

HICL Infrastructure PLC

Interim Results Presentation: Six months to 30 September 2021

24 November 2021



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

Agenda

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Highlights and Investment Proposition

Bradford Schools Phase 2, UK

Performance Highlights

Resilient performance for the six months to 30 September 2021



155.4p

NAV per share¹

March 2021: 152.3p

9.8%

Annualised Shareholder Return²

September 2020: 7.8%

8.9% since IPO

8.25p

Dividend per share

Reaffirmed dividend guidance^{1,4}
for 2022 and 2023

1.06%

Ongoing charges

September 2020: 1.08%

6.6%

Weighted average discount rate

March 2021: 6.8%

1.04x

Dividend cash cover³

September 2020: 0.83x

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1. Expressed in pence per ordinary share for financial years ending 31 March

2. Based on interim dividends paid plus change in NAV

3. On an Investment Basis, including profits on disposal of £1.7m. Excluding this, dividend cash cover would have been 1.02x

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

Results Overview

Strong financial and operational performance



Portfolio

- ▲ Pleasing performance from the portfolio in the year to date, delivering an annualised portfolio return of 7.3%, ahead of the expected return of 6.8% for the period
- ▲ The recycling of proceeds from an opportunistic disposal into accretive incremental acquisitions highlights the Company's strategy of continued portfolio optimisation
- ▲ Encouraging recovery across HICL's demand-based assets in the period, with the largest three assets performing in line with the forecasts assumed at 31 March 2021
- ▲ Cash generation in line with forecast for the period with HICL on track to deliver a fully cash covered 8.25p dividend per share for the year to 31 March 2022

Sustainability

- ▲ InfraRed became a signatory to the Net Zero Asset Manager¹ initiative in July 2021, committing to achieve net zero emissions by 2050 or sooner and to interim targets by 2030
- ▲ Progress made at portfolio company level in collecting the necessary data to align more closely with the requirements of EU Sustainable Finance Disclosure Regulation (SFDR)

Outlook

- ▲ Market conditions remain supportive for infrastructure investment and the company enjoys a strong pipeline of investment opportunities
- ▲ HICL's vision *to deliver social foundations; connect communities; and support sustainable modern economies*, guides the Company's acquisition focus
- ▲ InfraRed's cross-fund, multi-strategy, international platform provides a differentiated investment sourcing capability and access to transactions across the core infrastructure landscape
- ▲ Adherence to HICL's structured, core infrastructure risk / reward framework across these investment themes ensures pricing discipline is prioritised and maintained

1. <https://www.netzeroassetmanagers.org/>

Long-term Income from Core Infrastructure

Offering investors access to long-dated cash flows and inflation correlated returns

1

Core infrastructure investment characteristics

0.8

High correlation of portfolio returns to inflation¹ at 30 September 2021

28.8yrs

Weighted average asset life at 30 September 2021

c.5%

Dividend yield

2

A large diversified portfolio

>100

investments across market segments and geographies

45%

Ten largest assets as a proportion of portfolio value at 30 September 2021

8%

Single largest asset as a proportion of portfolio value at 30 September 2021

3

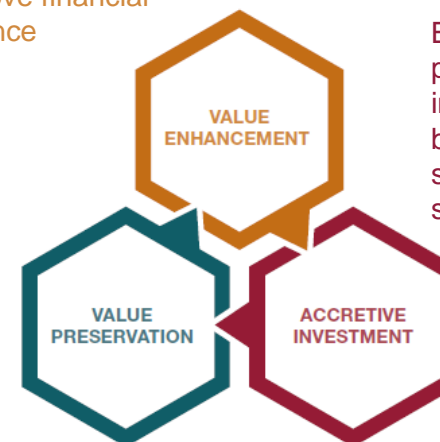
Actively managed to deliver sustainable income

Outperformance

Enhance communities' experience of infrastructure and improve financial performance

Resilience

Build a sustainable portfolio of investments that benefits from a strong, long-term social purpose



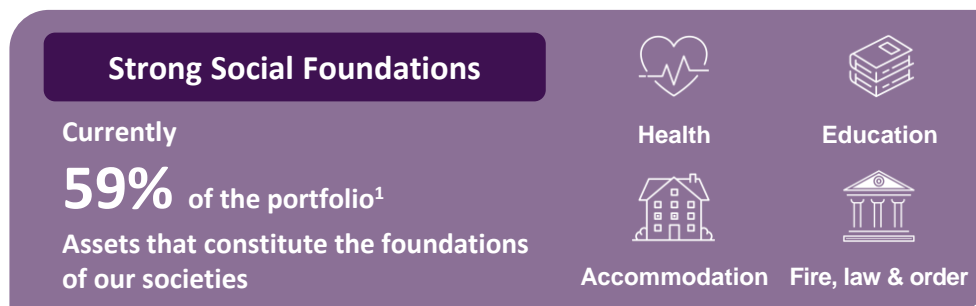
Active management

Deliver well-maintained infrastructure for end users and generate base case cash flows

1. 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 Group expenses) would increase by 0.8%

HICL's Vision

Trusted custodian of essential public infrastructure



HICL's vision is to enrich lives through infrastructure:
by developing **strong social foundations; connecting communities;**
and supporting **sustainable modern economies**



Note: Grey icons are examples of possible future holdings

1. By value using Directors' Valuation of £3,121.7m as at 30 September 2021

Sustainable Thinking

HICL has a role in society that extends beyond its shareholders

Stewardship

- HICL is a trusted steward of essential assets which lie at the heart of communities
- Over 20m people around the world have access to HICL's infrastructure, including:

14.8m

with access to healthcare facilities, courts, fire and police stations



4.5m

unique users of HICL's transport assets



3.6m

people provided with clean drinking water



- Further examples of HICL's impact in 2021 Sustainability Report¹

Climate Action

- In July 2021, InfraRed became a signatory of the Net Zero Asset Manager Initiative

NET ZERO
ASSET
MANAGERS
INITIATIVE



- Commitment to achieve net zero greenhouse gas emissions across HICL's entire portfolio by 2050
- Development of interim emissions reduction targets, to be achieved by 2030, for certain sectors
- InfraRed has been a certified CarbonNeutral[®] company since 1 January 2019² and is an official TCFD³ supporter

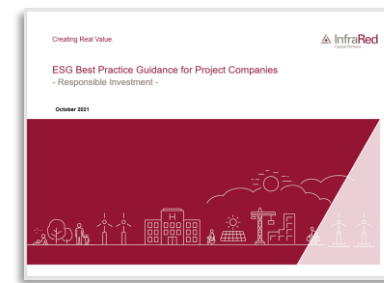
TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Data and Reporting

- Update of InfraRed's annual ESG survey to include 12 new questions
- This will enable HICL to report against all mandatory *Principal Adverse Impact* Indicators which is required under EU SFDR
- Survey used to track and report against climate change risk adoption at the portfolio level and develop metrics & targets
- Portfolio companies supported through ESG workshops and best practice guidance from InfraRed



1. <https://www.hicl.com/wp-content/uploads/2021/06/HICL-Sustainability-Report-2021.pdf>

2. In accordance with the Carbon Neutral Protocol. Further information is available at <https://carbonneutral.com/the-carbonneutral-protocol>

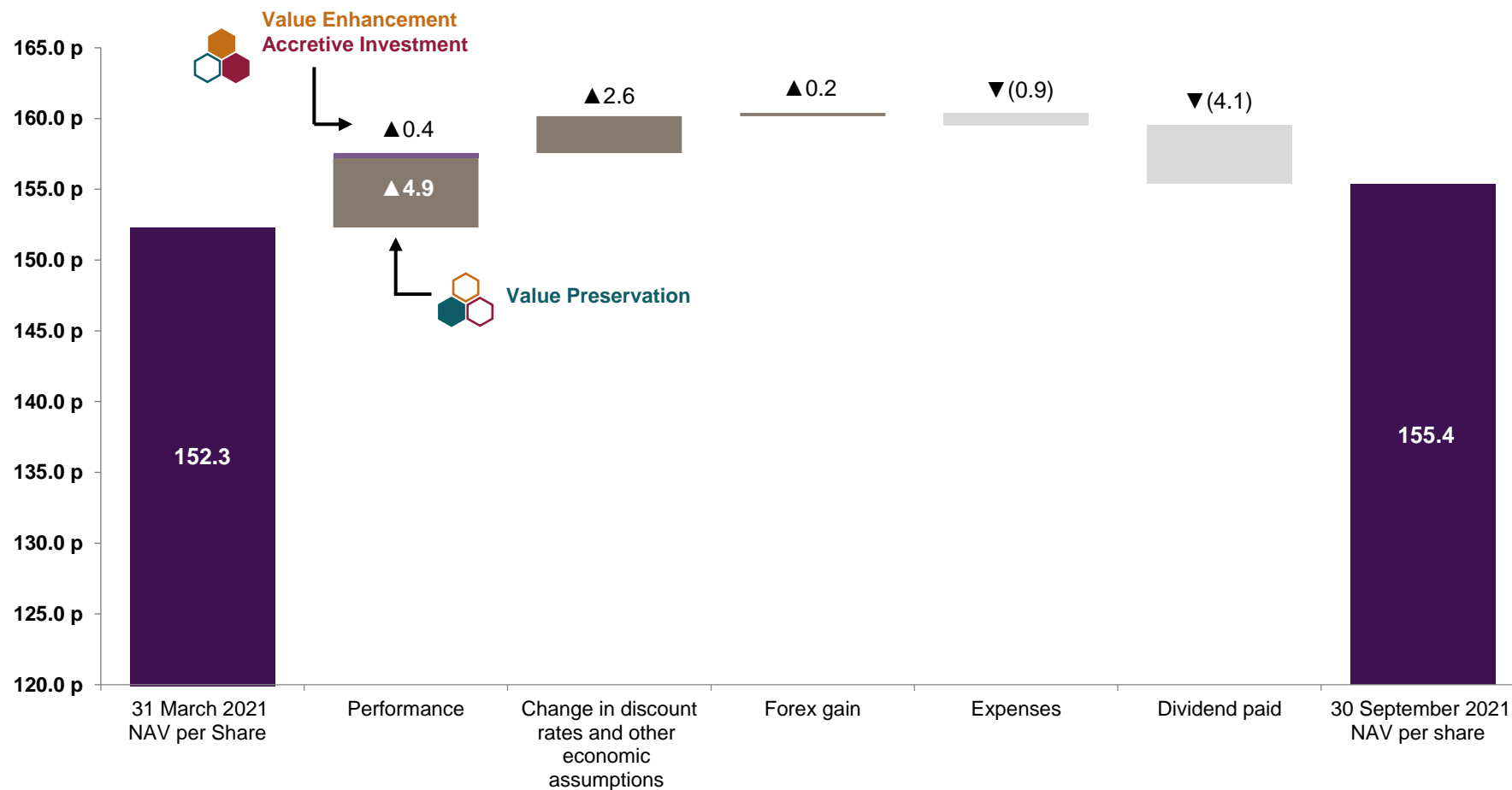
3. Taskforce on Climate-related Financial Disclosure

Financial Performance

Exeter Crown Courts, UK

NAV Progression

Six months to 30 September 2021



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

Financial Performance

Six months to 30 September 2021



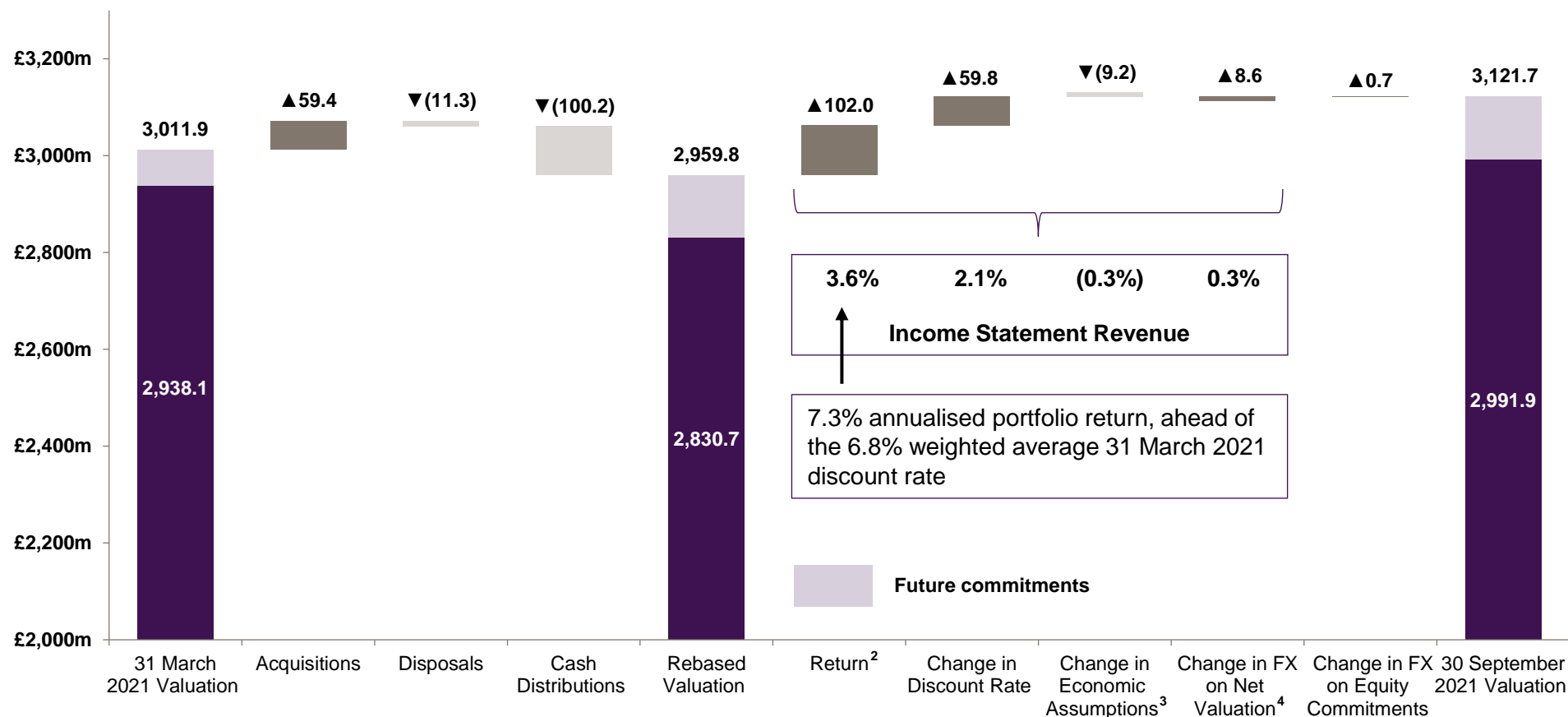
Income Statement Investment Basis	For the six months to 30 September 2021	For the six months to 30 September 2020
Total income	£157.2m	£121.9m
Fund expenses & finance costs	(£18.0m)	(£17.8m)
Tax	£0.3m	(£0.1m)
Total return	£139.5m	£104.1m
Earnings per share¹	7.2p	5.5p
Ongoing charges³	1.06%	1.08%

Balance Sheet (as at) Investment Basis	30 September 2021	31 March 2021
Investments at fair value	£2,991.9m	£2,938.1m
Net Cash	£7.6m	£6.8m
Available liquidity ⁴	£361.1m	£352.9m
NAV per share (before interim dividend)	155.4p	152.3p

1. HICL's Investment Basis is the same as applied in prior periods. See page 28 of the Interim 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 30 September 2021 is £3,121.7m and comprises the investments at fair value of £2,991.9m and £129.8m of investment commitments (31 March 2021: £2,938.1m and £73.8m)
4. Available amount in Revolving Credit Facility and long-term Letter of Credit Facility plus available cash on an Investment Basis

Portfolio Outperformance

Directors' Valuation¹ of £3,121.7m as at 30 September 2021



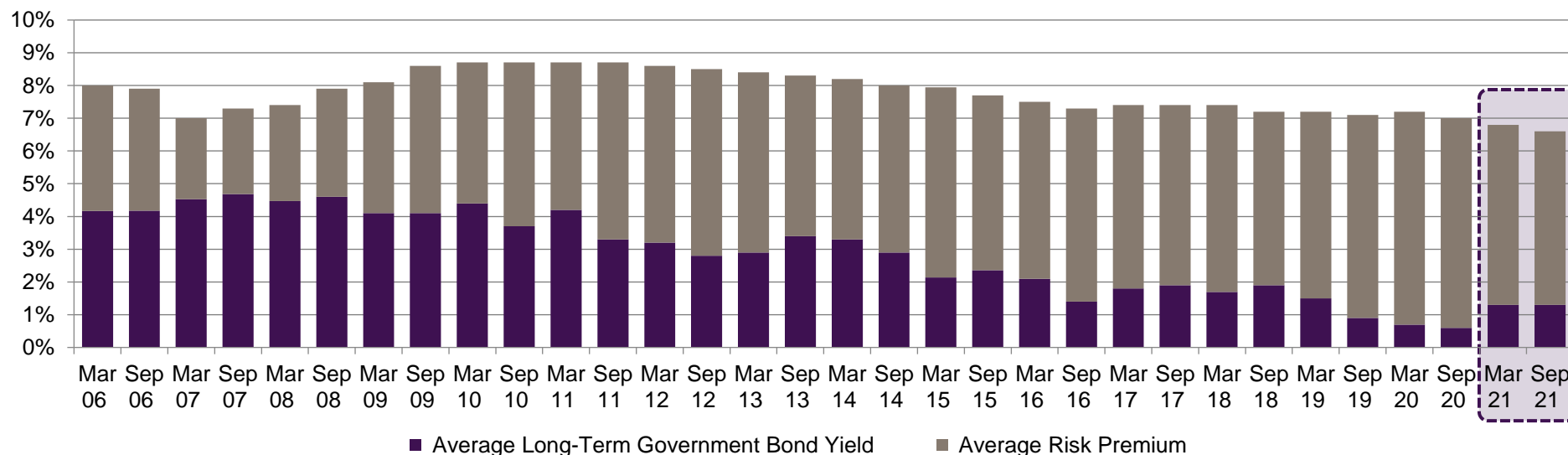
Past performance is not a reliable indicator of future returns. Capital and income at risk

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 discount rates in the six months to 30 September 2021
3. Principally interest rate assumptions
4. FX movement, net of hedging, is a £4.6m FX gain

Discount Rate Reduction

Discount rate reduced from 6.8% at 31 March 2021 to 6.6% at 30 September 2021

	Appropriate Long-Term Government Bond Yield ²		Risk Premium		Total Discount Rate ³		
					30 September 2021	31 March 2021	30 September 2020
UK	1.4%	+	5.2%	=	6.6%	6.7%	7.0%
Eurozone	0.5%	+	5.9%	=	6.4%	6.8%	7.0%
N. America	1.8%	+	5.3%	=	7.1%	7.4%	7.7%
Portfolio	1.3%	+	5.3%	=	6.6%	6.8%	7.0%



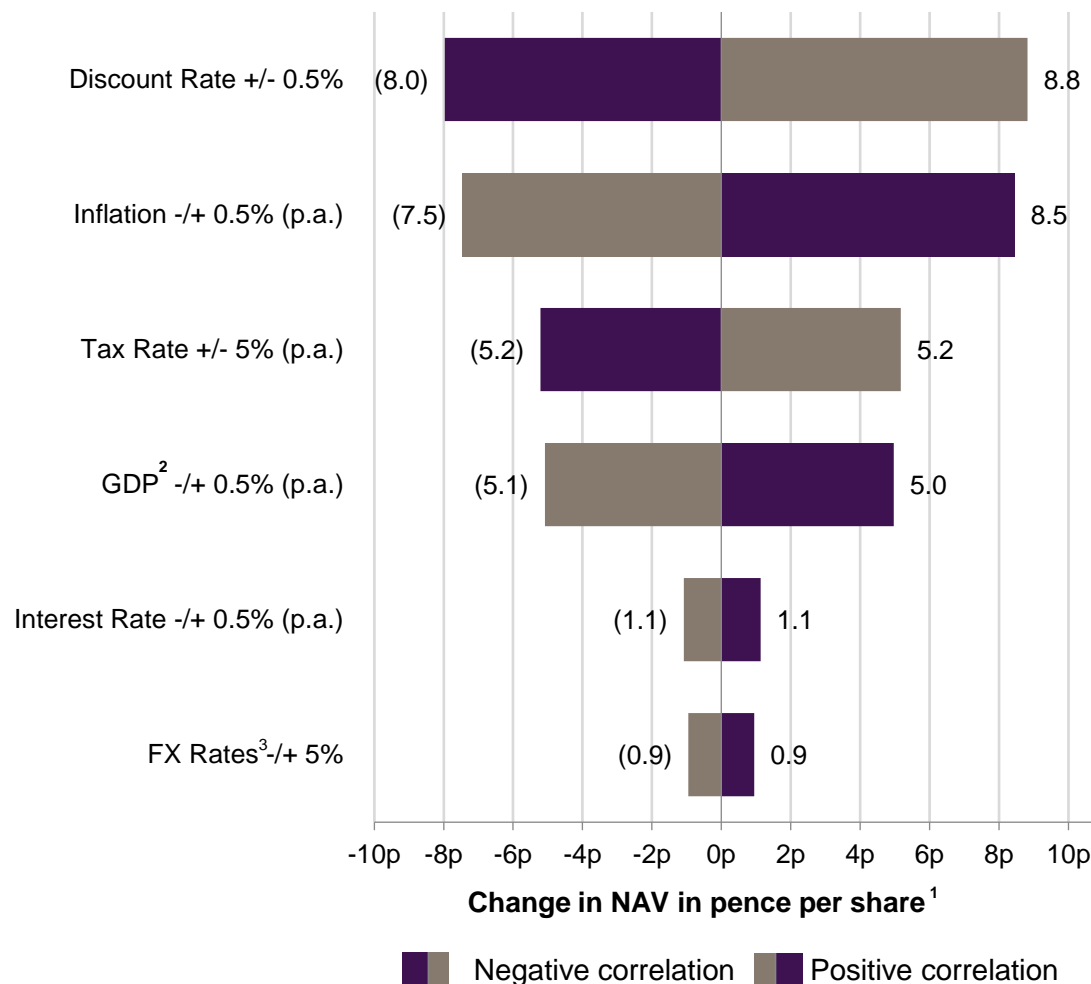
1. Excludes A13 Senior Bonds

2. The long-term government bond yield for a region is the weighted average for all of the countries in which the portfolio is invested in that region. Source: Bloomberg

3. Weighted-average discount rate

Sensitivities

Key macroeconomic sensitivities in the valuation



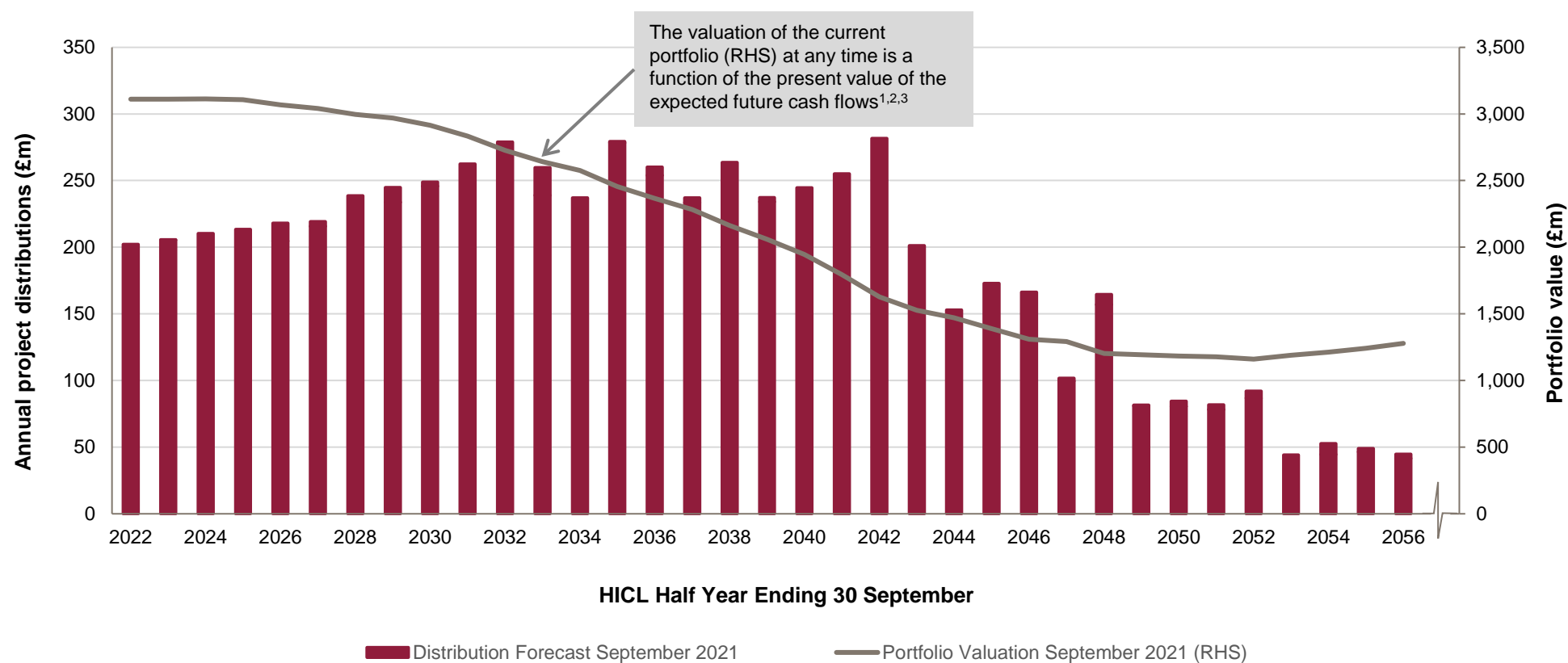
1. NAV per share based on 1,937m ordinary shares in issue at 30 September 2021

2. Impacts High Speed 1 (UK), Northwest Parkway (USA), A63 Motorway (France), M1-A1 Link Road (UK), RMG Roads (UK)

3. Foreign exchange rate sensitivity is net of current Group hedging at 30 September 2021

Cash Flow Profile Underpins Dividend Guidance

Sustainable long-term cash flows and a stable portfolio valuation in the medium term



1. The illustration represents a target only at 30 September 2021 and is not a profit forecast. There can be no assurance that this target will be met and this information is not a reliable indicator of future performance. Capital and income at risk

2. Valuation considers cash flows beyond 2056

3. Subject to certain other assumptions, set out in detail in HICL's Interim Report 2021

Portfolio Performance and Risk Management

Gloucester Fire and Rescue, UK

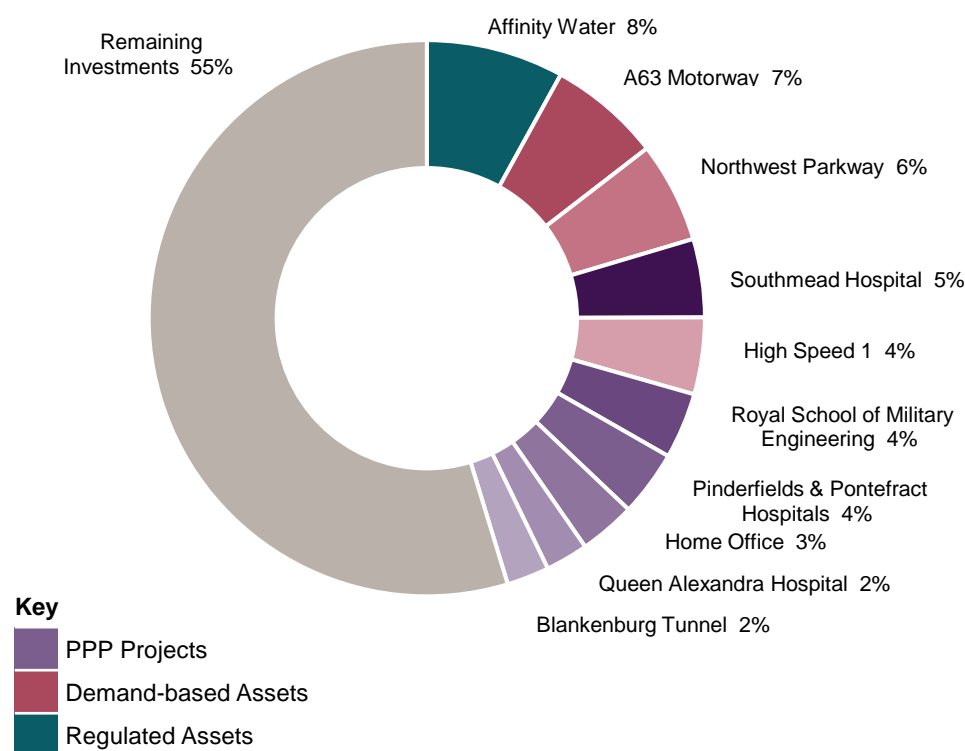
Portfolio Metrics

Ten largest assets accounted for c. 45% of the portfolio¹

	30 September 2021 ^{1,2}	31 March 2021
Percentage of portfolio by value – 10 largest assets	45%	46%
Weighted average asset life ²	28.8 years	28.6 years
Average remaining maturity of long-term debt financing ³	15.2 years	15.8 years

▲ The difference between asset life and debt maturity is predominantly due to two assets, Affinity Water and Northwest Parkway, having asset lives that exceed available financing options in their respective markets

10 Largest Investments¹



1. By value using Directors' Valuation of £3,121.7m as at 30 September 2021

2. 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 17.7 years

3. Excludes investment in A13 Senior Bonds

Portfolio Diversification

HICL's Portfolio, as at 30 September 2021¹

MARKET SEGMENT

Sep-21



Mar-21



	Sep-21	Mar-21
▲ PPP Projects	69%	71%
▲ Demand-based Assets	20%	19%
▲ Regulated Assets	11%	10%

INVESTMENT STATUS

Sep-21



Mar-21



	Sep-21	Mar-21
▲ Fully operational	97%	97%
▲ Construction	3%	3%

GEOGRAPHIC LOCATION

Sep-21



Mar-21



	Sep-21	Mar-21
▲ UK	74%	74%
▲ Europe (exc UK)	18%	18%
▲ North America	8%	8%

1. By value using Directors' Valuation of £3,121.7m as at 30 September 2021

Portfolio Performance I

PPP projects represent 69% of the portfolio, by value

Investment rationale

- ▲ Long-term contracts with strong public sector clients in developed economies
- ▲ Availability-based payment mechanisms produce revenues that are uncorrelated to the wider economy
- ▲ Long-term funding arrangements and maintenance contracts allocate risk to those parties that are best placed to manage it

- ▲ PPPs represented 69% of the portfolio by value and continued to perform robustly owing to their long-term, availability-based contracted revenues
- ▲ Proactive monitoring of asset condition across the portfolio remains a key activity, including taking appropriate action to ensure that subcontractors stand behind their obligations and remedy defects promptly and responsibly
- ▲ The Company committed to invest £28m in a UK healthcare project to deliver the remediation of certain fire safety construction defects in the absence of the construction contractor, Carillion
- ▲ Optimisation of portfolio composition remains a key component of the Company's strategy to deliver value to shareholders:
 - HICL disposed of its 50% interest in the Health & Safety Executive Headquarters PPP for £11m and recycled these proceeds post period end into incremental stakes in Bradford Schools Phase I and Phase II PPP projects
 - This capital rotation was accretive to return and yield whilst delivering an improved risk profile and a longer asset life for the portfolio



Bradford Schools Phase 2, UK

Portfolio Performance II

Demand-based assets represent 20% of the portfolio, by value

Investment rationale

- ▲ Operational assets are at the lower end of the risk spectrum when featuring strong usage history or limited uncertainty in forecast demand (absent widespread movement restrictions)
 - ▲ Long-dated, good inflation correlation and returns at a premium to PPP projects
 - ▲ Generally less sensitive to political and regulatory risks than PPP projects and regulated assets
-
- ▲ Demand-based assets¹, representing 20% of the portfolio by value, accounted predominantly by three assets: High Speed 1 (UK), Northwest Parkway (USA) and A63 Motorway (France)
 - ▲ Traffic on both the A63 Motorway (France) and Northwest Parkway (USA) was in line with expectations and both projects have resumed regular distributions
 - ▲ Post-period end, HICL acquired a 33.3% stake in the Road Management Group², which performed resiliently through Covid-19 and benefits total return and yield
 - ▲ High Speed 1 performed in line with March 2021 forecast:
 - Domestic train paths (68% of pre-Covid track revenues) continued to be supported by the contractual underpin, guaranteeing 96% of pre-Covid revenues
 - International train path bookings (32% of pre-Covid track revenues) at 35% of pre-Covid levels in the 4 week period to 10 October 2021
 - Valuation assumes a recovery in international services to 50% of pre-Covid levels by March 2022, unchanged since March 2021



1. High Speed 1 (UK); A63 Motorway (France); Northwest Parkway (USA); Sheffield University Student Accommodation (UK); Helicopter Training Facility (UK); M1/A1 Road (UK); RMG Roads (UK)
2. Road Management Group is a holding company which comprises two UK shadow toll roads: the A417/A419 Swindon-Gloucester and the A1(M) Alconbury-Peterborough ("RMG Roads")

Portfolio Performance III

Regulated assets represent 11% of the portfolio, by value

Investment rationale

- ▲ Essential assets that are regulated due to monopoly market positions
 - ▲ Complementary risk profile to PPP projects and demand-based assets
 - ▲ Assets are subject to licence periods, where operational delivery risk is often retained by portfolio companies, reducing single counterparty exposure
-
- ▲ Regulated assets, comprising both Affinity Water and OFTO's¹, accounted for 11% of the portfolio by value
 - ▲ HICL's four OFTO investments continue to perform strongly, recording combined availability over the six months to 30 September 2021 of 100%
 - ▲ Operational performance at Affinity Water was in line with expectations
 - The business continues to focus on meeting the challenging performance commitments of the current AMP² period. Reducing leakage and addressing the operational impacts of Covid-19 on water consumption and pressure are the key areas of priority, which are supported by the company's forward-looking approach to sustainability
 - The strategic long-term value of the company continues to be underpinned by the significant investment required in the network, which is expected to result in a 38% increase in RCV³ over the course of the current AMP² period
 - The highly sought-after characteristics, notably a perpetual asset life and high inflation correlation, support portfolio construction and the long-term delivery of real returns



Affinity Water, UK

1. Offshore Transmission Owner Assets
2. Asset Management Plan
3. Regulatory Capital Value

Risk and Risk Management¹

Political and regulatory risk

- ▲ In the UK, the public sector has continued its assessment of readiness for the return of PPP assets at their concession expiry (“handback”); InfraRed is committed to proactive and constructive engagement with key stakeholders, including the IPA and public sector clients, in the development of transparent and equitable handback protocols
- ▲ The UK public healthcare system continues to endure both operational and financial pressure. This can translate into behaviour by specific healthcare clients, and their advisers, that could prove adverse to the interests of the PFI
- ▲ In advance of the planned cessation of LIBOR on 31 December 2021, HICL announced the first successful transition of a UK PFI to SONIA which was delivered in partnership with the IPA; InfraRed will continue to prioritise the delivery of a smooth transition from LIBOR to SONIA over the coming months

Covid-19 and changing consumer behaviour

- ▲ Across HICL’s core geographies there has been substantive progress in the management of Covid-19, principally through widespread and effective vaccination programmes
- ▲ The immediate risk posed by the pandemic decreased in the period, but the Company remains vigilant to the prospect of further disruption caused by a resurgence of Covid-19 related restrictions on movement
- ▲ The Directors’ Valuation includes an assessment on the recovery profiles of specific assets and risk remains around the assumptions adopted, which may also be impacted by changes in consumer behaviour

Counterparties²

- ▲ Where historic construction quality issues have been identified across the portfolio, HICL has sought to mitigate risk by ensuring that the specialist counterparties involved in the original construction honour their responsibilities to remediate issues in a timely and thorough manner
- ▲ During the period, challenges posed by global supply chain pressures have been successfully managed by HICL’s network of service delivery partners and asset performance has not been materially impacted across the portfolio

Macro-economic risk

- ▲ The Company is observing increasing inflationary pressures across its core geographies
- ▲ HICL’s equity cash flows are positively correlated to inflation at 0.8x. This ensures that if long-term inflation is 1% higher for all future periods than the Company’s assumptions, the Company’s returns would increase by 0.8%

1. The key risks and the strategies employed by InfraRed to manage and mitigate those risks have not changed materially from those set out in detail in Section 3.7 of the Annual Report, which is available on the Company’s website

2. HICL’s counterparty exposures are provided on pages 49-50



Market, Investment Activity and Investment Outlook

Dutch High Speed Rail, Netherlands

HICL's Core Infrastructure Focus

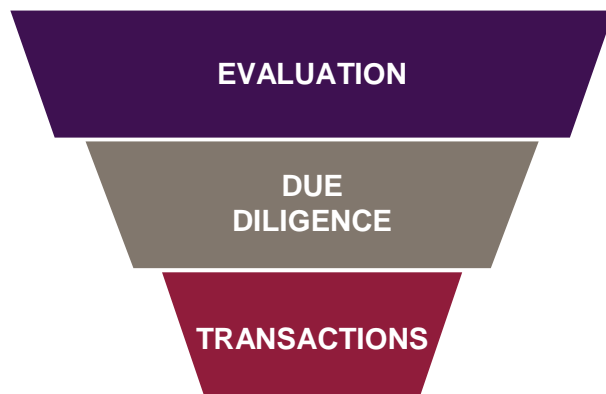
- ▲ Core infrastructure is a distinct market segment at the lower end of the risk spectrum. By its nature it is generally visible / located in the heart of communities, underpins economic activity and comprises long-life, capital intensive assets
- ▲ Core infrastructure covers a range of sectors and asset types: PPP, regulated sectors, a subset of demand assets, and increasingly, assets supporting the modern economy like communications infrastructure (e.g. fibre, towers) or the transition to a low carbon economy (e.g. meters, electricity distribution)



Current Portfolio:	PPPs	Regulated	Demand-based
Cash Flow Quality	<ul style="list-style-type: none"> Contracted revenue and costs Public sector counterparty 	<ul style="list-style-type: none"> Cost variability mitigated by regulatory review mechanism 	<ul style="list-style-type: none"> Predictable 'user pays' revenues Low operational gearing
Market Positioning	<ul style="list-style-type: none"> Operate under exclusive licence/lease frameworks 	<ul style="list-style-type: none"> Regional monopolies Entrenched networks 	<ul style="list-style-type: none"> Strategic positioning with limited alternatives Non-discretionary demand
Criticality	<ul style="list-style-type: none"> Facilitating the delivery of essential services 	<ul style="list-style-type: none"> Provision of essential goods / utilities 	<ul style="list-style-type: none"> Typically vital transport links

Investment Activity

Market coverage filtered by focused acquisition strategy and investment discipline



22

New deals reviewed in the period

10

Transactions subject to detailed due diligence in the period

4

Transactions completed for HICL and 9 live¹ opportunities

Acquisition Activity - *post period end*

Net Amount	Type	Stage	Project	Segment	Sector	Stake Acquired/Disposed	Current Stake	Date
£16m	Incremental	Operational	Bradford Schools Phase I	PPP	Education	29%	48%	Oct-21
	Incremental	Operational	Bradford Schools Phase II	PPP	Education	34%	62%	Oct-21
£34m	New	Operational	RMG Roads ²	Demand	Road	33%	33%	Nov-21

Disposal Activity

£11m	Disposal	Operational	Health & Safety Executive Headquarters	PPP	Accommodation	50%	0%	Sept-21
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1. As at 15 November 2021

2. Road Management Group is a holding company which comprises two UK shadow toll roads: the A417/A419 Swindon-Gloucester and the A1(M) Alconbury-Peterborough

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

- Attractive pipeline of core infrastructure assets across UK, Europe and North America
- c. £115m across three transactions at exclusivity or preferred bidder stage
- Three strategic partnerships with industry partners near finalisation

Strong Social Foundations



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

Connecting Communities



- Communications infrastructure in mature geographies: wholesale fibre assets in France, Nordics, Iberia; towers in UK and Europe
- Incremental acquisitions on demand-based transport assets on a case-by-case basis

Sustainable Modern Economies



- New and incremental acquisitions across the regulated segment, including water, electricity transmission/distribution and OFTOs
- Select district heating/utilities opportunities which demonstrate core infrastructure characteristics

Concluding Remarks

Glasgow Hospital, UK

Concluding Remarks

Delivering Real Value.

- ▲ Strong result for the Company underpinned by continued evidence of Covid-19 recovery as well as the portfolio's diversification and inflation correlation
- ▲ The Company is on track to deliver a fully cash covered 8.25p¹ dividend per share for the year to March 2022, which continues to be the highest dividend in the listed core infrastructure peer group
- ▲ HICL's sustainability strategy continues to be progressed; enhanced data collection to support SFDR compliance
- ▲ Significant advanced pipeline across core infrastructure, including both traditional and modern economy sectors; HICL is well placed to progress its acquisition strategy
- ▲ A disciplined approach to the evaluation of risk and reward remains crucial supported by InfraRed's differentiated origination capability



Appendix I

The Investment Manager

Overview of InfraRed Capital Partners Ltd (“InfraRed”)

InfraRed is the Investment Manager and Operator



- ▲ Strong, 25+ year track record of launching 19 infrastructure and real estate funds (including HICL and TRIG)
- ▲ Currently over US\$10bn of equity under management¹
- ▲ London based, with offices in Mexico City, New York, Seoul and Sydney, with over 170 partners and staff
- ▲ In July 2020, a majority stake of InfraRed was acquired by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, “Sun Life”). The Sun Life acquisition provides further support to InfraRed in its role as Investment Manager to HICL over the coming years
- ▲ In August 2021 InfraRed announced the sale of its European Real Estate Investment Management business to ARA Dunedin. The transaction is expected to complete by the end of 2021

Infrastructure funds	Strategy	Amount ² (m)	Years	Status
Fund I	Unlisted, capital growth	£125	2001-2006	Realised
Fund II	Unlisted, capital growth	£300	2004-2015	Realised
HICL Infrastructure PLC (“HICL”)	Listed, income yield	£3,227 ³	Since 2006	Evergreen
Environmental Fund	Unlisted, capital growth	€235	Since 2009	Divesting
Fund III	Unlisted, capital growth	US\$1,200	Since 2011	Divesting
Yield Fund	Unlisted, income yield	£500	Since 2012	Invested
The Renewables Infrastructure Group (“TRIG”)	Listed, income yield	£2,796 ³	Since 2013	Evergreen
Fund V	Unlisted, capital growth	US\$1,200	Since 2017	Investing

Source: InfraRed

1. As at 30 September 2021

2. For HICL and TRIG this relates to market capitalisation. For all others this relates to the initial fund investment amount, and not current fund valuations

3. Market capitalisation as at 30 September 2021

InfraRed – Infrastructure Team Skills and Experience

- ▲ Proven track record in target markets of UK, Europe, North America, Latin America and Australia / New Zealand
- ▲ Focused teams including:
 - Origination and Execution Team responsible for sourcing, diligencing and acquiring new investment opportunities;
 - Asset Management Team responsible for managing the portfolio;
 - Fund Management Team responsible for strategy reporting and overall management;
 - With support from Finance, Compliance and Risk
- ▲ Strong sector and geographic experience with in-depth technical, operational and investment knowledge

100+

infrastructure
professionals

5

continent coverage

20+

spoken
languages



Appendix II

Company Information

HICL's Characteristics

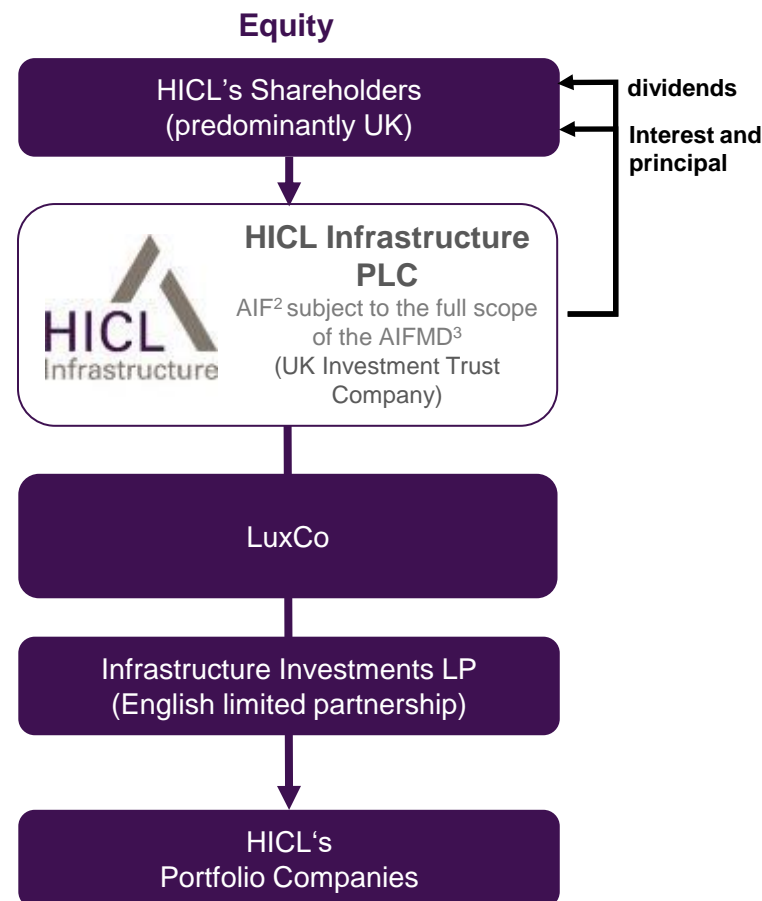
Objective	<ul style="list-style-type: none">▲ To deliver long-term, stable income from a diversified portfolio of core infrastructure investments▲ Focused on investments at the lower end of the risk spectrum, which generate inflation-correlated long-term returns
History	<ul style="list-style-type: none">▲ First infrastructure investment company to list on the main market of the London Stock Exchange▲ Member of the FTSE 250 index
Portfolio	<ul style="list-style-type: none">▲ Over 100 investments▲ Assets spread across six sectors and seven countries
Net Asset Value	<ul style="list-style-type: none">▲ Directors' Valuation of £3,121.7m at 30 September 2021 (31 March 2021: £3,011.9m)¹▲ NAV/share of 155.4p at 30 September 2021 (31 March 2021: 152.3p)▲ Directors' Valuation based on a weighted average discount rate of 6.6% (31 March 2020: 6.8%)
Board and Governance	<ul style="list-style-type: none">▲ Board comprises eight independent non-executive Directors▲ Investment Manager and Operator is InfraRed, an established international investment manager focused on infrastructure
Fees and ongoing charges	<ul style="list-style-type: none">▲ Tapered annual management fee based on portfolio's Adjusted Gross Asset Value (GAV)²▲ Ongoing charges percentage (as defined by the Association of Investment Companies) of 1.06% at 30 September 2021 (30 September 2020: 1.08%)
Liquidity³	<ul style="list-style-type: none">▲ Good daily liquidity – average daily trading volume of over 2.5m shares▲ Tight bid / offer spread

1. Including £129.8m of future investment obligations (31 March 2021: £73.8m)

2. Annually: 1.1% on GAV up to £750m, 1.0% thereafter up to GAV of £1.5bn, 0.9% thereafter up to GAV of £2.25bn, 0.8% thereafter up to GAV of £3.0bn, and 0.65% thereafter; plus a £0.1m investment advisory fee

3. Source: Bloomberg, year to 30 September 2021

HICL Infrastructure PLC Group Structure Diagram



1. Independent of the Investment Manager

2. Alternative Investment Fund, as defined by the Alternative Investment Fund Managers Directive

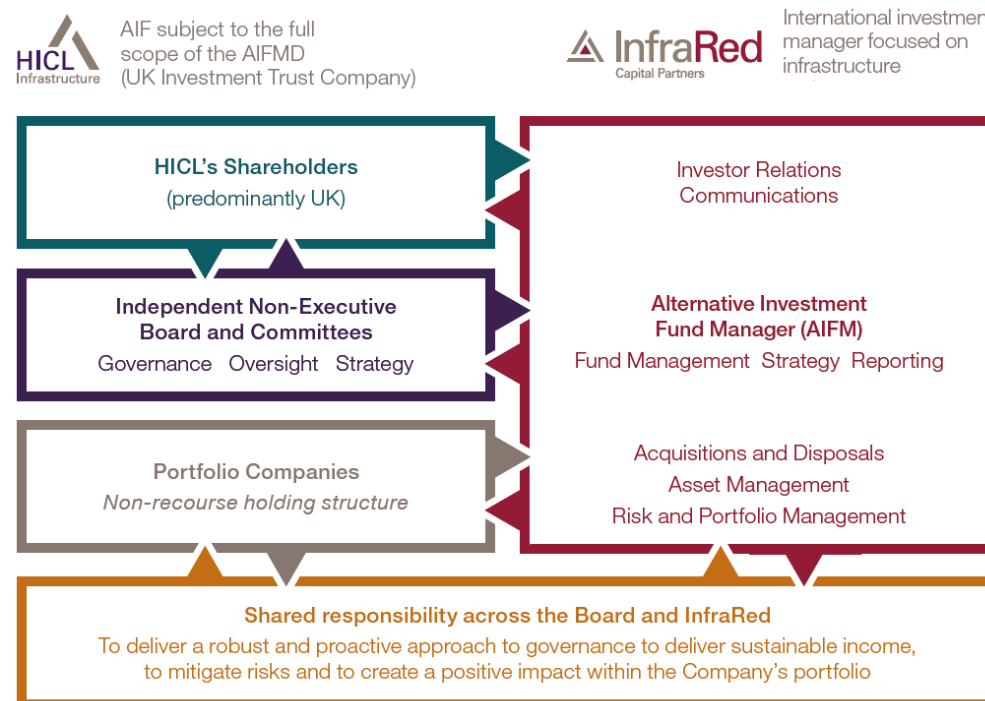
3. Alternative Investment Fund Managers Directive

Independent board of non-executive Directors

- ▲ Approves and monitors adherence to strategy
- ▲ Monitors risk through Risk Committee
- ▲ Additional committees in respect of Audit, Remuneration, Management Engagement, Nomination and Market Disclosure
- ▲ Monitors compliance with, and implementation of, actions to address regulation impacting HICL
- ▲ Sets Group's policies
- ▲ Monitors performance against objectives
- ▲ Oversees capital raising (equity or debt) and deployment of cash proceeds
- ▲ Appoints service providers and auditors

Investment Manager: InfraRed

- ▲ Fulfils HICL's AIFM¹ responsibilities under the European Commission's Alternative Investment Fund Managers Directive
- ▲ All ongoing reporting
- ▲ Day-to-day management of portfolio within agreed parameters
- ▲ Utilisation of cash proceeds
- ▲ Full discretion within strategy determined by Board over acquisitions and disposals (through Investment Committee)
- ▲ Authorised and regulated by the Financial Conduct Authority



1. Alternative Investment Fund Manager

Sustainable Thinking

A long-term approach to investing and managing core infrastructure



The Board has overall responsibility for HICL's Sustainability Policy including the potential impact of climate change

Risk Committee
oversees risk management process

Management Engagement Committee
ensures service providers adhere to HICL's Sustainability Policy

Nomination Committee
ensures diversity amongst Directors, to bring broad expertise to the Board's discussions and oversight

Audit Committee
oversees approach to disclosures, relating to climate change

InfraRed applies HICL's Sustainability Policy applies to making new investments and the management of HICL's portfolio

Signatory of:



A+
sixth consecutive year¹



Of HICL's portfolio companies:

- ▲ 96% have appropriate policies concerning:
 - Conflicts of interest
 - Whistleblowing
 - Cyber-security
 - Health & Safety
 - Anti-bribery & corruption
 - Recruitment diversity
- ▲ 96%, 84% and 83% have energy usage, water usage and waste reduction initiatives, respectively
- ▲ 35% report complete Scope 1 and Scope 2 emissions
- ▲ 83% made voluntary charitable contributions in the year
- ▲ 35% of InfraRed appointed directors are women

<https://www.un.org/sustainabledevelopment/>

1. Rating for InfraRed's Infrastructure business. The PRI assessment methodology can be found on the PRI website: www.unpri.org/report/about-reporting-and-assessment.

InfraRed's Responsible Investment Transparency Report and PRI Assessment Report are both available via HICL's website at: <https://www.hicl.com/about-us/responsible-investment>

2. Best-practice guidelines are developed, and lessons are learned, from both within HICL's portfolio of assets and the portfolio's management service providers who altogether manage a portfolio, including HICL investments, of over 400 assets

Board of Directors I

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



Ian Russell, CBE
Chairman

Ian, HICL's Chairman, is resident in the UK and is a qualified accountant. He worked for Scottish Power plc between 1994 and 2006, initially as Finance Director and, from 2001, as its CEO. Prior to this, he spent eight years as Finance Director at HSBC Asset Management, in Hong Kong and London.

Ian is chair of Scottish Futures Trust and National Museums Scotland.



Frank Nelson
Senior Independent Director

Frank, a UK resident, is a qualified accountant. He was Finance Director of the construction and house-building group Galliford Try plc from 2000 until October 2012, having held the position at Try Group plc from 1987.

After Galliford Try, he took on the role of interim CFO of Lamprell plc in the UAE.

Following his retirement, Frank was appointed as the Senior Independent Director of Eurocell and as a Director of Van Elle Holdings. He is also Chair of a privately owned contracting and property development group.



Rita Akushie
Director

Rita Akushie, a UK resident, 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 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.



Mike Bane
Director

Mike, a Guernsey resident, is a chartered accountant with over 35 years of audit and advisory experience in the asset management industry including in relation to infrastructure investment companies. Mike led EY's services to the asset management industry in the Channel Islands and was a member of EY's EMEA Wealth and Asset Management Board. Prior to EY, Mike was at PwC. Mike was president of the Guernsey Society of Chartered and Certified Accountants from 2015 – 2017.

Mike graduated with a BA in Mathematics from the University of Oxford and is a long-standing member of the Institute of Chartered Accountants in England and Wales.

Board of Directors II

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



Frances Davies
Director

Frances, a UK resident, 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 a non-executive director of JPMorgan Smaller Companies Investment Trust plc and Aegon Investments Ltd; an independent member of the Aviva With-Profits Committee; and is a member of the Hermes Property Unit Trust committee.



Susie Farnon
Audit Committee Chair

Sally-Ann (known as Susie), a Guernsey resident, is a Fellow of the Institute of Chartered Accountants in England and Wales, and is a non-executive director of a number of property and investment companies.

Susie was a Banking and Finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit at KPMG Channel Islands from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants, as a member of The States of Guernsey Audit Commission and as Vice-Chairman of The Guernsey Financial Services Commission, and is a director of the Association of Investment Companies.



Simon Holden
Risk Committee Chair

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.



Kenneth D. Reid
Director

Kenneth, a Singapore resident, has more than 30 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 James Walker Group Limited, and is a member of the Singapore Institute of Directors.

Key Performance Indicators (“KPIs”)

KPI	Measure ¹	30 September 2021	30 September 2020	Objective	Commentary
Dividends	Aggregate interim dividends declared per share in the period	4.13p	4.12p	An annual distribution of at least that achieved in the prior year	Achieved
Total Shareholder Return	NAV growth and dividends paid per share since IPO	8.9% p.a.	9.0% p.a.	A long-term IRR target of 7% to 8% as set out at IPO ²	Achieved
Cash-covered Dividends	Operational cash flow / dividends paid to shareholders	1.04x³	0.83x	Cash-covered dividends	Achieved
Positive Inflation Correlation	Changes in the expected portfolio return for 1% p.a. inflation change	0.8%	0.8%	Maintain positive correlation with a correlation of at least 0.5x	Achieved
Competitive Cost Proposition	Annualised ongoing charges ⁴ / average undiluted NAV	1.06%	1.08%	Efficient gross (portfolio level) to net (investor level) returns, with the intention to reduce ongoing charges where possible. Maintain within the range for FTSE 250 listed infrastructure peers	Achieved

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

1. Performance data for the six months to 30 September 2021. Refer to the Interim Report for details of the measures and supporting information

2. Set by reference to the issue price of 100p per share, at the time of HICL's IPO in March 2006

3. On an Investment Basis, including profits on disposal of £1.7m. Excluding this, dividend cash cover would have been 1.02x

4. Calculated in accordance with Association of Investment Companies guidelines. Ongoing charges exclude non-recurring items such as acquisition cost

Summary Financials II

Figures presented on an Investment Basis¹



Cash Flow	For the six months to 30 September 2021	For the six months to 30 September 2020
Opening net cash	£4.7m	£28.7m
Net cash flow	£81.3m²	£65.1m
Investments (net of disposals)	£7.2m	(£140.6m)
Equity raised (net of costs)	-	£118.8m
Forex movements and debt issue costs	£6.8m	£0.5m
Dividends paid	(£80.0m)	(£78.5m)
Net cash / (debt)	£7.6m	(£6.0)m
Dividend cash cover	1.04x³	0.83x

1. Investment Basis is the same basis as was applied in prior years. See the Annual Report for further details

2. Excluding profits on disposals of £1.7m

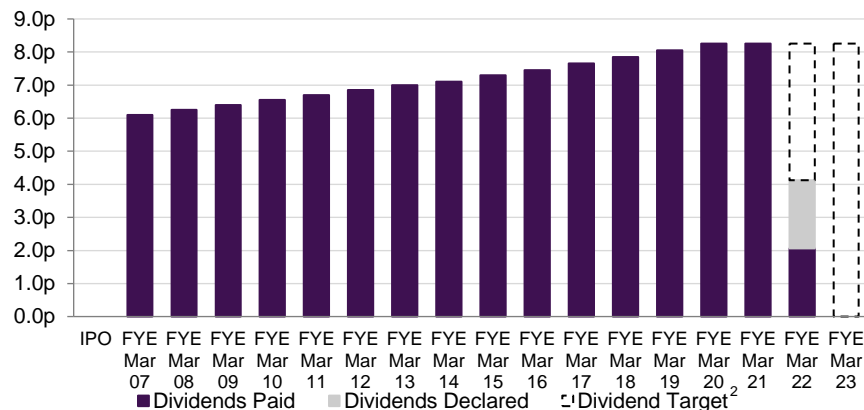
3. Including profits on disposals of £1.7m. Excluding this, dividend cash cover would have been 1.02x

HICL's Track Record¹

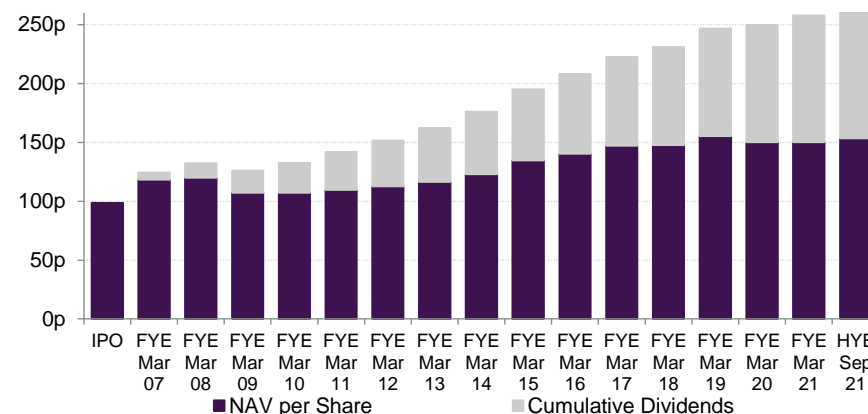
Consistent delivery over 15 years



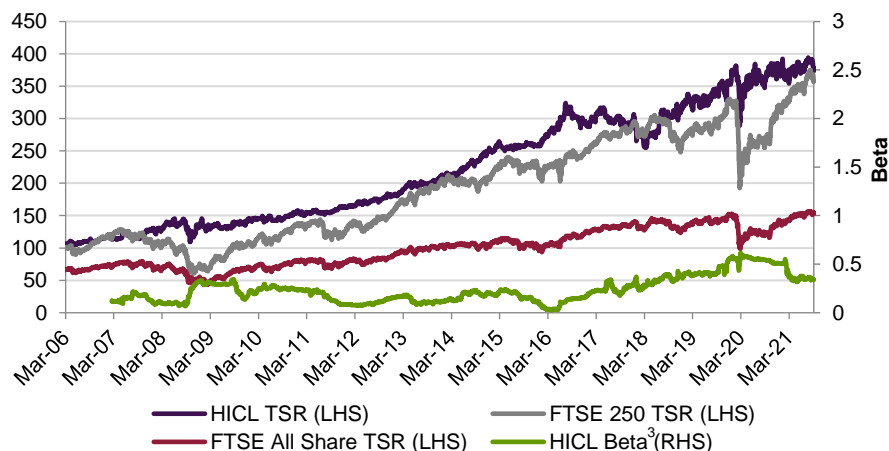
Dividend increased by 35% over 15 years



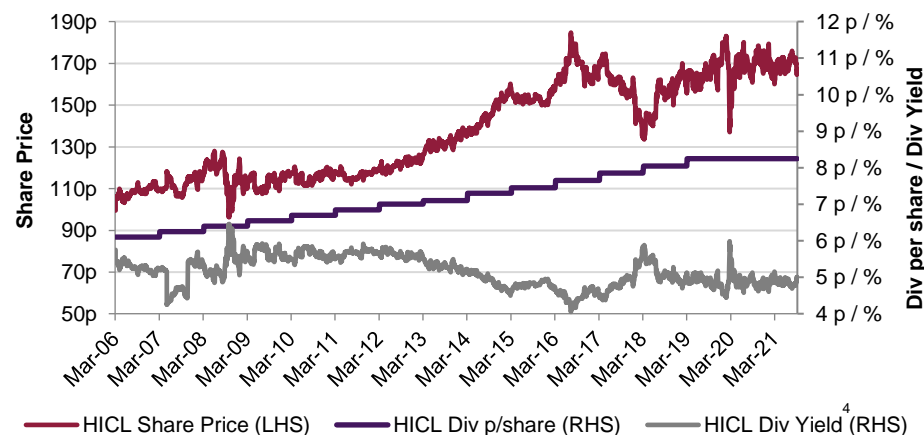
Total Return (NAV growth and dividends) of 8.9% p.a. since IPO



HICL has outperformed FTSE All Share while offering a low beta



Dividend has maintained a 4 - 6% yield



Source: InfraRed, Thomson Reuters Datastream.

1. HICL Infrastructure Company Limited prior to 31 March 2019, HICL Infrastructure PLC from 1 April 2019
2. This is a target only and not a profit forecast. There can be no assurance that this target will be met

3. 250-day rolling beta measured against FTSE 250

4. Dividend yield calculated based on historic dividend paid (shown on the graph in purple) divided by prevailing share price (shown on the graph in red)

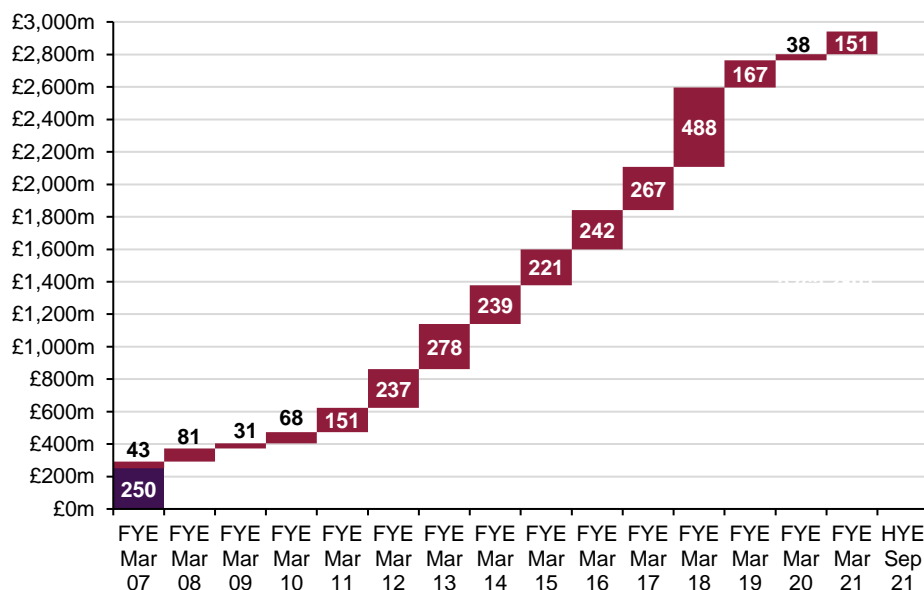
hicl.com | 42

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

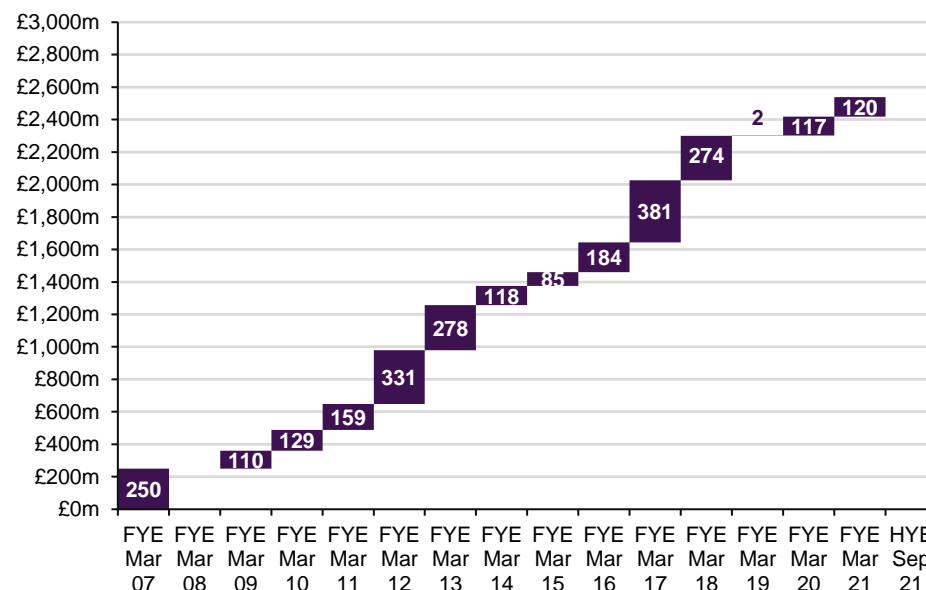
Investment and Capital Raising

- ▲ Acquisitions are identified which fit the Acquisition Strategy; facilitated by demand for HICL shares
- ▲ Acquisitions are initially debt-funded (using £400m committed Revolving Credit Facility at Group level), to avoid cash drag and to give shareholders visibility over the new investments, and then refinanced through equity issuance (subject to market conditions)
- ▲ HICL raised £250m at initial IPO and c.£2.3bn through subsequent share issues

199 Acquisitions¹ since IPO to 30 September 2021 totaling £2.9bn



Over £2.5bn of Equity Issuance from IPO to 30 September 2021



1. Split into 115 investments, as at 30 September 2021. Excludes disposals, the proceeds of which have been reinvested

2. Includes primary and secondary issuance by way of tap and scrip issues

Appendix III

The Investment Portfolio

HICL's Top 10 Assets I



Affinity Water

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

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



A63 Motorway

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

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



Northwest Parkway

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

Sector: Transport
Location: USA
% of portfolio: 6% (March 2021: 5%)
HICL holding: 33.3%
Concession length: 99 years
Status: Operational



Southmead Hospital

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

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



High Speed 1

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

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

HICL's Top 10 Assets II



6

Royal School of Military Engineering

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

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



7

Pinderfields & Pontefract Hospitals

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

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



8

Home Office

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

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



9

Queen Alexandra Hospital

The PFI project comprises a new seven-storey building, as well as pathology and rehabilitation blocks and a two-storey car park.

Sector: Health
Location: UK
% of portfolio: 2% (March 2021: 3%)
HICL holding: 100%
Concession length: 35 years
Status: Operational



10

Blankenburg Tunnel

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

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

Portfolio Analysis

HICL's Portfolio, as at 30 September 2021¹

OWNERSHIP STAKE

Sep-21



Mar-21



	Sep-21	Mar-21
▲ 100% ownership	31%	31%
▲ 50% - 100% ownership	28%	29%
▲ Less than 50% ownership	41%	40%

SECTOR

Sep-21



Mar-20



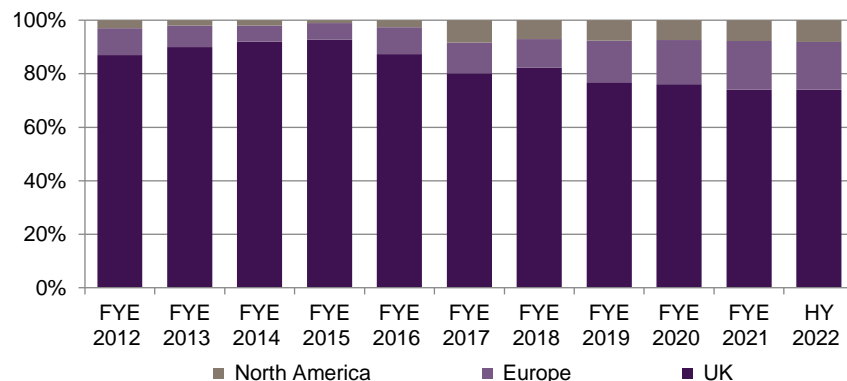
	Sep-21	Mar-21
▲ Accommodation	10%	11%
▲ Education	15%	16%
▲ Electricity, Gas & Water	10%	10%
▲ Health	29%	29%
▲ Fire, Law & Order	5%	5%
▲ Transport	31%	29%

1. By value using Directors' Valuation of £3,121.7m as at 30 September 2021

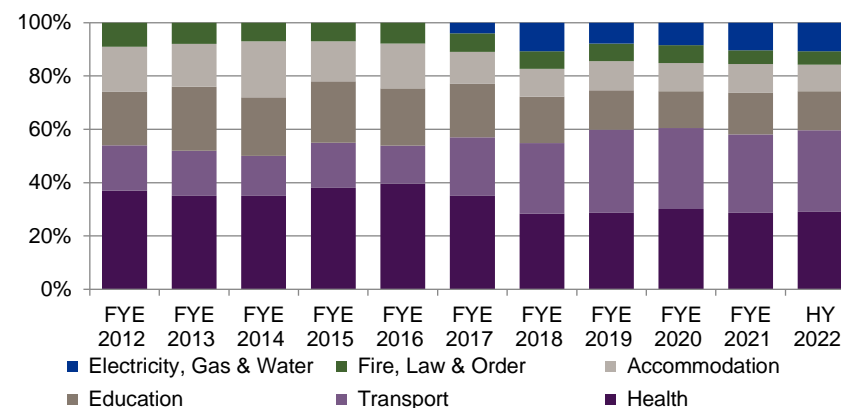
Portfolio – Key Attributes

Evolution of the Group's portfolio

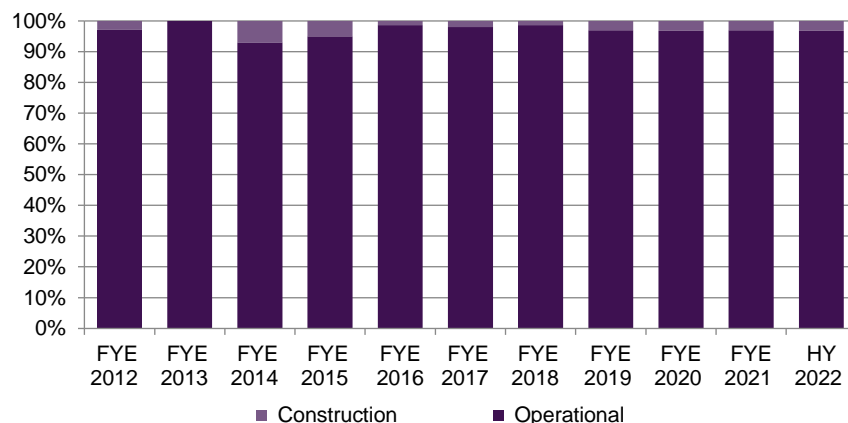
Geographically Diverse Portfolio



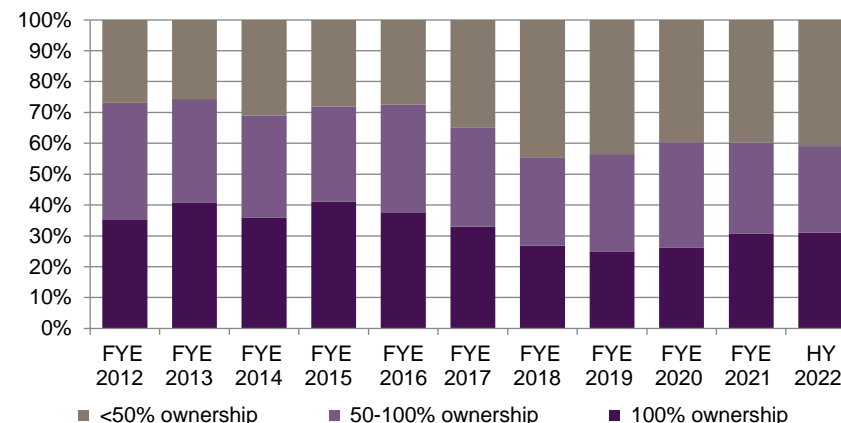
Diverse Sector Spread



Predominantly Operational Assets



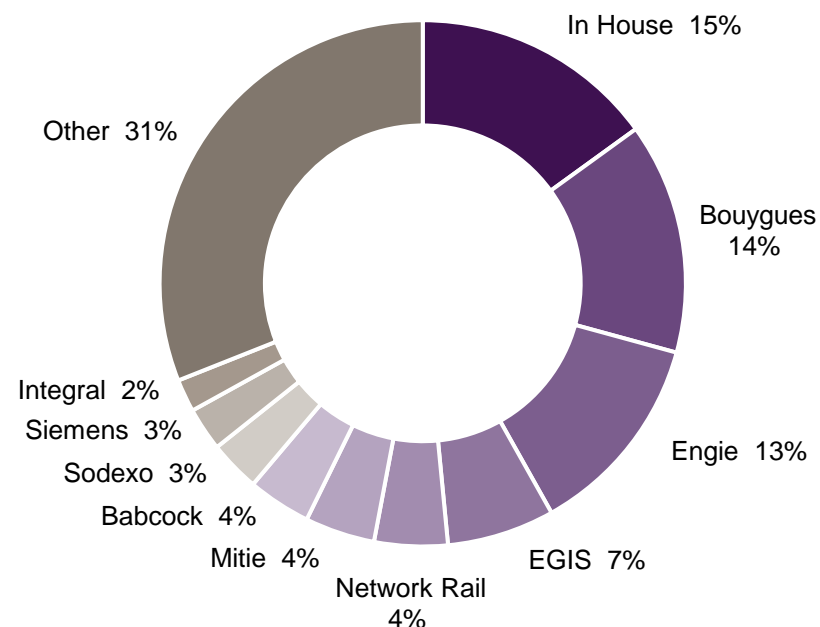
Opportunities to Increase Ownership Stakes



Facilities Management and Operations Counterparty Exposure

- ▲ Exposure is reviewed quarterly and reported to the Risk Committee by InfraRed
- ▲ Contingency plans are in place to address scenarios where material issues lead to a failure of service provision by a subcontractor
- ▲ 'In House' represents Affinity Water (UK) and Northwest Parkway (USA)

10 Largest Facilities Management and Operations Counterparty Exposures¹

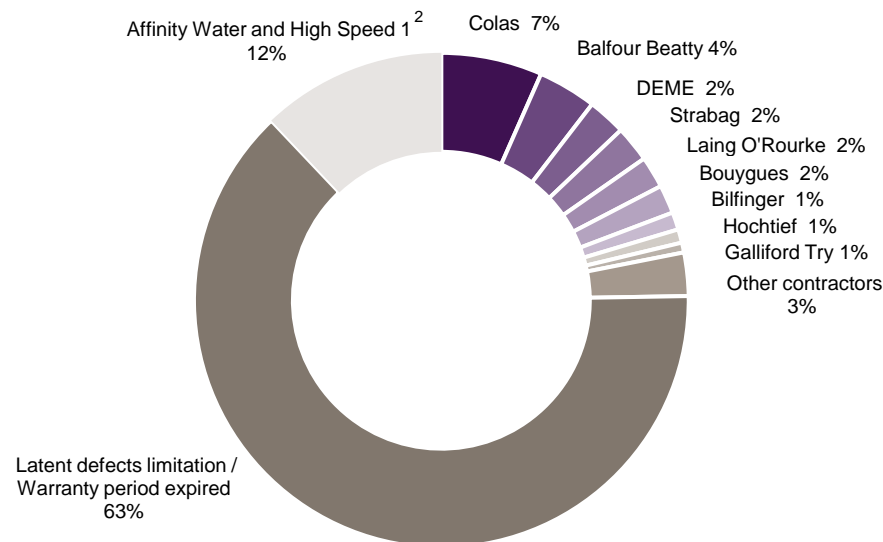


1. By value, at 30 September 2021. Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by InfraRed). Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' Valuation

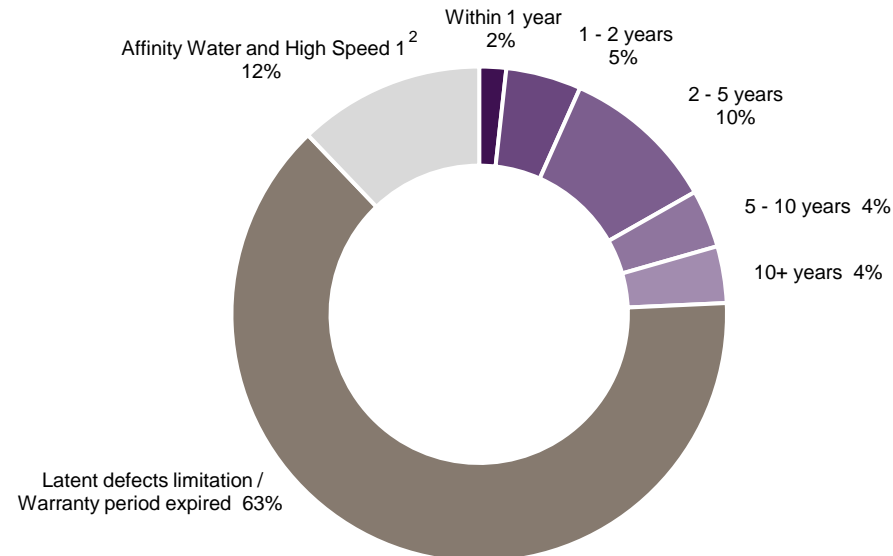
Construction Counterparty Exposure

- ▲ Following construction completion, the construction contractors are required to remediate construction defects for a specified period of time; in the UK the statutory period of limitations is 12 years
- ▲ As at 30 September 2021, 25% of the portfolio¹ benefited from this protection after having adjusted for those projects where Carillion was the construction contractor
- ▲ Where construction defects are detected within the defect limitations / warranty period, remediation is sought from the construction contractor; if negotiated solutions cannot reasonably be reached, then portfolio companies may seek to use contractual remedies to obtain resolution

10 Largest Construction Counterparty Exposures¹



Latent Defects Limitations / Warranty Periods Remaining¹



1. By value, at 30 September 2021, using Directors' Valuation. 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

Appendix IV

Valuation Methodology
and Cash Flow Sensitivities

HICL's valuation methodology is rigorous and closely scrutinised

Semi-annual valuation and NAV reporting:

