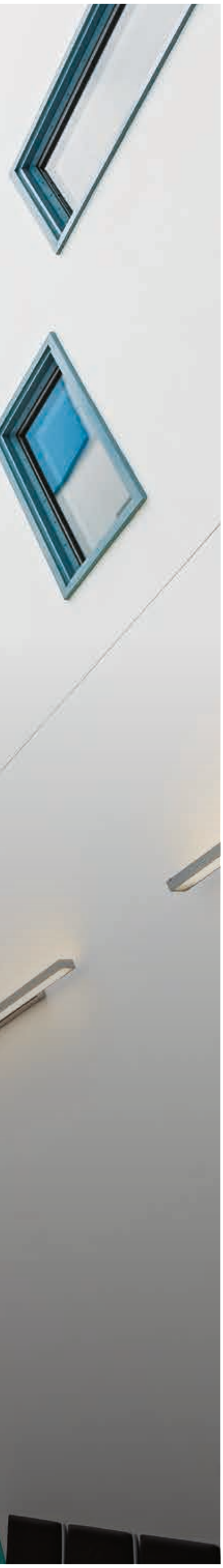
HICL Infrastructure

HICL Infrastructure PLC Annual Report 2021

Delivering Real Value.

Tameside General Hospital, UK



Contents

Front cover image: **Salford Schools, UK**

2021 Highlights

152.3p
NAV per share[1]
(2020:152.3p)

5.5%
Total Shareholder Return[3]
(2020: 1.9%)

0.9x
Dividend cash cover[2]
(2020: 1.14x)

8.25p
New Dividend Guidance[4] **for 2023**
Reaffirmed Dividend Guidance[4] 8.25p for 2022

MARKET SEGMENT

March 2021

March 2020

	Mar 21	Mar 20
▲ PPP projects	71%	72%
▲ Demand-based assets	19%	20%
▲ Regulated assets	10%	8%

GEOGRAPHIC LOCATION

March 2021

March 2020

	Mar 21	Mar 20
▲ UK	74%	76%
▲ EU	18%	17%
▲ North America	8%	7%

Top ten investments

Differentiated Investment Proposition

LOW SINGLE ASSET CONCENTRATION RISK

46%

Ten largest assets as a proportion of the portfolio as at 31 March 2021

STRONG INFLATION CORRELATION

0.8

Correlation of portfolio returns to inflation[5] as at 31 March 2021

GOOD CASH FLOW LONGEVITY

28.6 years

Weighted average asset life as at 31 March 2021

[1] Net Asset Value
[2] On an Investment Basis, including profits on disposal of £11.9m (2020: £16.4m). Excluding this, dividend cash cover would have been 0.83x (2020: 1.03x)
[3] Based on interim dividends paid plus change in NAV per share in the year, divided by opening NAV per share
[4] Expressed in pence per Ordinary Share for the financial year ending 31 March
[5] 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 Corporate Group expenses) would increase by 0.8%

Committed to continued sustainability leadership

2020 87% → **2021** 99%

Percentage of the HICL portfolio that is rated 'high' for ESG performance[6] significantly increased through investee company engagement

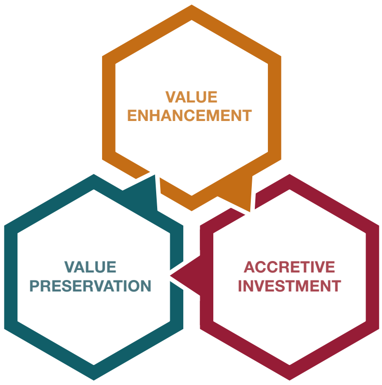
> "The Company's performance is inextricably tied to the delivery of positive stakeholder outcomes, in particular for the communities who use, and interact with, the Company's assets in their daily lives."
>
> **Ian Russell CBE, Chairman**

Business model delivers value for stakeholders

Active management
- Generate base case cash flows
- Deliver well-maintained infrastructure for end users

