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HICL Infrastructure PLC
20 November 2024

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HICL Infrastructure PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

This announcement contains Inside Information.

The Board of HICL Infrastructure PLC ("HICL", or the "Company") announces Interim Results for the Company for the six months ended 30 September 2024. The Interim Report is available at the following link: https://www.hicl.com/investors/reports-publications/

Highlights

For the six months ended 30 September 2024

- The portfolio delivered an annualised underlying return of 5.5% (30 September 2023: 8.2%) before the impact of changes to macroeconomic assumptions.
- Operational performance in the period was broadly in line with plan. The portfolio return lagged expectations primarily due to increased forecast cost risk associated with facility condition across a subset of HICL's PPP assets. This was reflected in a discount rate increase applied to 36 UK PPP assets (29% of the portfolio by value) and specific forecast cost adjustments to a subset of these assets.
- HICL's growth assets continued to perform well operationally, delivering in line with business plans over the period, and progressing significant capital investment which underpins future growth.
- The Net Asset Value ("NAV") per share decreased by 1.7p to 156.5p (31 March 2024: 158.2p), principally reflecting the aforementioned adjustments to the subset of UK PPP assets. This was also the main driver of the increase of the portfolio's weighted average discount rate to 8.1% from 8.0%, with the weighted average risk-free rate for the portfolio increasing to 4.2% from 4.1%.
- Dividend cash cover improved to 1.07x (March 2024: 1.05x), or 2.06x including profits on disposals completed in the period (March 2024: 1.37x). This positive trend is expected to continue, supported by higher historical inflation flowing into cash receipts and growth assets increasing their yield contributions over time.
- The Board reaffirms that HICL remains on track to deliver its target dividend of 8.25p per share for the financial year ending 31 March 2025 and also reiterates its dividend guidance of an increase to 8.35p per share for the year ending 31 March 2026[2].
- HICL's approach to capital allocation in the period prioritised balance sheet enhancement, providing the Company with over £400m of liquidity available for selective capital deployment. Disposal proceeds received enabled the full repayment of HICL's £400m Revolving Credit Facility ("RCF") and commencement of a £50m buyback programme, of which £17.6m had been completed by 30 September 2024.
- Helen Price, HICL's CFO, will be leaving InfraRed in December 2024 and has stepped down from the HICL Investment Committee. In line with InfraRed's succession planning a CFO has been appointed to be responsible for HICL and is expected to join the business in Q1 2025.
- Current market conditions are expected to provide opportunities to progress the Company's strategy, including through selective portfolio rotation where opportunities are accretive relative to share buybacks. The long-term drivers of infrastructure development remain highly supportive for HICL's strategy.

1. Defined as the return on the portfolio that includes the unwind of the discount rate and portfolio performance (excluding macro-economic performance)

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

Mike Bane, Chair of HICL, said:

Mike Bane, Chair of HICL, said:

"This period has seen a concerted effort to enhance the Company's balance sheet. Proceeds received from completed asset sales have allowed full repayment of the RCF and the commencement of the Company's first share buyback programme, which has substantially progressed. With a robust portfolio, strong yield and significant opportunity for capital growth, we believe HICL continues to offer compelling risk adjusted returns against the current market backdrop"

Edward Hunt, Head of Core Infrastructure Funds at InfraRed Capital Partners, HICL's Investment Manager, added:

"HICL's portfolio continues to show resilient overall performance, with growth in both underlying cashflow generation and asset-level expansion capex, to the benefit of future earnings. HICL's growth assets continue to deliver against their business plans, providing valuable diversification to the portfolio and complementing the robust yields provided by the Group's PPP assets. Looking ahead, the progress made in our proactive capital allocation policy will allow HICL to capitalise on future strategic portfolio rotation opportunities."

Summary Financial Results (On an investment basis)

For the six months to	30 September 2024	30 September 2023
Income	**£71.7m**	£10.9m
Total Return	**£45.0m**	£(27.6)m
Earnings / (loss) per share	**2.2p**	(1.4)p
Target dividend per share for the financial year to 31 March	**8.25p**	8.25p

Net Asset Value	30 September 2024	31 March 2024
NAV per share	**156.5p**	158.2p
Interim Dividend	**2.06p**	2.07p
NAV per share after deducting interim dividend	**154.4p**	156.1p

Chair's Statement

The first half of the financial year has seen HICL's balance sheet strengthened through the receipt of disposal proceeds, providing liquidity and flexibility for highly selective capital deployment.

