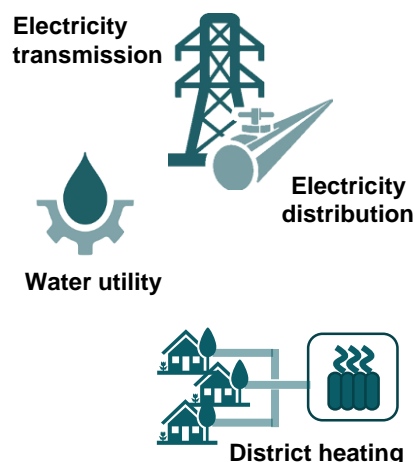
PPP

Social infrastructure, availability-based transportation



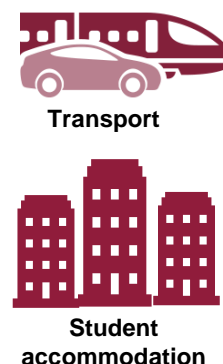
Regulated

Water utilities, electricity transmission and distribution



Demand-based

Toll roads, student accommodation



Corporate

Rolling stock leasing or metering business with appropriate structure



Focus

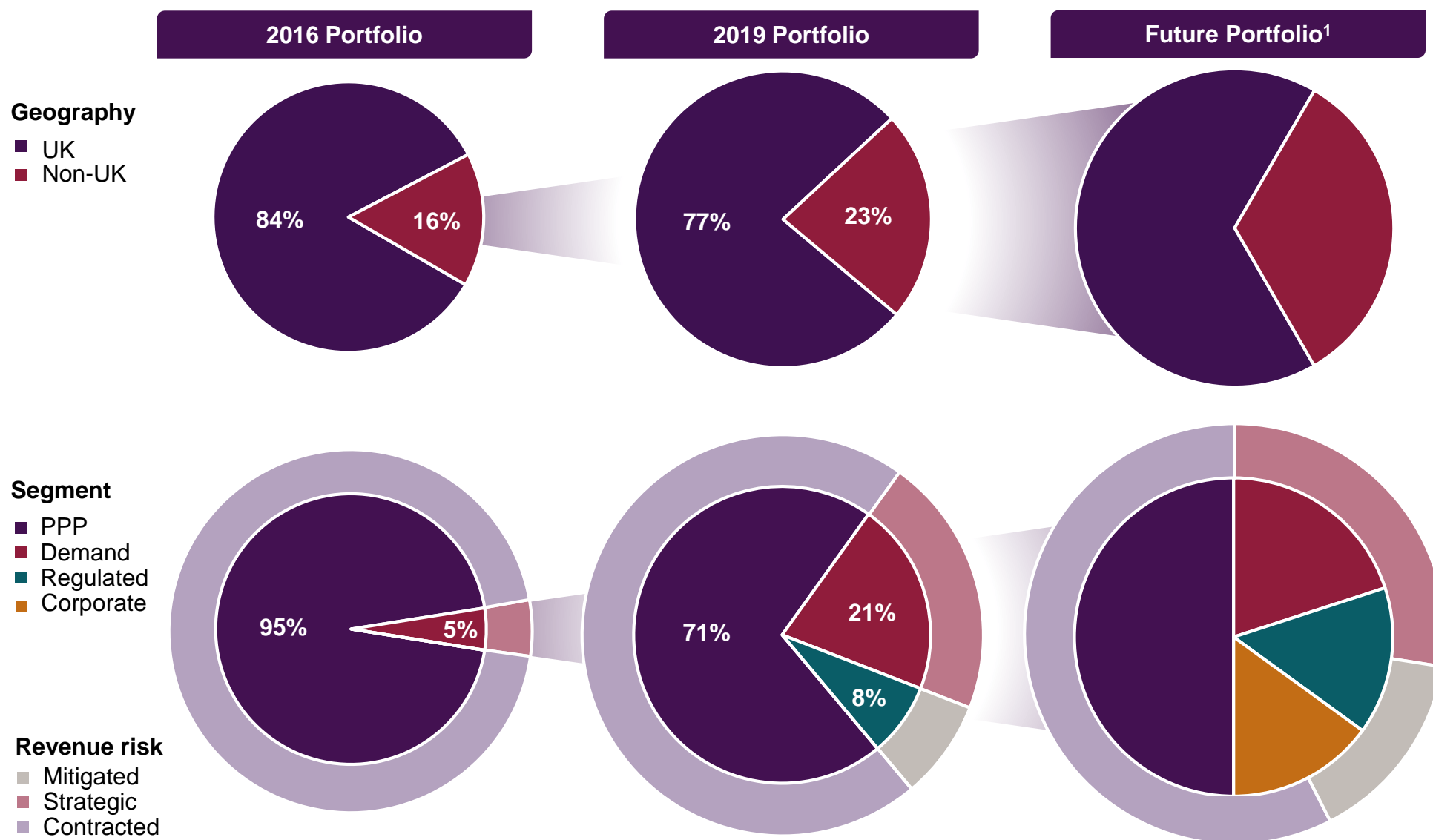
Northern Europe & North America. Selective acquisitions in the UK, particularly on an incremental basis

Further UK OFTOs in the immediate pipeline

Pipeline of toll roads in Europe, opportunities to be assessed as portfolio grows

Target assets which have contracted revenues underpinned with creditworthy corporate counterparties

A vision for the future: selective and deliberate diversification



NB: All numbers at HICL year end (31 March)

1. For illustrative purposes only. The forward-looking chart represents HICL's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied

