

# HICL Infrastructure PLC

Interim Results Presentation: Six Months to 30 September 2022

23 November 2022



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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

Texas Nevada Transmission, USA



# Results Overview

Resilient financial and operational performance

- ▲ 1.2p increase in NAV per share to 164.3p
- ▲ Annualised Total Shareholder Return of 6.7%<sup>1</sup> despite uncertain macroeconomic and geopolitical environment
- ▲ Resilient performance driven by a diverse portfolio, which offers the highest inflation correlation in the listed peer group
- ▲ Increase in discount rate of 50bps more than offset by higher actual and forecast inflation, deposit rates and FX
- ▲ Active capital recycling delivered shareholder value; four accretive acquisitions announced, one disposal completed
- ▲ On track to deliver target dividend of 8.25p for 2023<sup>2</sup> with improving cash cover; reaffirmed guidance for 2024<sup>2</sup>
- ▲ HICL well positioned to operate in challenging market conditions, and to pursue attractive pipeline as appropriate



Aotearoa Towers, New Zealand

1. Based on interim dividends paid plus change in NAV per share

2. **This is a target only and not a profit forecast. There can be no assurance that this target will be met. Capital and income at risk**

# Performance Highlights

Strong performance for interim period to 30 September 2022



**164.3p**

NAV<sup>1</sup> per share

**Up 1.2p**

March 2022: 163.1p

**6.7%**

Annualised Shareholder Return<sup>2</sup>

September 2021: 9.8%

**9.0% annualised since IPO**

**0.38**

Beta against FTSE All-Share<sup>3</sup>

March 2022: 0.32

**1.05%**

Ongoing charges

September 2021: 1.06%

**8.25p**

Dividend per share

Declared for 2022, guidance<sup>4</sup>  
for 2023 and 2024

**1.58x / 1.03x**

Dividend cash cover

Including / excluding  
profits on disposal

September 2021: 1.04x / 1.02x

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

1. Net Asset Value

2. Based on interim dividends paid plus change in NAV per share

3. Based on the daily share price returns of HICL and the FTSE All-Share index for the 12 months to 30 September 2022

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

# Compelling Investment Proposition

Sustainable income and capital growth from a diversified core infrastructure portfolio

## Diversification

>100 assets  
Largest asset 7%<sup>1</sup>

## Sustainability

20m+ people  
access HICL's infrastructure

## Total return

9.0% p.a.  
since IPO

## Yield

~ 5% p.a.

## Inflation correlation

0.8x<sup>2</sup>

## Asset life

33.1yrs  
Weighted average

## Specialist infrastructure investment manager

**\$14bn+**

Equity under  
management

**25+**

Years of investment  
experience



**170+**

Staff representing  
25 nationalities and  
speaking 20 languages

**220+**

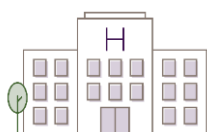
Assets under  
management across  
17 countries

1. By value using Directors' Valuation of £3,865.6m as at 30 September 2022

2. If outturn inflation were 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

Enriching lives through infrastructure



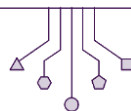
**46%**  
of portfolio

Developing **strong social foundations**



**39%**  
of portfolio

**connecting communities**



**15%**  
of portfolio

supporting **sustainable modern economies**



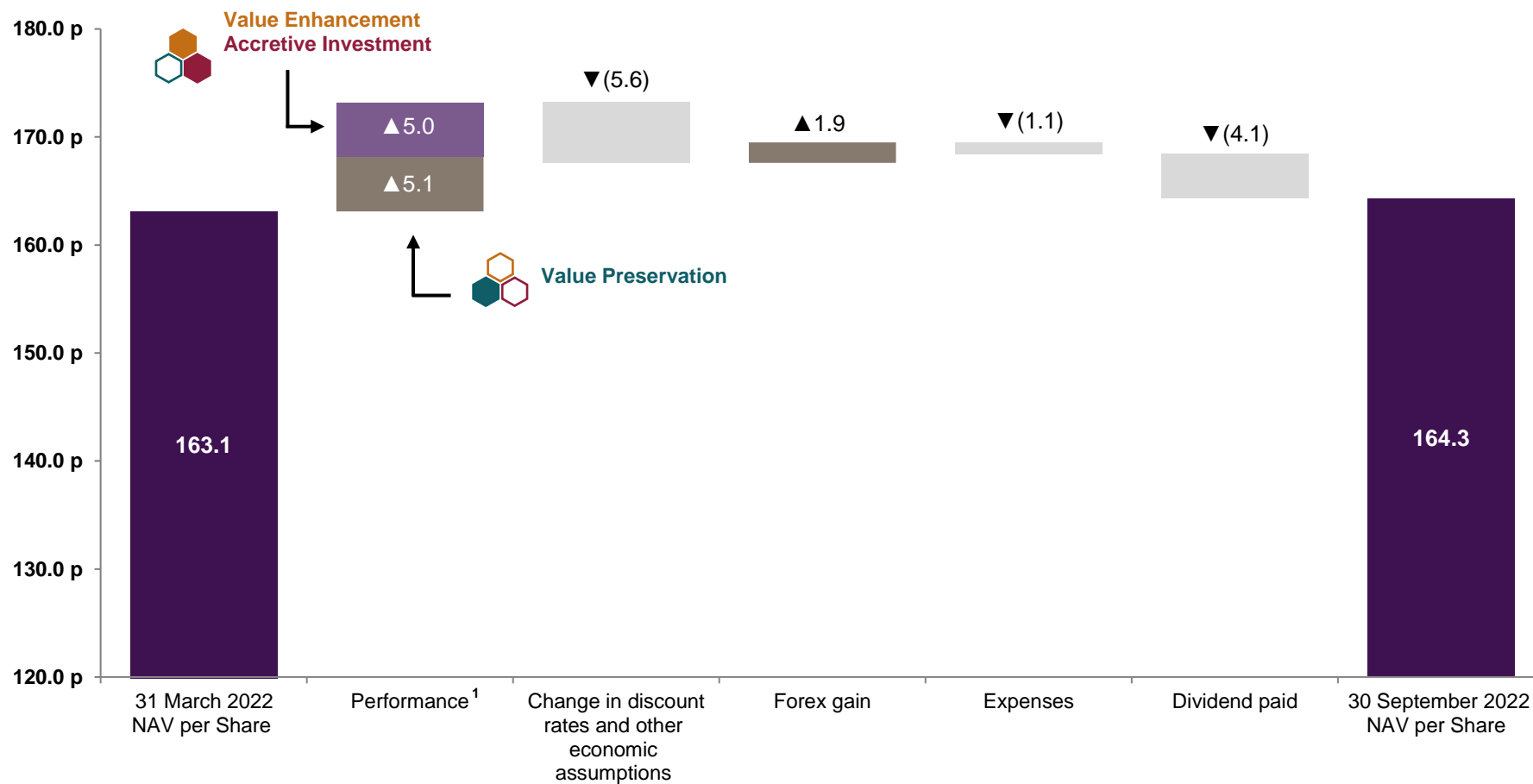


# Financial Performance

High Speed 1, UK

# NAV Progression

As at 30 September 2022



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 disposal

# Financial Performance

As at 30 September 2022



Income Statement Investment Basis <sup>1</sup>	Six Months to 30 September 2022 £m	Six Months to 30 September 2021 £m
Total income	125.8	157.2
Fund expenses & finance costs	(23.2)	(18.0)
Tax	-	0.3
<b>Total return</b>	<b>102.6</b>	<b>139.5</b>
<b>Earnings per share</b>	<b>5.2p</b>	<b>7.2p</b>
<b>Ongoing charges<sup>2</sup></b>	<b>1.05%</b>	<b>1.06%</b>

Balance Sheet Investment Basis <sup>1</sup>	30 September 2022 £m	31 March 2022 £m
<b>Investments at fair value<sup>3</sup></b>	<b>3,282.1</b>	<b>3,216.6</b>
<b>Net cash / (debt)</b>	<b>79.2</b>	<b>(46.2)</b>
Available liquidity <sup>4</sup>	792.6	294.4
<b>NAV per share (before the interim dividend)</b>	<b>164.3p</b>	<b>163.1p</b>

1. HICL's Investment Basis is the same as applied in prior periods. See page 19 of the 2022 Interim Report for information. Earnings per share and NAV per share are the same under IFRS and Investment Basis