In a period of muted transaction activity HICL successfully completed the final two accretive disposals that had been previously announced, including the entire equity interest in the Northwest Parkway toll road. Proceeds have been used to repay the Revolving Credit Facility in full and to initiate HICL's first share buyback programme. This approach to capital allocation prioritises balance sheet strength. It positions the Company favourably to generate further returns from share buybacks and to capture investment opportunities that exceed those returns.

Portfolio performance in the period lagged expectations, predominantly due to increased forecast costs linked to facility condition in a subset of the PPP portfolio. The Group's growth and construction assets delivered solid performance, highlighting the benefits of HICL's deliberate transition towards a diversified core infrastructure portfolio. Cash distributions from the portfolio increased overall, with an associated increase in underlying dividend cash cover to 1.07x for the period (March 2024: 1.05x)[1]. This has enabled the Board to reiterate the dividend guidance of 8.25p per share for financial year 2025, growing to 8.35p per share for the financial year 2026. The Company's investments benefit from defensive and growing long-term cash flows which are substantially insulated from economic and financial market volatility.

The Company's Investment Manager continues to observe resilient valuations for high-quality core infrastructure assets across the private market, though transaction volumes remain below historical averages. In combination with the Company's recent transaction experience, these market dynamics give the Board confidence in the Directors' valuation of HICL. The share price as at 30 September 2024 implies a long-term total portfolio return of 8.6% p.a. net of costs[2] and over a weighted average asset life of 29.4 years. The Board believes this represents compelling risk-adjusted value for prospective marginal buyers.

Central banks have begun the rate cutting cycle in HICL's markets, making defensive propositions such as HICL's more attractive, as the implied equity risk premium over risk-free rates increases. The Board and the Investment Manager have evolved the Company's portfolio to better position HICL to not only deliver its key defensive attributes, but also offer growing income and an increasing capital base. Compared with fixed income, HICL offers investors a unique mix of higher nominal returns, inflation protection, the potential for capital growth, and outperformance from active management.

Financial performance

HICL's NAV at 30 September 2024 was 156.5p (March 2024: 158.2p). The earnings per share was 2.2p (September 2023: loss of 1.4p). Total Shareholder Return ("TSR")[3] on an annualised basis was 3.1% (September 2023: 1.7%) and the underlying Annualised Return from the portfolio was 5.5%[4] (September 2023: 8.2%).

The movement in the NAV per share in the period was primarily driven by the recognition of increased forecast cost risk associated with facility condition across a subset of HICL's PPP assets (overall detracting 1.4p from Portfolio Return[5]). Conversely, HICL's growth assets contributed 2.4p to Portfolio Return, underpinned by solid operational performance.

A detailed explanation of the factors affecting the valuation is set out in the Valuation of the Portfolio section starting on page 12 of HICL's 2024 Interim Report.

Capital allocation

Strategic asset rotation remains a key driver of shareholder value for HICL, with 27 asset disposals for an aggregate consideration in excess of £1bn executed since IPO, including £509m over the last 18 months, all at or above carrying value. Between 22 May and 30 September the Company has purchased 13.9m of its own shares for a total consideration of £17.6m[6] out of the £50m buyback programme, whilst retaining over £400m of liquidity available for selective capital deployment, including its fully undrawn RCF as at 30 September.

Looking ahead, the Board expects attractive opportunities to arise, both within the portfolio and externally, creating the potential to enhance HICL's portfolio construction and long-term shareholder value. The bar for new investment continues to be informed, alongside other key portfolio metrics, by the return offered on buying back the Company's shares at a material discount. At period-end this implied a return hurdle of 9.7%[7].

HICL's Investment Manager also expects to continue to explore selective disposals where these improve portfolio composition. The Board anticipates that the pace of disposals going forward will be in line with the long-term average. All capital allocation decisions continue to be approved by the Board.

Dividend guidance

The Board is pleased to reaffirm that HICL remains on track to deliver its target dividend of 8.25p per share for the financial year ending 31 March 2025; and also reiterates its dividend guidance of 8.35p per share for the year ending 31 March 2026.

The Board notes the continuing improvement in dividend cash cover to 1.07x for the period (March 2024: 1.05x), or 2.06x including profits on disposals, and expects this positive trend to continue over the coming years as higher historical inflation flows through into cash receipts and growth assets increase their yield contributions over time.

Outlook

The Board believes that the current public market discount to private valuations for high-quality core infrastructure assets represents a compelling opportunity for investors with a longer-term horizon.