- ▲ Carried out by Investment Manager
- ▲ Independent opinion for Directors sourced from third-party valuation expert
- ▲ Audited annually by the Company's auditor
- ▲ Final valuation approved by Directors

Non-traded

- ▲ DCF methodology on investment cash flows
- ▲ Discount rate reflects market pricing for the investments and comprises the yield for government bonds plus an investment-specific premium (balancing item)
- ▲ For bond yield, average of 20 and 30 year government bonds (matching concession lengths)

Affinity Water

- ▲ DCF methodology with a terminal value assumed and a market discount rate applied to cash flows which incorporates forecast future regulatory outcomes as well as operational performance
- ▲ Regulated Capital Value multiple measures a company's Enterprise Value considered against comparable transaction data from the market and forms a useful cross-check to the DCF-derived valuation

Traded

- ▲ Traded securities are valued at the quoted market price (as is the case with the listed senior debt in the A13 Road project)

Key Valuation Assumptions

		Movement	30 September 2021	31 March 2021
Discount Rate	Weighted Average	↓	6.6%	6.8%
Inflation ¹ (p.a.)	UK (RPI ² & RPIx ²)	↔	2.75% to 2030, 2.0% thereafter	2.75% to 2030, 2.0% thereafter
	CPIH ³		2.0%	2.0%
	Eurozone (CPI)		2.0%	2.0%
	Canada (CPI)		2.0%	2.0%
	USA (CPI)		2.0%	2.0%
Interest Rates (p.a.)	UK	↓	0.25% to March 2025, 1.00% thereafter	0.25% to March 2025, 1.25% thereafter
	Eurozone		0.0% to March 2025, 0.25% thereafter	0.0% to March 2025, 0.25% thereafter
	Canada		0.5% to March 2024, 2.00% thereafter	0.5% to March 2024, 2.25% thereafter
	USA		0.5% to March 2024, 1.75% thereafter	0.5% to March 2024, 2.25% thereafter
Foreign Exchange	GBP / EUR	↓	1.16	1.17
	GBP / CAD		1.71	1.73
	GBP / USD		1.35	1.38
Tax Rate (p.a.)	UK	↔	19% to March 2023, 25% thereafter	19% to March 2023, 25% thereafter
	Eurozone		Ireland 12.5% France 26.5% in 2021, 25% thereafter Netherlands 25%	Ireland 12.5% France 26.5% in 2021, 25% thereafter Netherlands 25%
	Canada USA		23% and 27% 21% Federal & 4.6% Colorado State	23% and 27% 21% Federal & 4.6% Colorado State
GDP Growth (p.a.)	UK	↑	6.5% in 2021, 5.5% in 2022, 2.0% thereafter	5.0% in 2021, 5.5% in 2022, 2.0% thereafter
	Eurozone		6.0% in 2021, 4.0% in 2022, 1.8% thereafter	5.5% in 2021, 4.0% in 2022, 1.8% thereafter
	USA		6.0% in 2021, 4.0% in 2022, 2.5% thereafter	5.5% in 2021, 4.0% in 2022, 2.5% thereafter

1. Some portfolio company revenues are fully indexed, whilst some are partially indexed

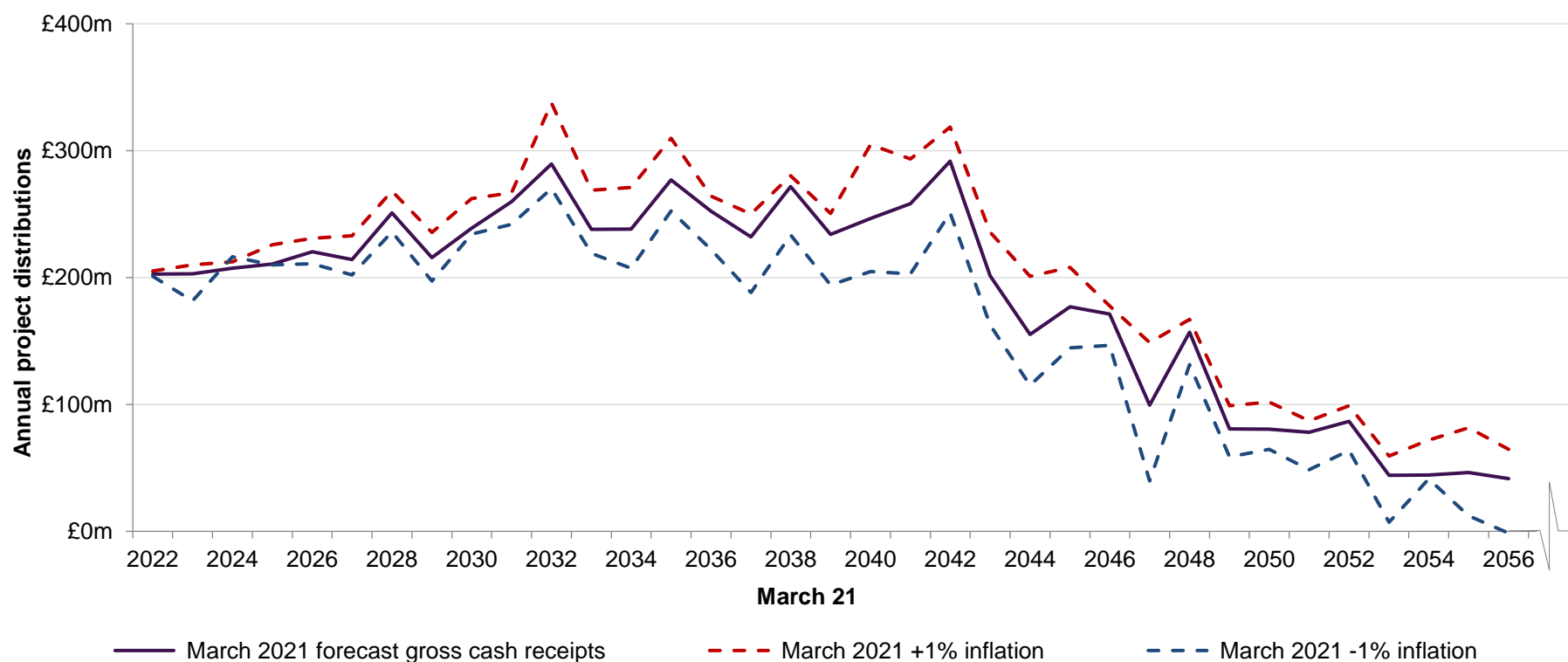
2. Retail Price Index and Retail Price Index excluding Mortgage Interest Payments

3. Consumer Prices Index including owner-occupiers' housing costs; used in the valuation of Affinity Water

Portfolio Cash Flow Sensitivity

Inflation-correlated returns for long-term investors¹

- ▲ If outturn inflation was 1.0% p.a. higher in all future periods than the rates in the valuation assumptions set out on page 53, the expected return from the portfolio² (before Group expenses) would increase by 0.8% from 6.8% to 7.6%



1. Sensitivity based on forecast gross portfolio cash flows as at 31 March 2021

2. Expected return is the expected gross internal rate of return from the portfolio before group expenses; there is no assurance that returns will be met

The illustration represents a target only and is not a profit forecast. There can be no assurance that this target will be met.

Capital and income at risk

Hedging Foreign Exchange Risk

HICL hedges foreign exchange (“FX”) risk in relation to assets it owns where cash flows are denominated in currencies other than British Pounds

Hedging provides confidence in the near-term yield and helps mitigate the impact on NAV per share of FX movements

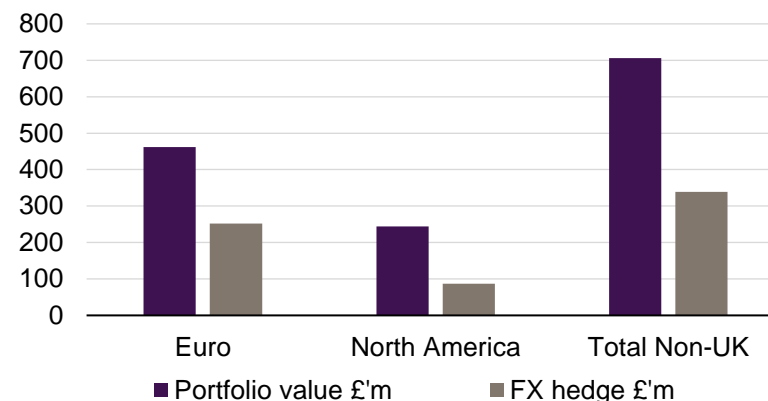
Objective

- ▲ Manage FX risk as part of aim to provide sustainable long-term income
- ▲ Balancing FX risk and opportunity with cost of hedging

How

- ▲ Hedging investment income forecast for up to 24 months and portion of portfolio value through forward sales
- ▲ Borrowing in foreign currencies from revolving credit facility
- ▲ Regularly reviewing non-Sterling exposure and adjusting level of hedging

Hedging at 30 September 2021



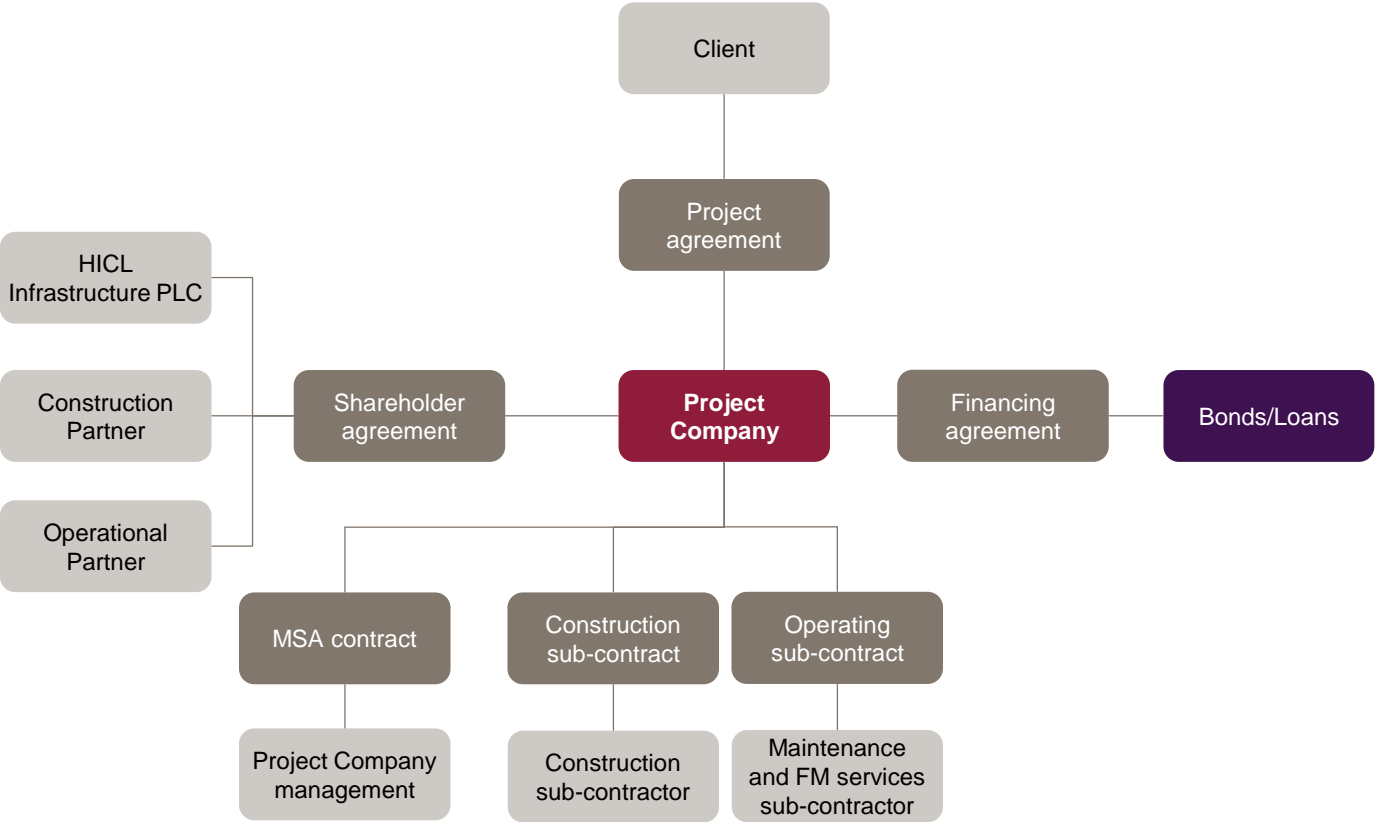
HICL's hedging policy

- ▲ Limit volatility of NAV per share to no more than 2% for a 10% movement in FX rates