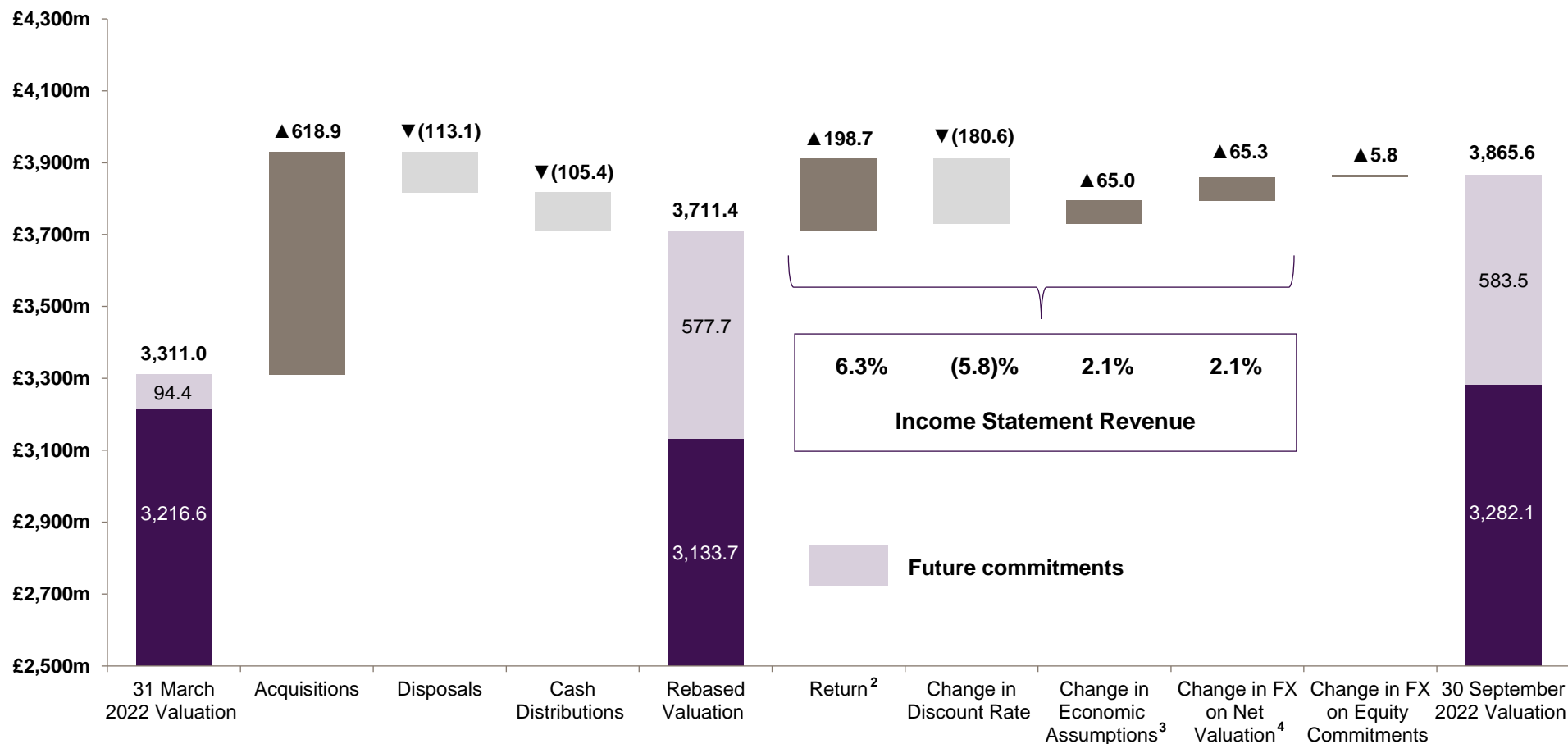
2. Calculated in accordance with Association of Investment Companies' guidelines

3. Directors' Valuation at 30 September 2022 is £3,865.6m and comprises the investments at fair value of £3,282.1m and £583.5m of investment commitments (31 March 2022: £3,216.6m and £94.4m)

4. Available amount in Revolving Credit Facility plus available cash on an Investment Basis

# Portfolio Performance

Directors' Valuation<sup>1</sup> of £3,865.6m as at 30 September 2022



**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 £38.3m gain

# Weighted Average Discount Rate I

Increase driven by 70 bps movement in the UK and 30 bps increase in the rest of the world

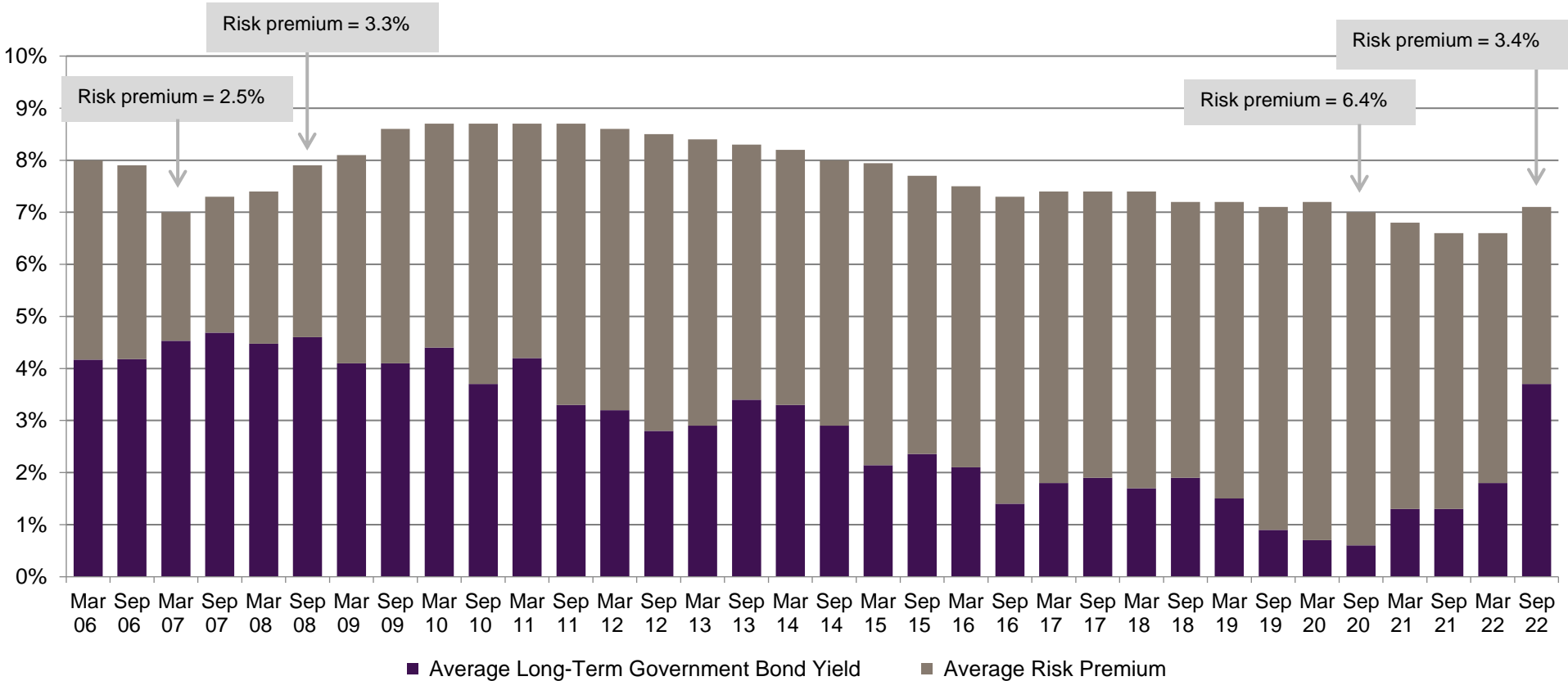


- ▲ Market volatility means that view of fair value range likely to be wider than normal
- ▲ Discount rate movement predominately reflects increases in long-term government bond yields
- ▲ Higher relative movement in the UK in the period reflected in greater (70 bps) increase in UK discount rates
- ▲ Limited core infrastructure transaction data since the summer
- ▲ Considered the level of weighted average equity risk premium seen since IPO when setting the discount rate
- ▲ Moderate reduction in UK government bond yields post period end



# Weighted Average Discount Rate II

0.5% increase to 7.1%<sup>1</sup> results in an implied equity risk premium of 3.4%