The Group's capital allocation priorities have been clearly set out and are being delivered against; the Group's RCF is fully repaid and the share buyback programme is well underway. Variable market conditions are expected to provide opportunities to further enhance portfolio construction and generate shareholder value through selective investments where these are accretive relative to further share buybacks. HICL has the balance sheet strength and available liquidity to successfully capture these opportunities in line with the Group's long-term strategy.

Mike Bane, Chair

19 November 2024

1. Excluding profits on disposal versus original acquisition cost of £82.7m (September 2023: £25.2m). Including profits on disposal cash cover is 2.06x (September 2023: 1.35x)
2. Based on discount rate, less ongoing charges ratio, adjusted to reflect the share price discount to the NAV using published discount rate sensitivities
3. Based on interim dividends paid plus change in NAV per share
4. Calculated as Portfolio Return divided by the rebased valuation, annualised. Excludes changes in macroeconomic assumptions. More details provided in the APM section on page 21 of HICL's 2024 Interim Report
5. Defined as the return on the portfolio that includes the unwind of the discount rate and portfolio performance (before adjusting macroeconomic assumptions

6. Excluding direct costs of £0.1m. Including costs this figure is £17.7m

7. Based on discount rate, adjusted to reflect the share price discount to the NAV using published discount rate sensitivities

Investment Manager's Report

HICL's high-quality portfolio and robust capital structure continue to demonstrate resilience against broader macro volatility, whilst positioning the Group to benefit from the structural tailwinds driving long-term growth in infrastructure investment.

The six months to 30 September 2024 saw further consolidation following significant asset rotation activity in the previous year, which served to enhance key portfolio metrics, support the Group's valuation and bolster the balance sheet. The completion of two accretive asset sales, which were agreed in the prior period, has resulted in a net current cash position for the Group at the period end[1], providing a robust platform from which to execute the Company's strategy.

The quality of HICL's portfolio underpins its compelling investment proposition. Over recent years portfolio construction has been deliberately weighted towards assets positioned for growth, via the build-out of their capital bases, without compromising those key elements that define HICL's core infrastructure positioning: critical assets delivering long-dated, stable and inflation-linked cash flows from a protected market position. This proactive evolution of HICL's portfolio beyond the maturing PPP assets ensures that the Group remains well positioned to offer shareholders an attractive combination of income and capital growth over the long term.

Despite HICL's robust capital structure, embedded growth and attractive long-term investment proposition, the Company's share price continues to trade at a material discount to the Net Asset Value, offering incremental investors an elevated risk-adjusted return[2]. InfraRed[3], in collaboration with the HICL Board, remains highly focused on activity to close this discount, including prudent management of the balance sheet and share buybacks. Additionally, the Company's compelling, forward-looking strategy is essential to attracting new capital to the share register, including due consideration of attractive investment opportunities where these meet portfolio requirements and have strong strategic merit.

Operational Highlights

HICL's portfolio delivered an annualised underlying return of 5.5% over the first half of the year (8.2% at 30 September 2023) before the impact of changes to macroeconomic assumptions or reference discount rates. This lagged the expected return of 8.0% for the period (as set by HICL's weighted average discount rate at 31 March 2024), largely as a result of a discount rate increase and specific cost adjustments applied to a subset of UK PPP assets where lifecycle delivery risk sits with the portfolio company. More generally, portfolio performance was resilient and continued to benefit from predictable revenues, strong inflation correlation and limited cash flow exposure to high interest rates.

Further details can be found below and in the Valuation section of this report starting on page 12 of HICL's 2024 Interim Report.

Operational performance overview

The operational performance of the PPP portfolio in the period was broadly in line with expectations. Going forward, the valuation reflects increased forecast costs associated with facility condition, arising from the management of construction defect remediation and long-term lifecycle delivery. The valuation adjustment comprises a discount rate increase applied to 36 UK PPP assets (29% of the portfolio by value) where lifecycle risk is borne by the portfolio company, as well as specific forecast cost adjustments to a subset of these assets. InfraRed's active asset management approach duly prioritises high standards of facility condition and service levels for HICL's clients and end-users. As PPP assets approach the end of their concessions, the proactive management of lifecycle spending becomes increasingly important to ensure a smooth handback to the public sector.

InfraRed generally enjoys productive and collaborative working relationships with each of HICL's broad range of public sector clients. However, following a protracted dispute with the client at Tameside Hospital, HICL agreed to sell its equity interest in the Tameside Hospital PPP to the portfolio company lenders for a nominal sum, resulting in a modest reduction in valuation.