Appendix V

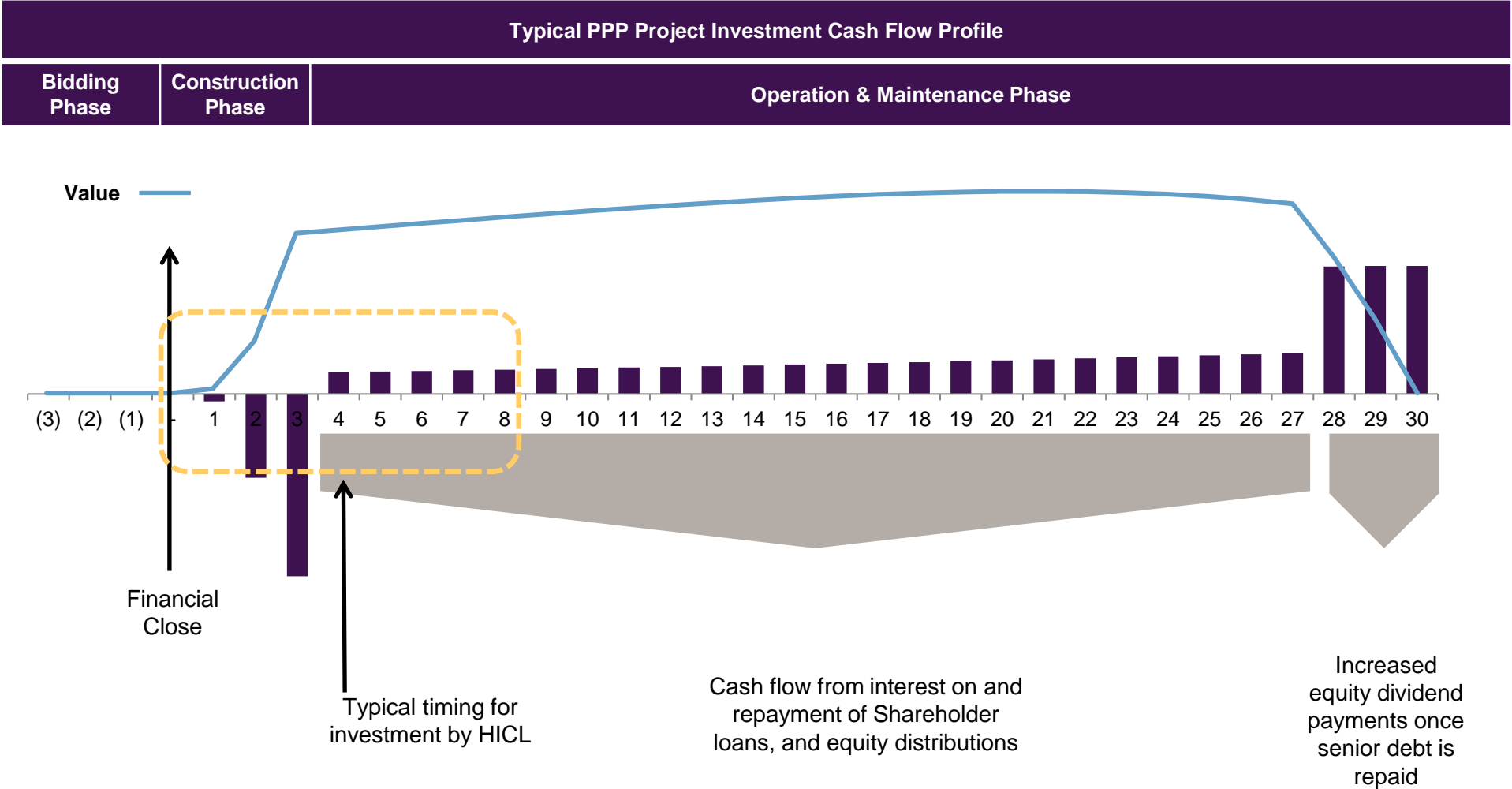
The Infrastructure Asset Class

Typical PPP Project Structure



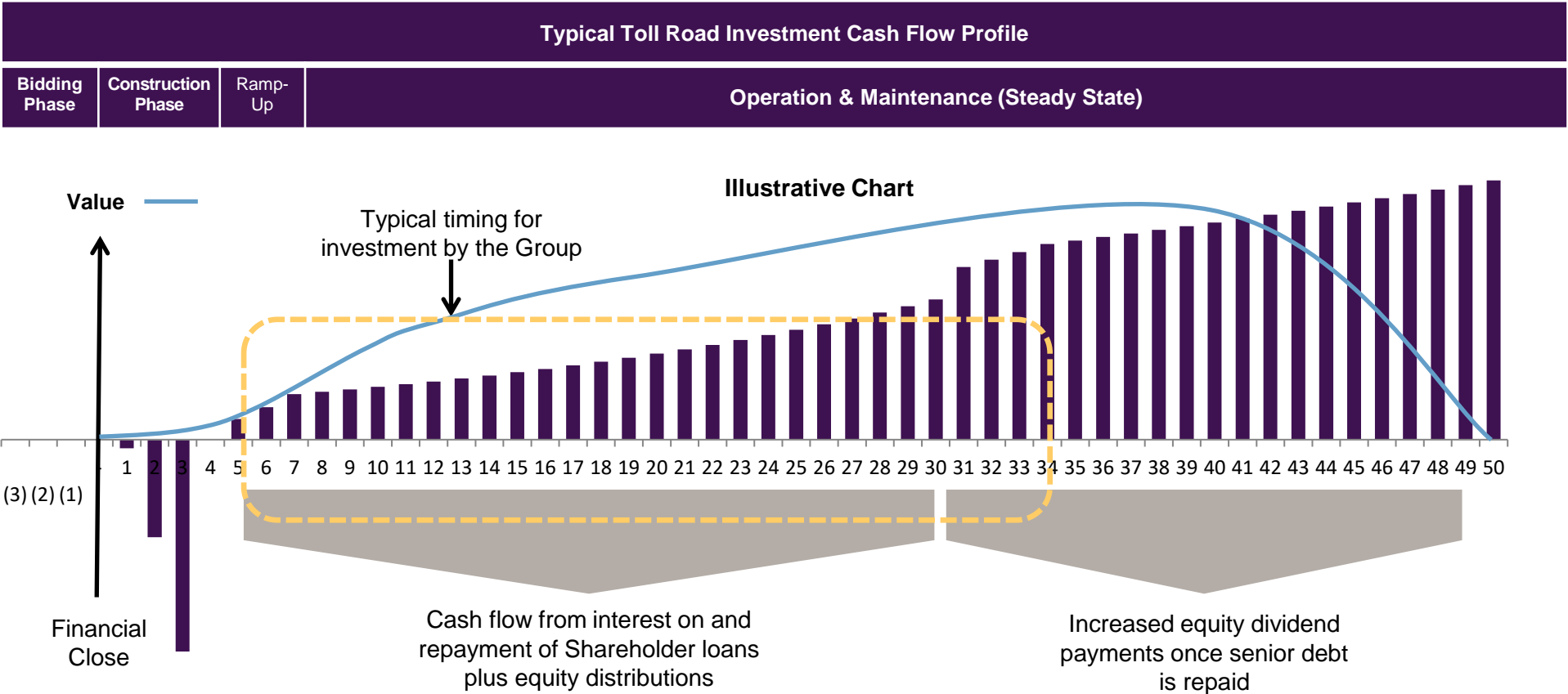
Illustrative Investment Cash Flow Profile – PPP Project

Example: Social infrastructure return derived from an ‘availability’ revenue stream



Illustrative Investment Cash Flow Profile – Demand-based Asset

Example: Toll road return derived from a demand-based asset revenue stream



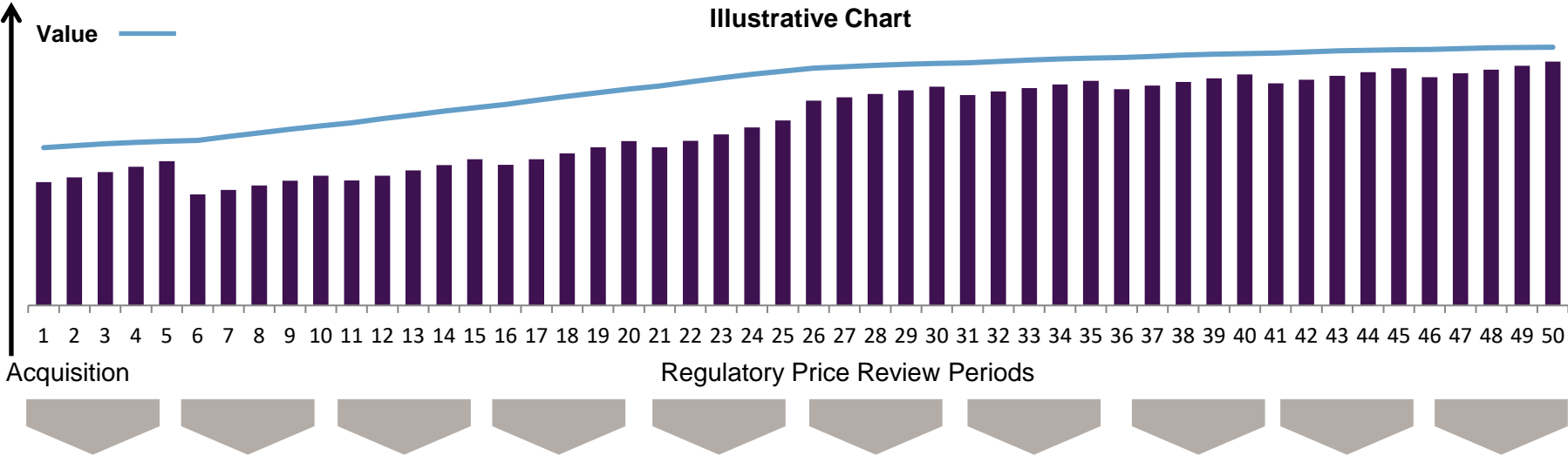
Illustrative Investment Cash Flow Profile – Regulated Asset

Example: Utility company return derived from a regulated revenue stream



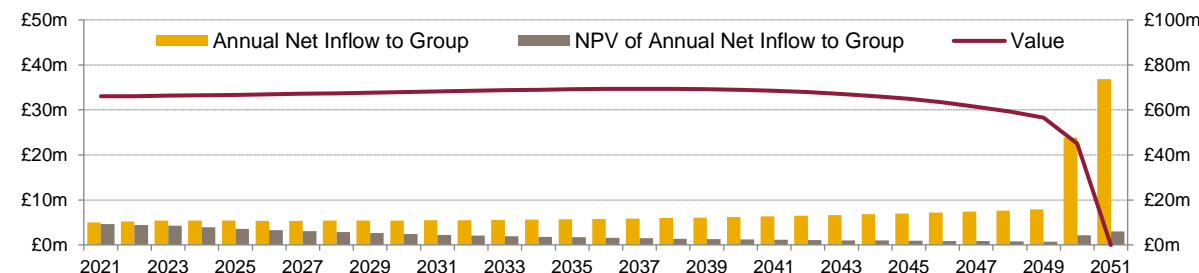
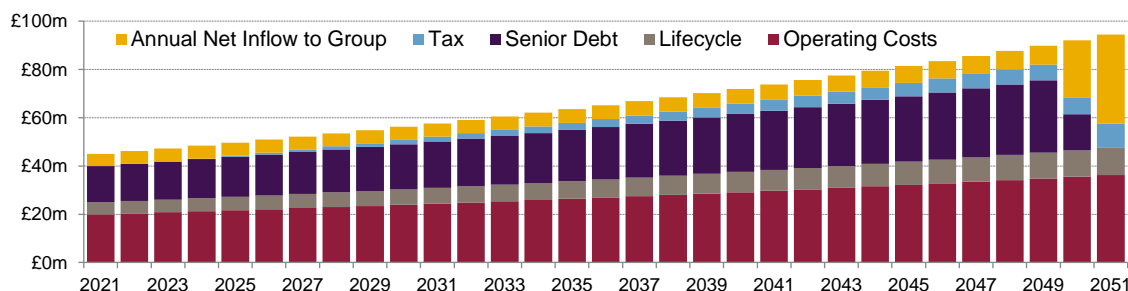
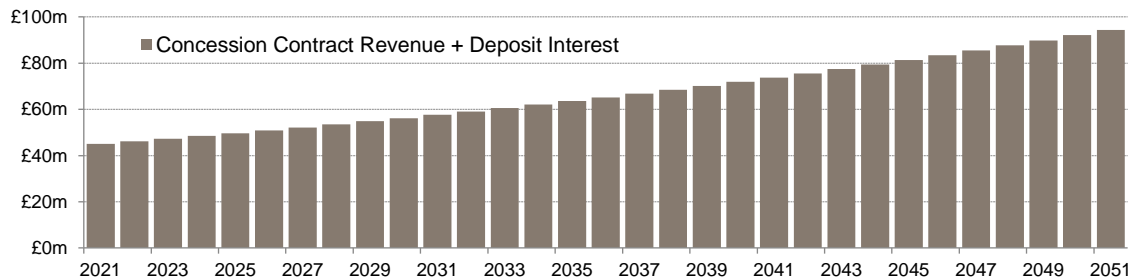
Typical Regulated Asset Investment Cash Flow Profile

Operational Network



Valuation – Methodology

Determining the net asset value of the portfolio and the Group (PPP project example)



Key Variables / Assumptions

- ▲ Long-term Inflation Rate
- ▲ Interest Rate
- Whole-of-life concession revenue linked to inflation
- Interest income from cash reserves at individual project level
- ▲ Tax Rates
- Whole-of-life operating contracts fixed or linked to inflation
- Whole-of-life debt is fixed or inflation-linked
- Net Inflows to HICL in form of dividends, shareholder loan service & project co. directors' fees
- ▲ Discount Rate
- ▲ FX
- Net cash flows discounted to derive project valuation
- All project cash flows aggregated to give overall portfolio valuation
- Adjust for other Group net assets/liabilities to get Group NAV