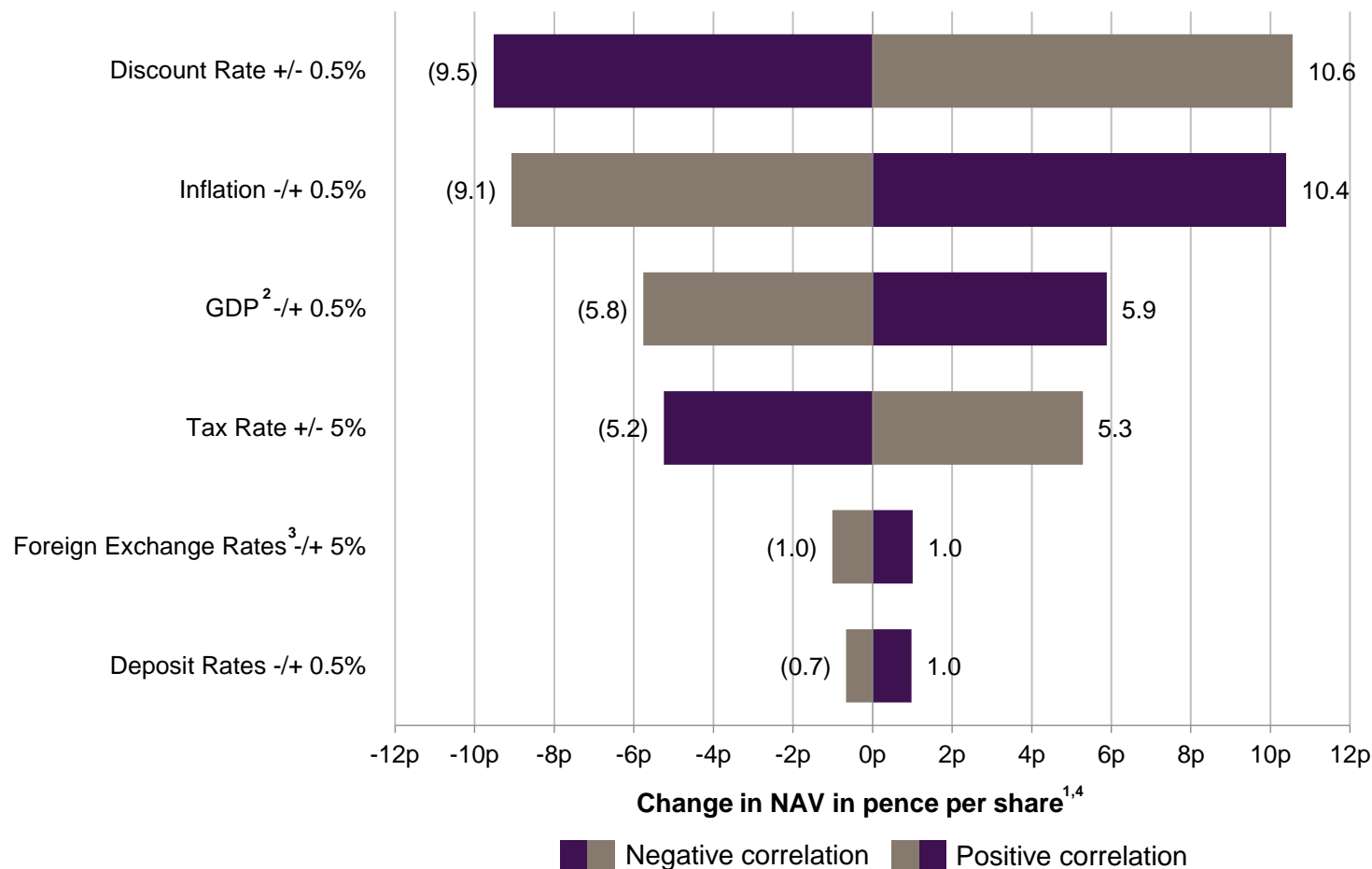


1. Excludes A13 Senior Bonds



# Sensitivities

Well diversified portfolio reflected in impact of macro-economic sensitivities



**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. Capital and income at risk**

1. NAV per share based on 2,031m ordinary shares in issue at 30 September 2022

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

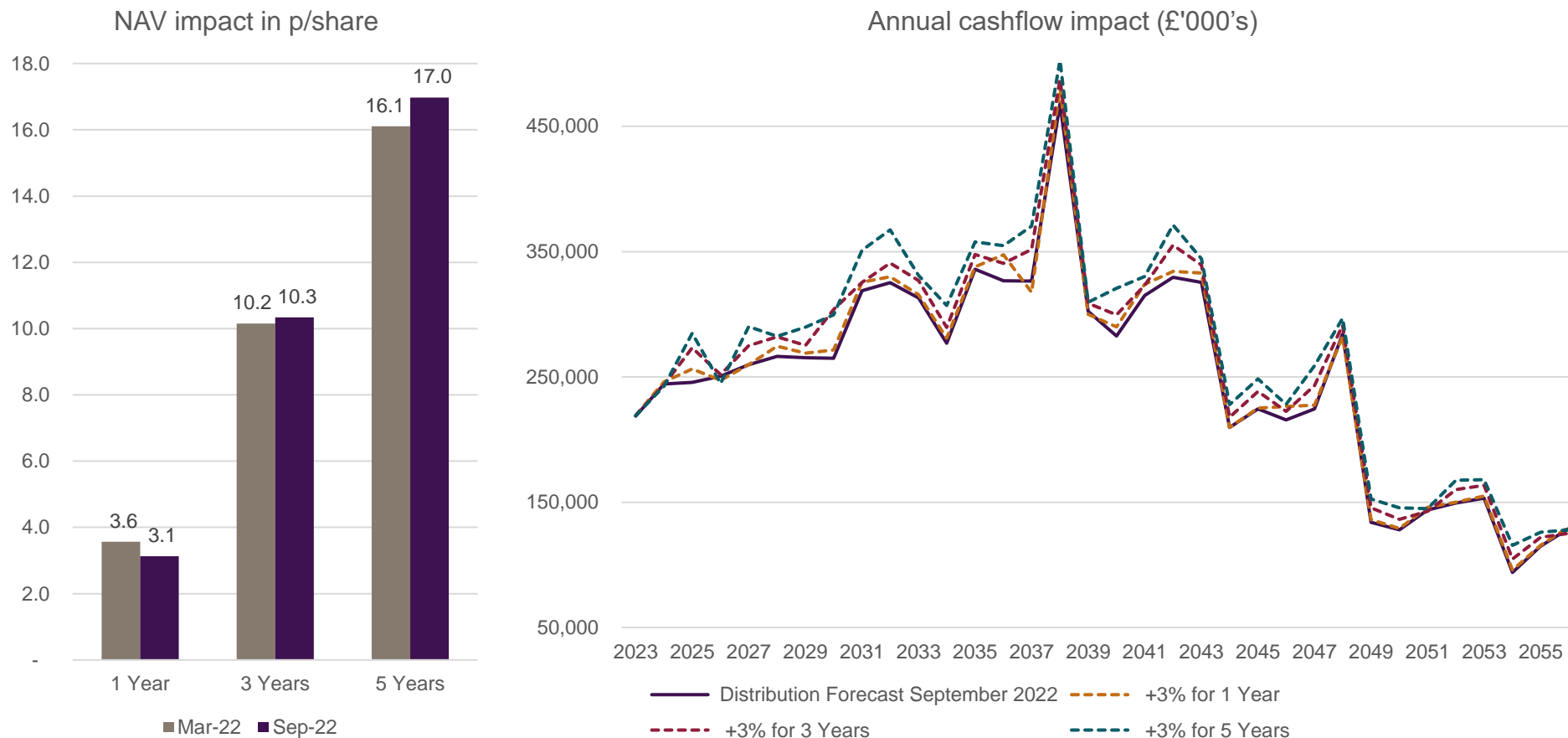
3. Excludes future commitments. Foreign exchange rate sensitivity is net of the Group hedging at 30 September 2022

4. Sensitivities include the commitments outstanding at the balance sheet date except for FX which exclude the commitments

# Sensitivities

Well diversified portfolio that is positioned to benefit from inflation

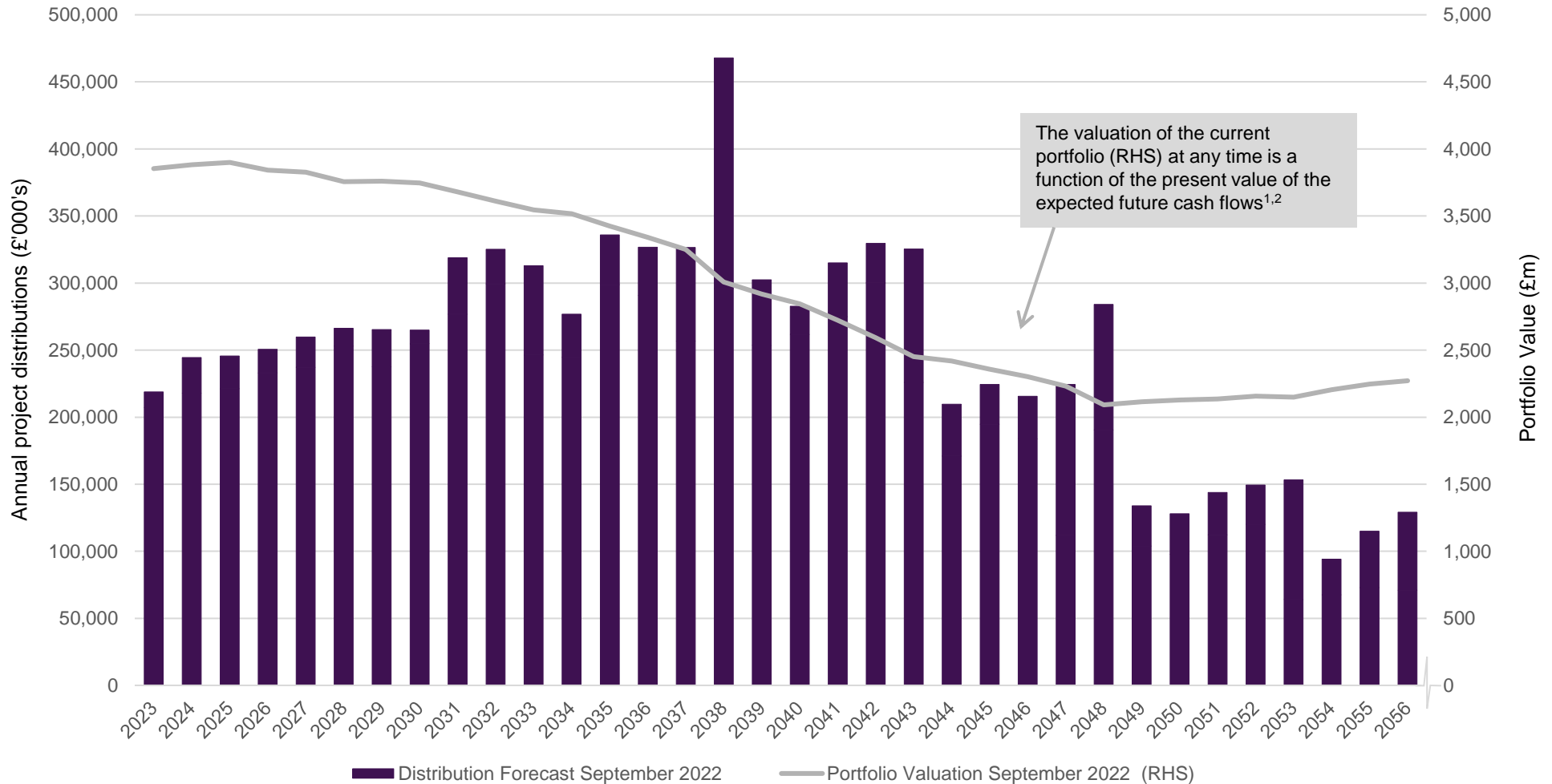
▲ Impact of a scenario where inflation is 3% above HICL's forecast assumptions for the next one, three and five years