HICL's growth assets demonstrated solid operational performance over the first half of the year. At both Fortysouth and Texas Nevada Transmission ("TNT"), InfraRed's local asset managers have worked closely with the company management teams on the expansion of their businesses. Fortysouth's tower rollout programme is progressing in line with expectations, and at TNT the accelerated pace of renewable energy generation is expected to result in a higher level of grid connections. The increased capital spending associated with these grid connections is expected to be self-funded by free cash flow, therefore enhancing HICL's long-term earnings with lower dividends expected from the asset over the short term. Maintaining the correct balance between the yield and growth elements of HICL's portfolio remains a portfolio construction priority for InfraRed.

On 11 July 2024, Ofwat published its draft determination for Affinity Water ("Affinity"). Following a period of consultation, Affinity submitted its representation to the regulator in late August and expects to receive a final determination in late December. Overall, the draft determination is consistent with InfraRed's assessment that Affinity will be able to resume distributions to shareholders in the next regulatory period, although the level of yield will be dependent upon where Ofwat lands on its approach to gearing in the final determination. HICL remains supportive of Affinity's growth plans with a c.£50m equity investment anticipated over the next AMP[4], contingent on a fair final determination, including the resumption of distributions at a reasonable level.

Further details of the operational performance of HICL's five largest assets and the PPP portfolio can be found on pages 9 to 11 of HICL's 2024 Interim Report.

Portfolio construction and capital allocation

During the period, InfraRed's main focus was on completing the disposals that were announced at the end of the previous year. This included:

- Northwest Parkway (US), the completion of the disposal of HICL's remaining stake in the asset to Vinci alongside the co-shareholders (transaction completed in April 2024). The net proceeds of US 232m represented a 30% premium to carrying value; and
- Half of the Group's investment in the Hornsea II OFTO, which was the last of five assets sold as part of a wider £204m portfolio sale to John Laing at a premium to carrying value (transaction completed in May 2024).

Following HICL's clearly articulated capital allocation approach, disposal proceeds were first used to fully repay the Group's RCF in May 2024, with surplus funds subsequently applied to the Company's £50m share buyback programme. The Investment Manager primarily views buybacks at a significant discount to NAV as economically attractive, but notes that these also serve as a sign of confidence in the Company and illustrate the range of levers available to the Board and Manager to enhance shareholder value.

Routinely undertaking disposals to improve portfolio construction, demonstrate the robustness of the valuation, and generate liquidity, has been a core part of HICL's differentiated approach since IPO. In that time, the Investment Manager has made over £1bn of strategic asset disposals. InfraRed will continue to explore selective disposals where these meet strategic criteria and improve key portfolio metrics, noting that the pace of asset sales is expected to return to more normalised levels when compared with the prior year.

InfraRed continues to observe attractive opportunities for HICL to pursue, and as a result of its diligent approach to capital allocation, the Group is well placed to capitalise on situations which present favourable competitive dynamics and outsized returns. The return threshold for assessing new investments remains high, with the benchmark for new opportunities informed by the potential NAV accretion through additional share buybacks, as well as by the contribution of new assets to HICL's key portfolio metrics. Funding for any future investments would be supported through the modest utilisation of the £400m RCF, as well as selective disposals as appropriate. The risk and return proposition available to the Company through buying back its shares will continue to be a key benchmark for future capital allocation decisions.

Financial Highlights

HICL's NAV per share decreased by 1.7p over the period to 156.5p at 30 September 2024 (31 March 2024: 158.2p). The decrease was primarily attributable to higher forecast costs associated with facility condition. This adjustment to the carrying value of these assets comprised a 15bps increase in the discount rate across the UK PPP portfolio where assets are subject to increased lifecycle risk, and specific forecast cost adjustments to a subset of these assets.

The weighted average discount rate increased to 8.1%, predominantly due to the specific discount rate adjustment described above. The weighted average risk-free rate for the portfolio is 4.2% (31 March 2024: 4.1%) and the weighted average risk premium remained at 3.9% (31 March 2024: 3.9%). Notwithstanding lower inflation and the commencement of central bank base rate cuts in HICL's core jurisdictions, long-term government bond yields have not changed materially, and transaction activity remains at levels below historical averages. Against this backdrop HICL's reference discount rates remain appropriate and are well supported by over £509m of disposals undertaken by the Group at a premium to NAV over the last 18 months.