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

# Cash Flow Profile

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



**The illustration represents a target only at 30 September 2022 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**

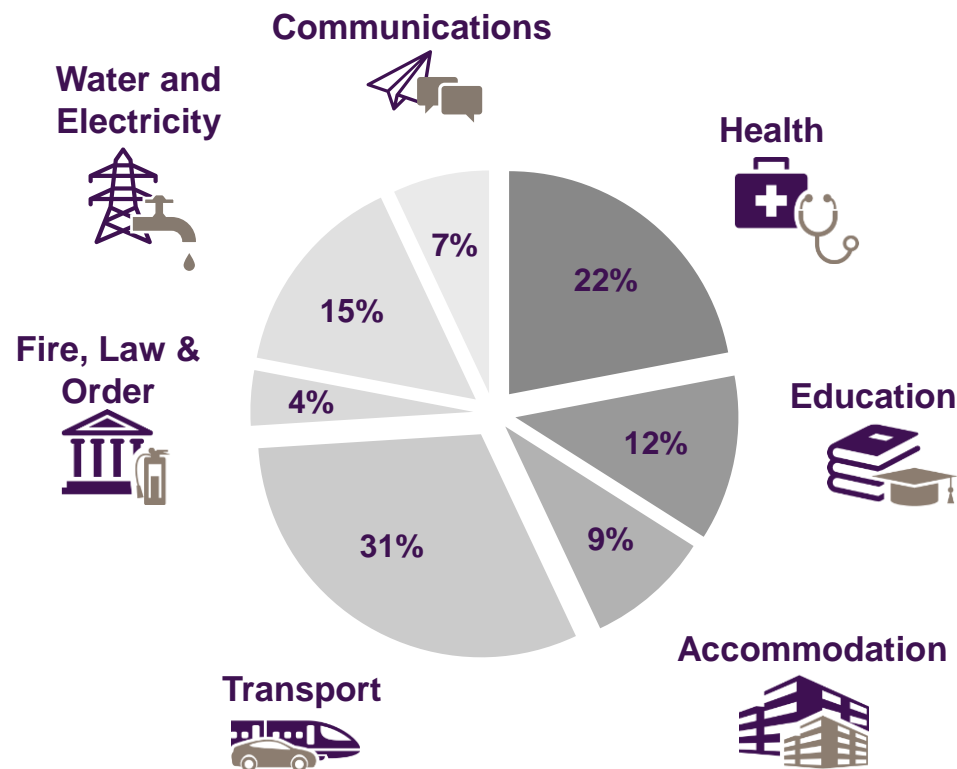
1. Valuation considers cash flows beyond 2056  
2. Subject to certain other assumptions, set out in detail in HICL's Interim Report 2022

# Portfolio Performance

Southmead Hospital, UK

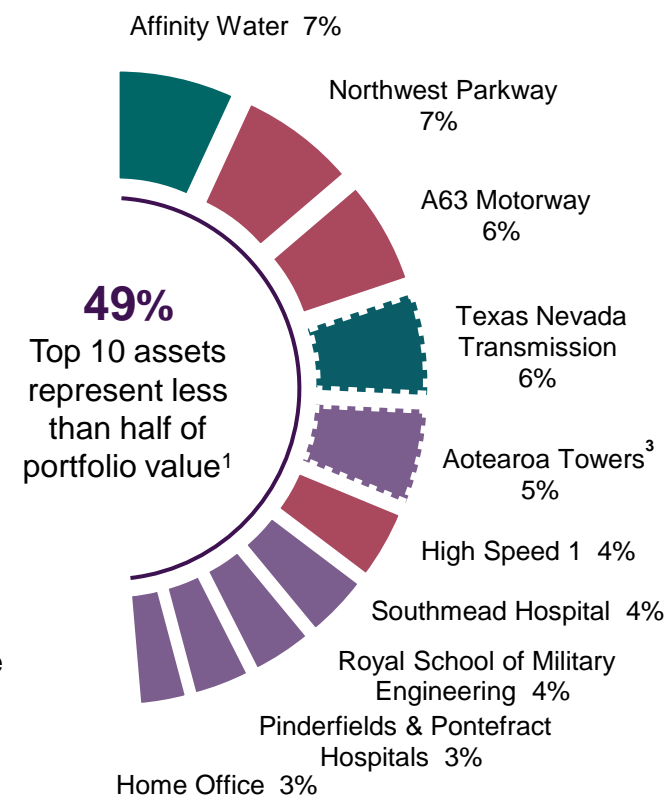
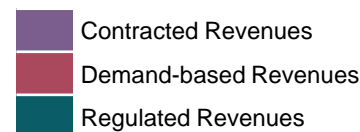
# Diversified Portfolio

Mix of sector exposure, ten largest assets account for c. 49% of the portfolio<sup>1</sup>



**>100**  
Assets in the  
portfolio

**33.1 years**  
Weighted average  
asset life<sup>2</sup>



Committed as at 30 September

1. By value using Directors' Valuation of £3,865.6m as at 30 September 2022

2. Assumes a 100-year asset life for Affinity Water and for the regulated portion of TNT. Excluding these assets, the weighted average asset life of the portfolio would be 24.5 years

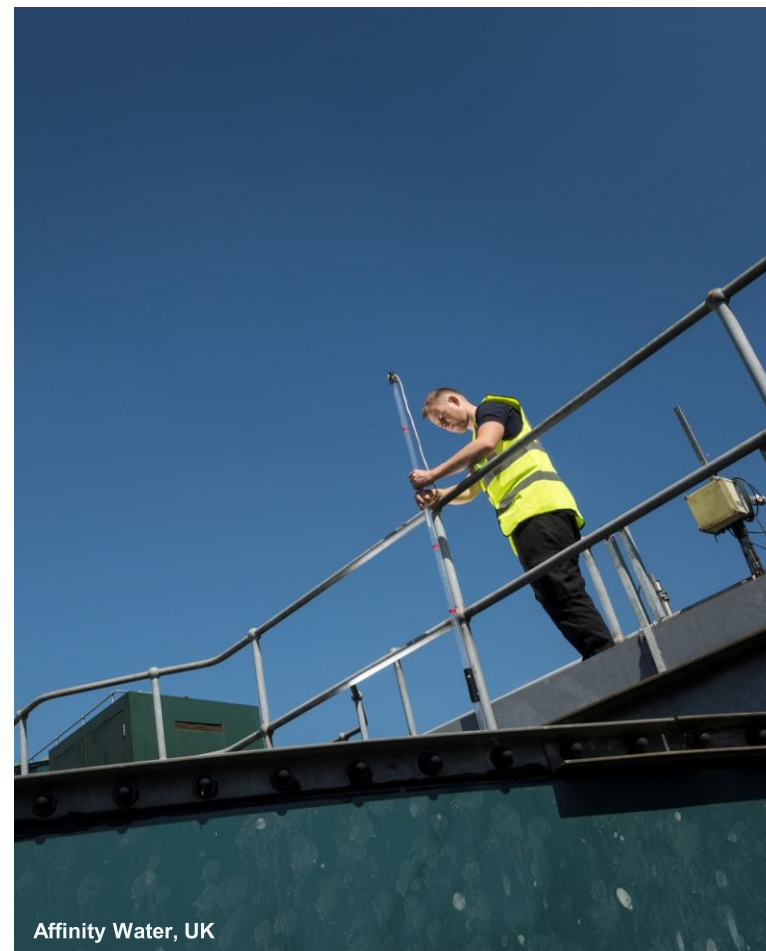
3. Currently in the process of being re-branded as Fortysouth



# Operational Update – Affinity Water

Affinity Water represents 7% of the portfolio, by value, as at 30 September 2022

- ▲ Operational performance in line with expectations despite challenges posed by extremely hot summer
  - No restrictions of usage imposed on customers but increased vulnerability to future dry weather
  - Adversely affected by supply interruptions & low pressure
  - However, overall performance commitments and total expenditure slightly ahead of HICL's forecast
- ▲ On track to meet FY23 leakage reduction target of 14% which is amongst the most ambitious in the industry
- ▲ PR24<sup>1</sup> methodology published on 7 July 2022 which gives greater visibility on Ofwat approach to next price review
- ▲ Keith Haslett, currently Group Water Director at Northumbrian Water, appointed as permanent CEO<sup>2</sup>



Affinity Water, UK

1. The Ofwat 2024 price review period that sets prices for the period from April 2025 to March 2030  
2. Keith is expected to take up the position by mid-January 2023, with Stuart Ledger expected to depart mid-December 2022

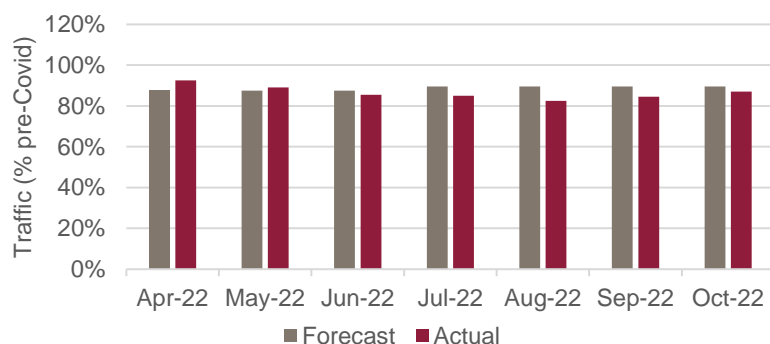


# Operational Update – Northwest Parkway and A63 Motorway

HICL's toll roads represent 14% of the portfolio<sup>1</sup>, by value, at 30 September 2022