In aggregate, macroeconomic changes to short-term inflation, longer-term interest rate assumptions and sterling strengthening had a negative impact on the overall valuation. Further detail on the approach to the valuation can be found in the Valuation section of this report starting on page 12 of HICL's 2024 Interim Report.

Cash cover was 2.06x including profits on disposal (31 March 2024: 1.37x) and 1.07x excluding profits on disposal (31 March 2024: 1.05x). This upward trajectory in dividend cash cover is in line with forecast and underpins the guided

(31 March 2024: 1.05x). This upward trajectory in dividend cash cover is in line with forecast and underpins the guided return to dividend growth (8.35p) in the year to 31 March 2026.

HICL ended the period with available liquidity of £459m (31 March 2024: £490m), comprised of a £400m undrawn RCF[5] and cash balances of £65m (31 March 2024: £33m). Net debt was £85m (31 March 2024: £304m) comprising the Group's £150m private placement, net of cash. Disposal proceeds received in the period have been used to fully repay the RCF and fund £17.6m[6] of share buybacks, part of the £50m share buyback programme which commenced in the period. HICL has outstanding commitments of £63m (31 March 2024: £65m).

Portfolio level gearing was 66% at 30 September 2024 (31 March 2024: 68%), with £160m of amortising debt repaid in the period. Combined with the £150m private placement, the Group's look-through gearing as a proportion of the total enterprise value was 67%.

Investment Manager update

The Investment Manager notes that Helen Price, HICL's CFO, will be leaving InfraRed in December 2024 and has stepped down from the HICL Investment Committee. The financial activities, undertaken by InfraRed on behalf of HICL, continue to be led by senior members of InfraRed's portfolio management and finance teams, with senior management support. In line with InfraRed's succession planning a CFO has been appointed and is expected to join the business in Q1 2025.

Sustainability

Following the publication of HICL's net zero transition plan in May 2024, InfraRed continues to work with individual portfolio companies to develop and roll out decarbonisation strategies. Assisted by expert third-party advisers, the management teams of each asset have identified various actions which will then be implemented over the short-, medium- or long-term. To monitor progress and promote best practice, InfraRed also held a dedicated ESG summit in September 2024 which included all of HICL's portfolio companies and provided a forum for management teams to benefit from InfraRed's collective sustainability expertise through several interactive case studies. Topics covered included net zero action plans, climate resilience, and compliance with the upcoming EU Corporate Sustainability Reporting Directive ("CSRD") for those assets in scope.

InfraRed's Portfolio Impact team is also continuing to work with portfolio companies on seven targeted initiatives identified through the ESG survey and Creating Better Futures awards, including the 'Purple Book' which serves as a user guide for NHS Trust staff, patients and visitors to improve their hospital experience. The shortlisted initiatives will now be scaled and replicated across the HICL portfolio, where appropriate.

A full update on the progress of these initiatives and HICL's wider sustainability strategy will be reflected in HICL's 2025 Sustainability Report in May 2025.

Key risks update

HICL's risk appetite statement, approach to risk management and governance structure are set out in the Risk and Risk Management section of HICL's 2024 Annual Report, which can be accessed on the Company's website at www.hicl.com.

The principal risks for the Group for the remaining six months of its financial year are consistent with those reported on in the 2024 Annual Report. Notable updates in the period for the Group's key risks are summarised below.

Facility condition risk

Given the critical nature of HICL's PPP assets, InfraRed's active asset management approach is predicated on maintaining high standards of facility condition for HICL's clients and end-users. In cases where remediation works are required to address construction-related defects, InfraRed is overseeing delivery of appropriate capital works programmes alongside responsible construction contractors. The planning and delivery of lifecycle spending is another important factor in managing the facility condition risks associated with PPPs.

Following a thorough review as part of the valuation process, InfraRed has identified and reflected an increase in forecast cost risk associated with defect remediation and lifecycle delivery on a subset of UK PPP assets. These valuation adjustments reflect the challenging operating environment for capital works delivery and elevated client expectations as handback approaches.

PPP assets make up 58% of HICL's portfolio by value, and lifecycle risk and reward is borne by the portfolio company on 59% of these assets (34% of the portfolio by value overall). In these cases, InfraRed continues to closely monitor the appropriateness of the lifecycle forecast reflected in each asset's valuation and the risk around this judgement. For the remaining 41% of the PPP portfolio, lifecycle risk is passed down to the facilities management contractor, which helps to mitigate some, but not all, of the risk related to facility condition and handback. HICL has 40 projects scheduled for transfer to the public sector within the next ten years, which account for 16% of the Directors' Valuation at 30 September 2024.