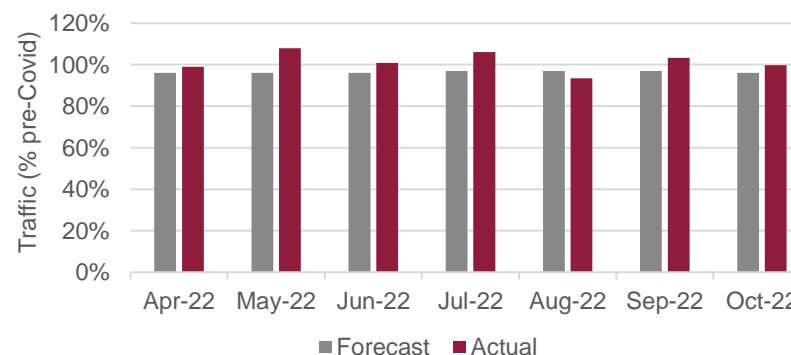
## Northwest Parkway (7% of portfolio)

- ▲ Traffic over the six months broadly in line with HICL's assumptions at 86% of pre-Covid levels
  - Underpinned by rapid return of passenger traffic at Denver International Airport
  - Evidence of reduced summer seasonality
  - Toll rates increased in-line with inflation
- ▲ Traffic assumed to return to pre-Covid levels by June 2023; dependent on commuter traffic and congestion on alternative routes



## A63 Motorway (6% of portfolio)

- ▲ Traffic over the six months broadly in line with HICL's assumptions at 101% of pre-Covid levels
  - Limited impact of supply chain pressures and high oil prices on traffic or maintenance
  - Toll rates increased in-line with inflation
  - Two-day road closure in August due to forest fires; revenue loss not material
- ▲ Contactless payments increasing operational efficiency and customer satisfaction

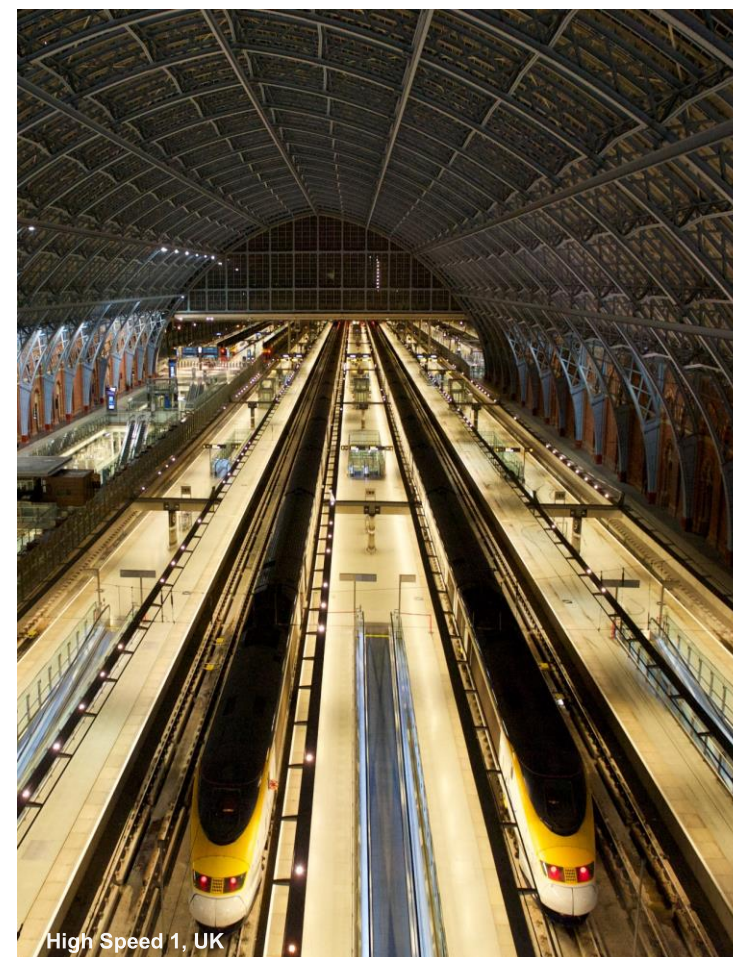


1. Includes two shadow toll roads assets in the UK (RMG roads and M1-A1)

# Operational Update – High Speed 1

High Speed 1 (“HS1”) represents 4% of the portfolio, by value, as at 30 September 2022

- ▲ International train path bookings slightly ahead of expectations over the 6 month period at 77% of pre-Covid levels
  - Strong passenger demand, particularly from leisure travel
  - Eurostar increasing proportion of pre-booked paths
- ▲ International services currently limited by border congestion
  - ‘Wet stamping’ of passports in UK and France increases processing time and limits passenger throughput
  - HS1 management and Eurostar are exploring technical and political solutions
- ▲ Domestic services continue to benefit from DfT<sup>1</sup> Underpin guaranteeing 96% of pre-Covid track access revenues
- ▲ HICL valuation assumes that both international and domestic services return to pre-Covid levels in March 2025
- ▲ HS1 management working closely with Network Rail High Speed to enable services to run on strike days; no material impact over the six month period



1. Department for Transport

# Operational Update – Public Private Partnerships (“PPPs”)

PPP projects represent 58% of the portfolio, by value, at 30 September 2022

- ▲ Completion of investment into Cross London Trains (“XLT”, 3% of portfolio) on 21 September 2022
  - 115 trains fully delivered in 2018; strong operational track record maintained since acquisition
  - 20-year availability contract (started 2016) with revenues fully backed by the UK DfT
  - Long-term maintenance obligations retained by Siemens under a direct arrangement with the TOC
- ▲ Continued focus on active management of facility condition across the PPP portfolio
- ▲ Significant milestones achieved with construction assets
  - Paris-Saclay University achieved completion in time for the new academic year
  - Continued progress at Blankenburg Tunnel which remains on track despite supply chain and cost pressures







# Investment Activity and Market Outlook

Royal Canadian Mounted Police HQ, Canada

**HICL**  
Infrastructure



# HICL's Core Infrastructure Focus

▲ Core infrastructure is a distinct market segment at the lower end of the infrastructure risk spectrum



## Current Portfolio:

### Cash Flow Quality

### Market Positioning

### Criticality

## Contracted

- Contracted revenue and costs
- Public sector counterparty
- Operate under exclusive licence/lease frameworks
- Facilitating the delivery of essential services

## Regulated

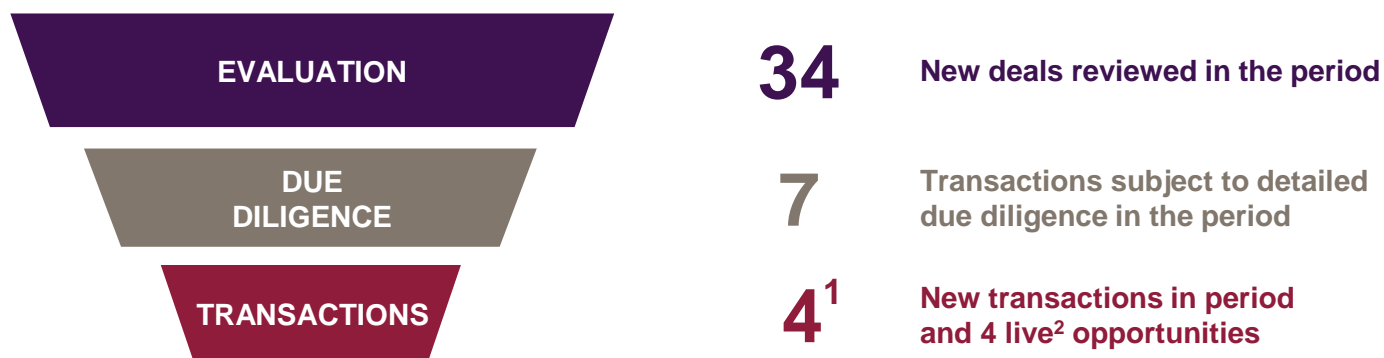
- Cost variability mitigated by regulatory review mechanism
- Regional monopolies
- Entrenched networks
- Provision of essential goods / utilities

## Demand-based

- Predictable 'user pays' revenues
- Low operational gearing
- Strategic positioning with limited alternatives
- Non-discretionary demand
- Typically vital transport links

# Investment Activity

Market coverage filtered by focused acquisition strategy and investment discipline



## Investment Activity

Type	Project	Sector	Description	% portfolio	Stake	Date <sup>3</sup>
Transactions signed (subject to completion)						
New	ADTiM	Communications	Fibre broadband in rural France	2%	55%	May-22
New	Texas Nevada Transmission	Electricity & Water	Two electricity transmission systems in the USA	6%	45%	Sep-22
Transactions completed						
New	XLT	Transport	PPP fleet of electrified rolling stock	3%	6.5%	Sep-22
New	Aotearoa Towers	Communications	Passive mobile towers in New Zealand	5%	40%	Nov-22
New	B247 Road <sup>4</sup>	Transport	Greenfield road PPP in Germany	<1%	50%	May-22
Disposal	Queen Alexandra Hospital <sup>4</sup>	Health	Disposal of UK hospital PPP	0%	100%	May-22

1. Four transactions signed, one completed in period and one completed post period end

2. As at 23 November 2022

3. Date of completion where applicable, otherwise date signed

4. Included in HICL's Annual Report 2022, completed in period



# New Acquisition – Texas Nevada Transmission (“TNT”)

New investment commitment<sup>1</sup> representing 6% of portfolio as at 30 September 2022

- ▲ Meaningful stake acquired in two transmission line systems, delivering regulated and contracted revenues respectively
- ▲ Located in areas of high renewable energy resources – well placed to facilitate build-out and support the energy transition
- ▲ Benefits from supportive regulatory regime and express political desire to ensure grid stability and resiliency
- ▲ Led by InfraRed’s Americas team, leveraging deep experience and strong relationships in the US energy market
- ▲ Accretive to a number of HICL’s key portfolio metrics



## Core Infrastructure of the Modern Economy



**Very long-term predictable cashflows derived from established regulatory regime and revenue contract**



**Incumbent providers, with de facto monopoly over further build-out in adjacent areas in Texas**

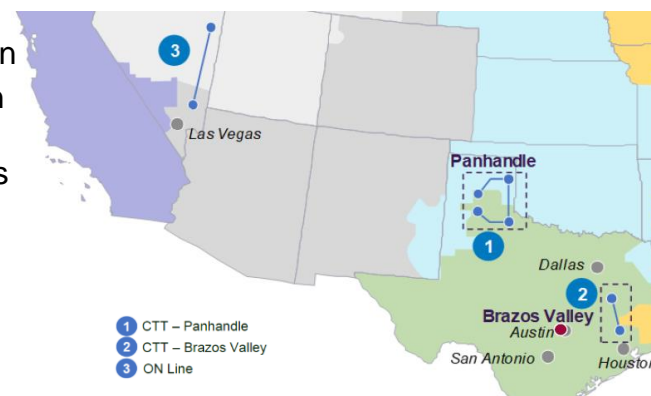


**Enhances grid resiliency and delivers wind and solar energy to millions of homes and businesses**

## Key Facts

**3** territories: one in Nevada and two in Texas, under two distinct businesses

**500+** miles of high-voltage transmission lines



1. Completion subject to regulatory consents

# New Acquisition – Aotearoa Towers<sup>1</sup>

New investment commitment<sup>2</sup> representing 5% of portfolio as at 30 September 2022

- ▲ Outright ownership of the largest portfolio of passive mobile tower infrastructure in NZ, covering 98% of the population
- ▲ VFNZ<sup>3</sup> act as anchor tenant and provide 96% of current revenues via a 20-year contract (plus 2 x 10-year extensions)
- ▲ Contracted revenues are inflation linked, availability-based and unrelated to usage of the active infrastructure
- ▲ Additional sites committed by VFNZ over ten years, expanding TowerCo's asset base and contracted cashflows
- ▲ Long-term growth from 5G rollout and co-location of non-Vodafone Mobile Network Operators' ("MNO") equipment



## Core Infrastructure of the Modern Economy



**Long-term, availability-based, inflation-linked cashflows via anchor tenancy contract with VFNZ**



**Largest tower portfolio in NZ, entrenched position in a mature mobile telecoms market**



**Critical infrastructure serving 98% of the population delivering connectivity to under-served rural areas**

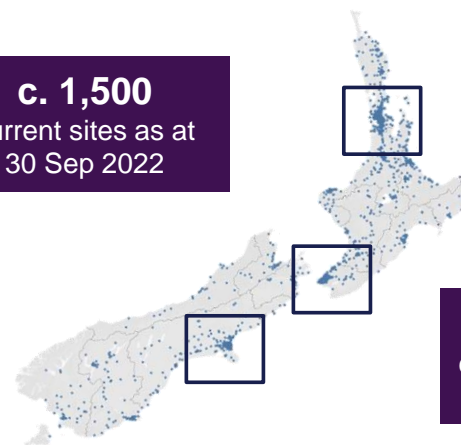
## Key Facts

**c. 1,500**  
current sites as at  
30 Sep 2022

Legend:

- Tower
- Major cities

**390**  
committed new sites  
by 2032



1. Currently in the process of being re-branded as Fortysouth  
2. HICL completed the acquisition of Aotearoa Towers on 1 November 2022  
3. Vodafone New Zealand, currently being re-branded as One NZ

# Market and Outlook

Significant market opportunity; investment discipline remains paramount

## ▲ InfraRed continues to curate an attractive pipeline for HICL:

- Spanning modern economy and traditional infrastructure sectors and HICL's core geographies
- c. £300m<sup>1</sup> of equity at exclusivity, preferred bidder, or shortlisted stage, to be pursued as appropriate
- Pipeline leverages InfraRed's global footprint and broad networks/relationships

### Strong Social Foundations



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

### Connecting Communities



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

### Sustainable Modern Economies



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



# Concluding Remarks

Northwest Parkway, USA

# Concluding Remarks

Delivering Real Value

- ▲ Resilient performance in the period, with TSR of 6.7% amidst an uncertain macroeconomic environment
- ▲ Increase in discount rate more than offset by higher inflation and deposit rates plus Sterling weakness
- ▲ Active recycling of capital with four new investments and the completion of one disposal, improving key portfolio metrics
- ▲ £713m of revolving credit facility headroom and £79m of cash to fund outstanding commitments of c.£513m
- ▲ On track to deliver target dividend of 8.25p for 2023<sup>1</sup> with improving cash cover; reaffirmed guidance for 2024<sup>1</sup>
- ▲ HICL well positioned to operate in challenging market conditions, and to pursue high-quality advanced pipeline



Cross London Trains, UK

# **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 11 infrastructure funds (including HICL and TRIG)
- ▲ Currently over US\$14bn of equity under management<sup>1</sup>
- ▲ London based, with offices in 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

Infrastructure funds	Strategy	Amount <sup>2</sup> (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	£3,283	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	£3,153	Since 2013	Evergreen
Fund V	Unlisted, capital growth	US\$1,215	Since 2017	Fully allocated

1. As at 30 June 2022

2. For HICL and TRIG this relates to market capitalisation as at 30 September 2022. For all others this relates to the initial fund investment amount, and not the current fund valuations

# 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+

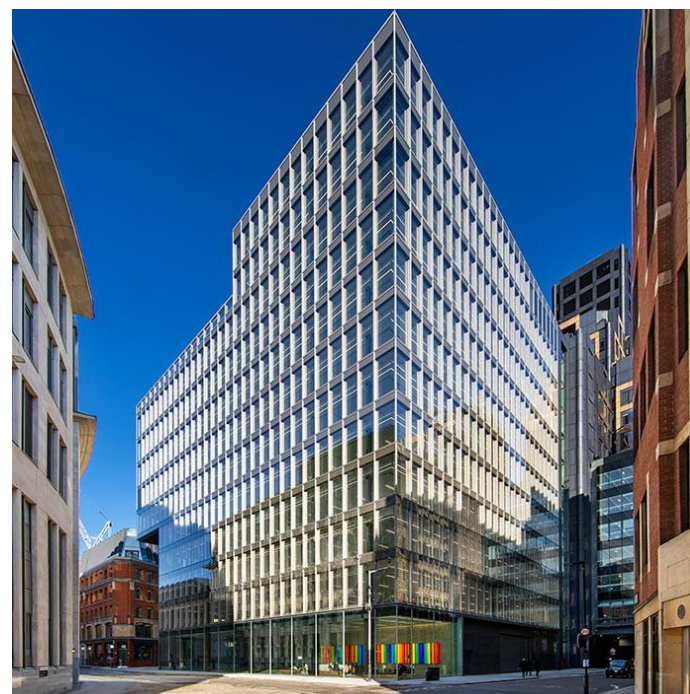
infrastructure  
professionals

4

continent coverage

20

spoken  
languages



## **Appendix II**

Company Information

# Board of Directors I

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



**Mike Bane**  
Chair

Mike 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 is also non-executive director of Apax Global Alpha London Limited and abrdn Property Income Trust Limited

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.



**Frank Nelson**  
Senior Independent Director

Frank Nelson is a qualified accountant. He has over 25 years of experience in the construction, contracting, infrastructure and energy sectors. He was appointed to the Board on 1 June 2014. Frank was Finance Director of construction and house-building group Galliford Try plc from 2000 until October 2012. He was previously Finance Director of Try Group plc from 1987, leading the company through its floatation on the London Stock Exchange in 1989 and the subsequent merger with Galliford in 2001.

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



**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, was previously at Kelda Group (Yorkshire Water) where she served as CEO from 2019 until 2022, having previously served as CFO from 2010. Prior to that Liz held a number of senior partner roles with EY LLP where she was a partner in the audit and assurance services. She is a Fellow of the Institute of Chartered Accountants and graduated from the University of Leeds where she now serves as Deputy Pro-Chancellor.

Liz is the Chair of the Yorkshire and Humber Climate Commission and is a non-executive director of Cranswick plc and Renew Holdings plc and was formerly a non-executive of KCom plc, a UK fibre broadband provider. Liz was appointed to the Board with effect from 1 September 2022.

# 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 a non-executive director of JPMorgan Smaller Companies Investment Trust plc, Supermarket Income REIT plc and Aegon UK plc; an independent member of the Aviva With-Profits Committee; and is a member of Appointments Committee, Federated Hermes Property Unit Trust.



**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.



**Kenneth D. Reid**  
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 James Walker Group Limited, and is a member of the Singapore Institute of Directors.