Political and regulatory risk

The Investment Manager notes the election outcome in the UK which occurred during the period, which could result in greater UK political stability. There is currently not expected to be any direct impact on HICL's portfolio as a result of the change in UK government. HICL's two UK rail investments are outside of the scope of the planned renationalisation of train operating companies. More broadly, we note the new UK government's stated aim of leveraging private capital in support of delivering much needed infrastructure investment, although a clear policy framework around infrastructure ownership and procurement is yet to be defined. The Investment Manager also notes the results of elections in both France and the US (the latter after the period end).

On 23 October 2024, the UK Government announced that it had launched an Independent Commission into the water sector and its regulation, which is due to report in 2025 with recommendations on how to tackle perceived systemic issues in the sector. Although the recommendations of the review are currently uncertain, Affinity Water will continue to focus on delivering solid operational performance as a water-only supplier, supported by a robust capital structure.

In respect of the PPP portfolio, the Investment Manager continues to highlight that long-term partnership frameworks inherently carry certain risks, which are heightened by the broader operational and financial challenges facing the UK public sector. In certain sectors, such as UK healthcare, this pressure can translate into actions that could prove adverse to the interests of the PPP, including with respect to service delivery. The previously highlighted disposal of the Tameside Hospital PPP in the period for a nominal sum illustrates this risk, noting that such instances are not representative of the broader portfolio.

Macroeconomic risk

The macroeconomic climate continues to weigh on listed market valuations for real assets, including for HICL. As a consequence of falling inflation, central banks across HICL's core jurisdictions announced cuts to base rates during the period. However, financial markets remain volatile, with geo-political unrest and concern around sovereign indebtedness likely to continue to present headwinds over the remainder of the year. The persistence of macroeconomic volatility, including the higher interest rate environment, is likely to limit HICL's opportunities to raise new equity capital in the near future.

InfraRed remains confident in the quality and valuation of HICL's portfolio and has clearly demonstrated its ability to progress HICL's strategic objectives without reliance on equity capital markets. If equity markets remain inaccessible for a protracted period, the Investment Manager is confident in its to rotate assets to enhance HICL's portfolio and investment proposition over the long term.

Market and Outlook

The prevailing discount to NAV at which HICL's shares trade demonstrates a persistent disconnect between public and private market valuations for high-quality core infrastructure assets. The commencement of interest rate cutting cycles by central banks in the period across HICL's key geographies is expected to support HICL's share price, noting the heightened correlation with long-term UK government bond yields over the preceding 24 months.

The size, maturity and quality of HICL's portfolio will enable the Group to deliver its strategy from organic cash flow, without reliance on external capital. HICL's growth assets are forecast to self-fund investment in their respective capital bases and dividend cash cover continues to trend upwards, in support of both announced dividend growth and reinvestment in HICL's portfolio to enhance long-term earnings.

The backdrop for private investment in infrastructure remains positive and is expected to provide a structural tailwind to the Company's strategy over the long term. Market conditions remain variable, as a result of macroeconomic volatility, but continue to present attractive investment opportunities to experienced, nimble and well-capitalised investors, such as HICL.

These factors ensure that the Company is well positioned to deliver a compelling, forward-looking strategy for investors, comprised of both income and capital growth, and is supported by an improving macroeconomic backdrop.

1. Excluding long-term commitments and the Private Placement loan notes
2. The share price at 30 September 2024 implies a steady state expected return of 9.7% gross or 8.6% net of fees, based on HICL's discount rate (expected return) and adjusting to the share price utilising the disclosed discount rate sensitivities
3. The Investment Manager of HICL Infrastructure Plc, InfraRed Capital Partners Limited ("InfraRed")
4. Asset Management Plan period, the five-year periods over which UK water companies are regulated
5. Of which £394m is available and £6m is set against letters of credit on the RCF
6. Excluding direct costs of £0.1m. Including costs this figure is £17.7m

Directors' Statement of Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as adopted by the United Kingdom; and
- the interim management report, comprising the Chair's Statement, Investment Manager's Report and Financial Results, includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Mike Bane, Chair

19 November 2024

Publication of documentation

The above information is an extract of information from HICL's Interim Report. The Interim Report has been submitted to the National Storage Mechanism and will shortly be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism. It can also be obtained from the Company Secretary or from the Investors section of the Company's website, at www.HICL.com.