# Investment Manager

Senior InfraRed team, experienced in making and managing infrastructure investments



## **Edward Hunt**

**Head of Core Income Funds, InfraRed**

Edward leads the InfraRed team that manages HICL



## **Helen Price**

**CFO, Core Income Funds, InfraRed**

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

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

**Werner von Guionneau** – Chief Executive Officer

**Chris Gill** – Deputy Chief Executive Officer

**Keith Pickard** – Chief Operating Officer

**Stewart Orrell** – Head of Asset Management

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

**Helen Price** – CFO, Core Income Funds

## **Appendix III**

The Investment Portfolio

# HICL's Top 10 Assets I



1

## Affinity Water

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

**Sector:** Electricity & Water

**Location:** UK

**% of portfolio:** 7% (March 2022: 9%)

**HICL holding:** 33.2%

**Concession length:** N/A

**Status:** Operational



2

## 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:** 7% (March 2022: 7%)

**HICL holding:** 33.3%

**Concession length:** 99 years

**Status:** Operational



3

## 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:** 6% (March 2022: 7%)

**HICL holding:** 21.0%

**Concession length:** 40 years

**Status:** Operational



4

## Texas Nevada Transmission

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

**Location:** USA

**% of portfolio:** 6% (March 2022: N/A)

**HICL holding:** 45.75%

**Concession length:** N/A

**Status:** Operational



5

## Aotearoa Towers

Aotearoa Towers is New Zealand's largest independent tower company, with 1,484 wholly-owned mobile towers covering 98% of the country's population.

**Sector:** Communications

**Location:** New Zealand

**% of portfolio:** 5% (March 2022: N/A)

**HICL holding:** 40.0%

**Concession length:** N/A

**Status:** Operational

# HICL's Top 10 Assets II



6

## 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 2022: 5%)  
**HICL holding:** 21.8%  
**Concession length:** 30 years  
**Status:** Operational



7

## 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:** 4% (March 2022: 5%)  
**HICL holding:** 62.5%  
**Concession length:** 35 years  
**Status:** Operational



8

## 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 2022: 4%)  
**HICL holding:** 100%  
**Concession length:** 30 years  
**Status:** Operational



9

## 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:** 3% (March 2022: 4%)  
**HICL holding:** 100%  
**Concession length:** 35 years  
**Status:** Operational



10

## Home Office

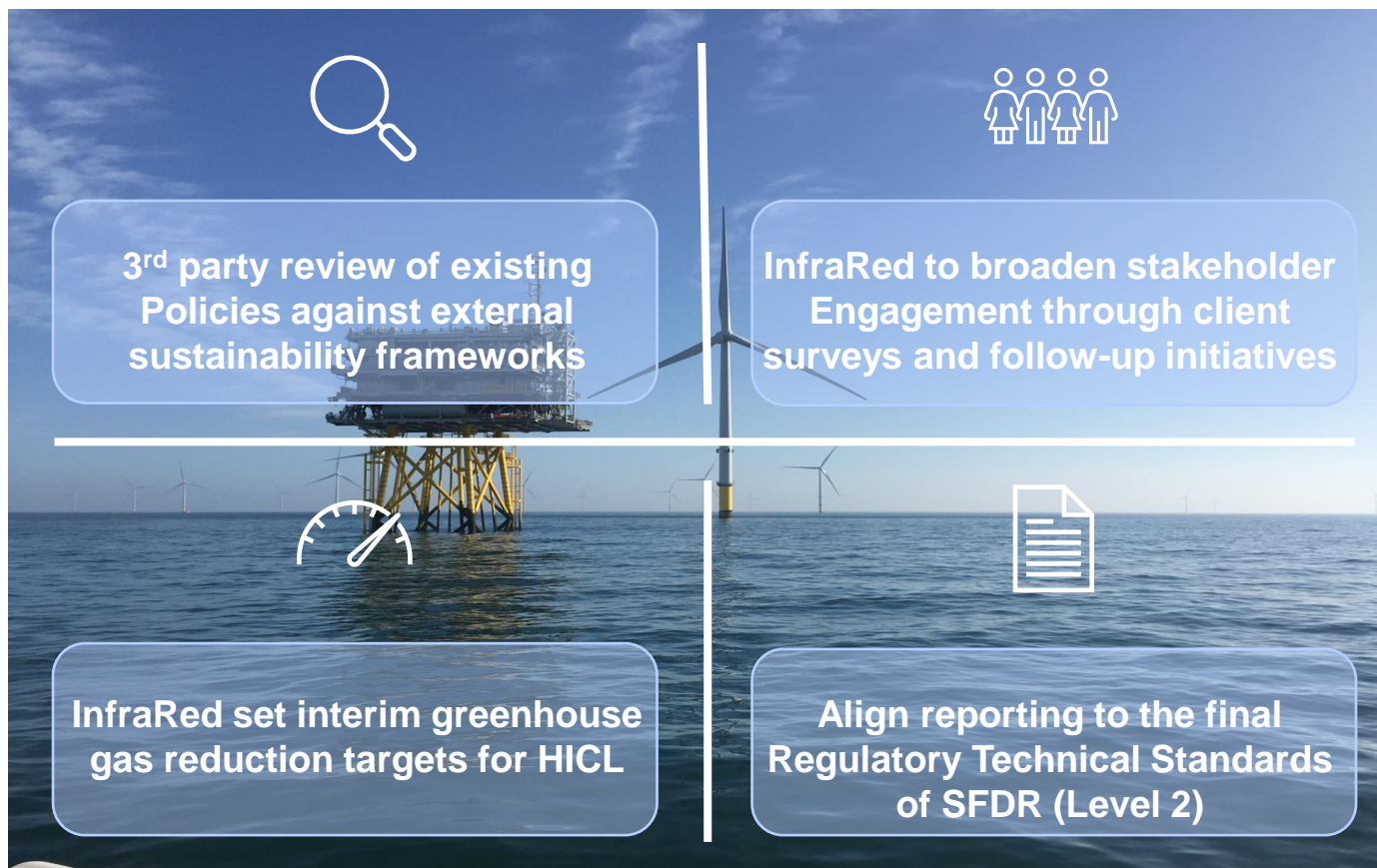
The PPP concession commissioned by the UK Home Office to replace its existing headquarters with purpose-built serviced offices in London.

**Sector:** Accommodation  
**Location:** UK  
**% of portfolio:** 3% (March 2022: 3%)  
**HICL holding:** 100%  
**Concession length:** 29 years  
**Status:** Operational



# Sustainable Thinking

HICL has a role in society that extends beyond its shareholders





# Portfolio Diversification

HICL's Portfolio, as at 30 September 2022<sup>1</sup>

## MARKET SEGMENT



▲ Contracted Projects	64%
▲ Demand-based Assets	19%
▲ Regulated Assets	17%

## INVESTMENT STATUS



▲ Fully operational	98%
▲ Construction	2%

## OWNERSHIP STAKE



▲ 100% ownership	24%
▲ 50% - 100% ownership	26%
▲ Less than 50% ownership	50%

## GEOGRAPHIC LOCATION



▲ UK	62%
▲ Europe (exc UK)	18%
▲ North America	15%
▲ Australia / New Zealand	5%

## SECTOR



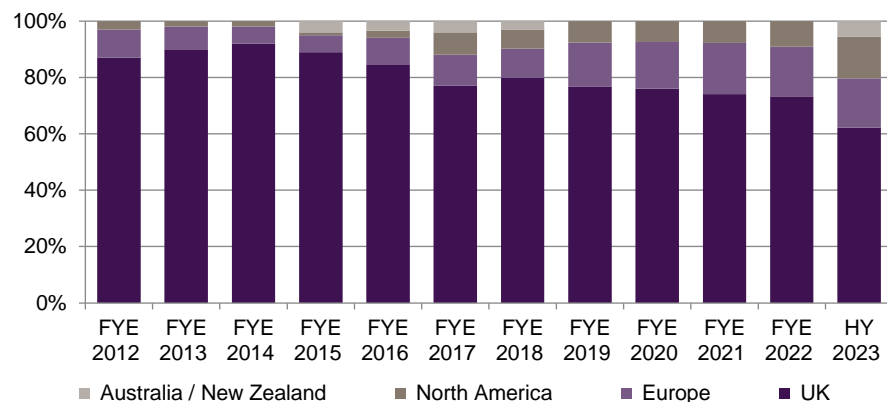
▲ Accommodation	9%
▲ Education	12%
▲ Electricity & Water	15%
▲ Health	22%
▲ Fire, Law & Order	4%
▲ Transport	31%
▲ Communications	7%

1. By value using Directors' Valuation of £3,865.6m as at 30 September 2022

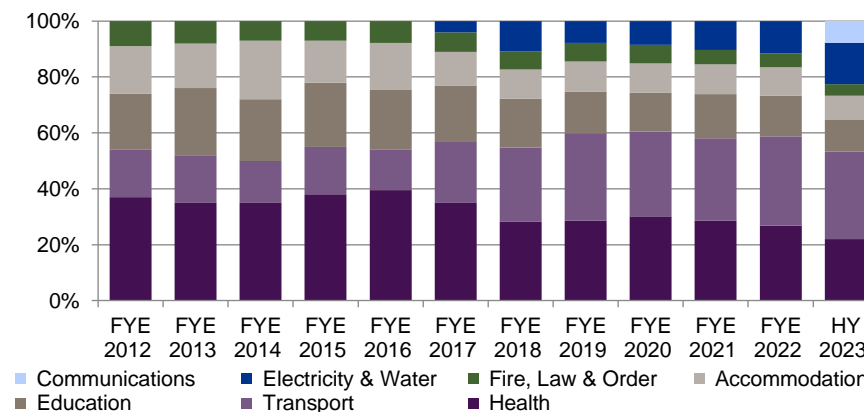
# Portfolio – Key Attributes

Evolution of the Group's portfolio

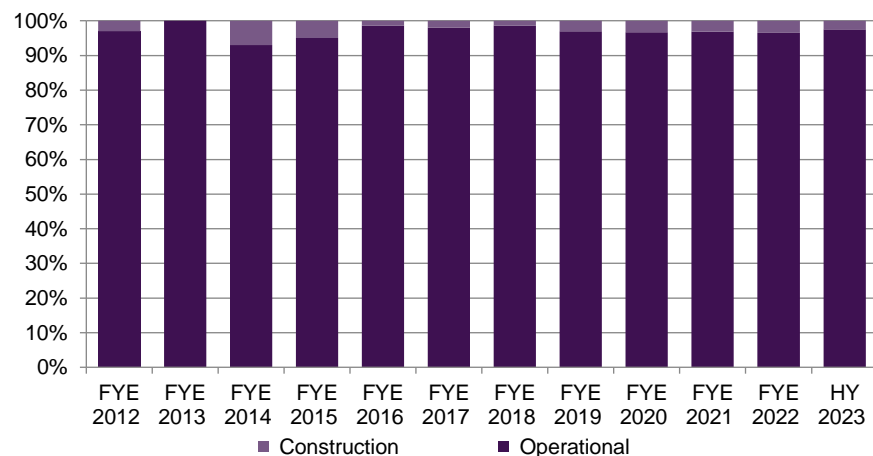
## Geographically Diverse Portfolio



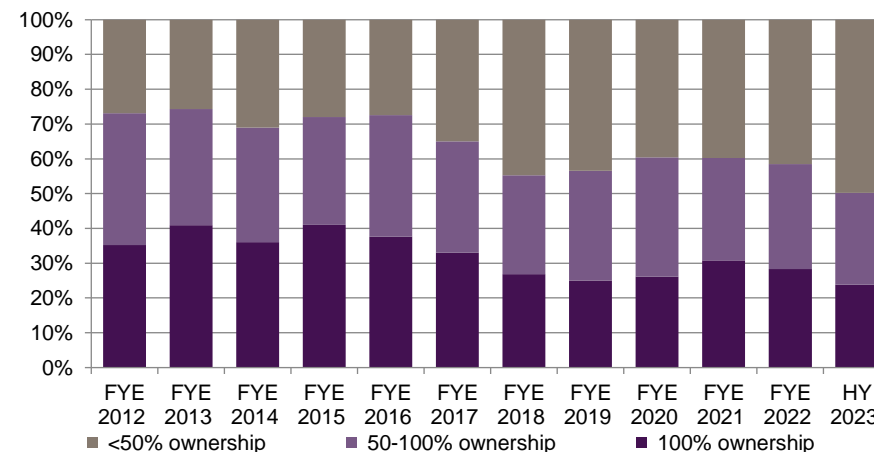
## Diverse Sector Spread



## Predominantly Operational Assets

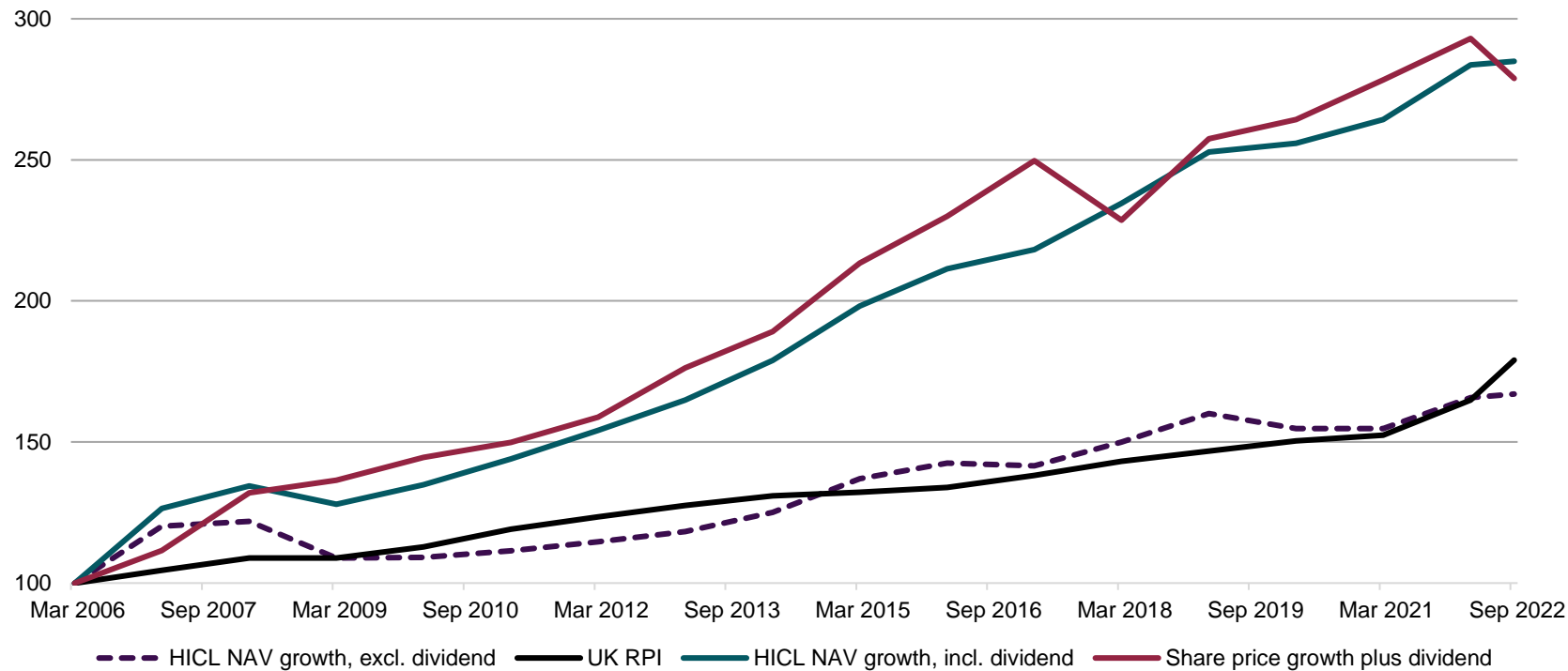


## Opportunities to Increase Ownership Stakes



By value, using the Directors' Valuation

# Evolution of HICL NAV vs UK RPI since IPO



# Key Valuation Assumptions

		Movement	30 September 2022	31 March 2022
<b>Discount Rate</b>	Weighted Average	↑	7.1%	6.6%
<b>Inflation<sup>1</sup></b> (p.a.)	UK (RPI <sup>2</sup> & RPIx <sup>2</sup> )	↑	10% to March 2023, 5% to March 2024 2.75% to 2030, 2.0% thereafter	6% to March 2023, 3.5% to March 2024, 2.75% to 2030, 2% thereafter
	CPIH <sup>3</sup>		9.25% to March 2023, 4.25% to March 2024 2.0% thereafter	5.25% to March 2023, 2.75% to March 2024 2% thereafter
	Eurozone (CPI)		6% to March 2023, 4% to March 2024, 2% thereafter	3.0% to March 2023, 2.0% thereafter
	Canada (CPI)		5% to March 2023, 2% thereafter	3.0% to March 2023, 2.0% thereafter
	USA (CPI)		6% to March 2023, 3% to March 2024, 2% thereafter	4.0% to March 2023, 2.0% thereafter
<b>Interest Rates</b> (p.a.)	UK	↑	2.0% to March 2024, 2.5% thereafter	0.75% to March 2025, 1.0% thereafter
	Eurozone		0.75% to March 2024, 1.25% thereafter	0.0% to March 2025, 0.5% thereafter
	Canada		1.25% to March 2024, 2.5% thereafter	0.75% to March 2024, 2.25% thereafter
	USA		1.25% to March 2024, 2.5% thereafter	0.75% to March 2024, 2.0% thereafter
<b>Foreign Exchange</b>	GBP / EUR	↓	1.14	1.19
	GBP / CAD		1.54	1.64
	GBP / USD		1.12	1.31
<b>Tax Rate</b> (p.a.)	UK	↔	19% to March 2023, 25% thereafter	19% to March 2023, 25% thereafter
	Ireland		12.5%	12.5%
	France		25%	25% - 27.5%
	Netherlands		25.8%	25.8%
	Canada		23% and 27%	23% and 27%
	USA		21% Federal & 4.6% Colorado State	21% Federal & 4.6% Colorado State
<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

# Summary Cash Flow Statement

Figures presented on an Investment Basis<sup>1</sup>

Cash Flow	Six months to 30 September 2022 £m	Six months to 30 September 2021 £m
Opening net (debt) / cash	(46.2)	4.7
<b>Net cash flow before capital movements</b>	<b>84.3</b>	<b>81.3</b>
Investments	(126.7)	(4.1)
Disposals	96.8	11.3
Short term inter-company funding	-	(12.4)
Equity raised (net of costs)	158.0	-
Net cashflow from derivatives and debt arrangement fees paid	(5.1)	6.8
Dividends paid	(81.9)	(80.0)
<b>Net cash</b>	<b>79.2</b>	<b>7.6</b>
<b>Dividend cash cover</b>	<b>1.58x<sup>2</sup></b>	<b>1.04x<sup>2</sup></b>

1. Investment Basis is the same basis as applied in prior years. See page 19 of the 2022 Interim Report for further details

2. On an Investment Basis, including profits on disposal. Excluding this, dividend cash cover would have been 1.03x (September 2021: 1.02x)