Outperformance
- Improve financial performance
- Enhance communities' experience of infrastructure

Resilience
- Build a sustainable portfolio of investments
- Benefits from a strong, long-term social purpose



Sustainability highlights

Climate Change Impact Assessment

- Climate change impact assessment conducted across the entirety of HICL's portfolio
- Assessment looked at both physical risks to assets in different climate scenarios as well as risks associated with the transition to a lower carbon economy

Further details on page 32

TCFD Compliance

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- HICL and InfraRed are official TCFD Supporter companies
- HICL began voluntarily reporting against the TCFD guidelines in its 2020 Annual Report
- In conjunction with the climate impact assessment, HICL now voluntarily reports against TCFD on a fully compliant basis

Further details on page 35

ESG Metric-linked Facility

- HICL has introduced a full suite of metrics to objectively measure the Group's sustainability performance – see page 31
- A subset of these metrics has been incorporated into an innovative Revolving Credit Facility, linking ESG performance to financial outcomes

Further details on page 52

[6] 'High' rating in ESG performance means scoring 4/5 stars in the HICL Sustainability Survey

Salford Schools, UK

01 Overview

1.1 Chairman's Statement

Ian Russell, CBE
Chairman

These last 12 months have been challenging for many of the Company's stakeholders, with unprecedented change across daily life.

The Board acknowledges the difficulties faced by many at this time, and wishes to express its sincere gratitude to HICL's partners, led by the Investment Manager, for their tireless support of the Company in the period. HICL's continued delivery of essential public infrastructure to communities throughout this pandemic-affected period is direct testament to the high quality of long-term partnerships that we share with our key stakeholders.

Introduction

I am pleased to report a resilient result for the year to 31 March 2021. Total Shareholder Return[1] over the year has been 5.5%, despite the impact of increases in UK corporation tax rates announced in the March 2021 Budget on the value of HICL's investments (see Financial Performance below). The underlying performance of the Company's portfolio continues to be robust, underpinned by the quality of its diversified cash flows, and is well-positioned to benefit from the post-pandemic economic recovery.

The Company continues to pursue acquisitions targeted at specific areas of the core infrastructure market, with a healthy pipeline of opportunities. These efforts remain anchored to an uncompromising focus on the appropriate risk and reward for the Company and the enhancement of HICL's investment proposition for shareholders.

Stewardship of Essential Public Assets

Providing well-maintained core infrastructure for communities, which generates sustainable income for shareholders over the long term, sits at the heart of HICL's Investment Proposition. The Company's performance is inextricably tied to the delivery of positive stakeholder outcomes, in particular for the communities who use, and interact with, the Company's assets in their daily lives.

Through its 116 assets, HICL serves a population of over 20 million people globally. In the UK, 1 in 4 citizens interact with infrastructure where HICL is an investor. The Company is a trusted steward of these essential assets, acting as custodian on behalf of the communities that the assets serve and, in many cases, to which the assets will be returned at the end of the defined contractual term.

> "Through its 116 assets, HICL serves a population of over 20 million people globally."

These touchpoints afford HICL an exceptional vantage point to progress the 'Social' dimension of the ESG framework, in particular, as the Company pursues its express intention to provide leadership on sustainability matters across the infrastructure sector.

Climate change

Our long-term stewardship responsibilities demand an inter-generational perspective on risk, matched to the duration of the Company's assets. This year our Investment Manager, InfraRed, completed a climate change impact assessment across the HICL portfolio. As we now work through its findings, this important exercise will provide valuable insights at asset level and enable further collaboration with relevant stakeholders to improve the resilience of public infrastructure, potentially extending well-beyond HICL's period of stewardship.

> "In the UK, 1 in 4 citizens interact with infrastructure where HICL is an investor."

Financial Performance

The underlying annual return[2] from the portfolio was 7.7%, outperforming the Company's weighted average discount rate in the period. NAV remained flat despite several external factors negatively impacting the Company. Returns in the period were supported by: accretive acquisition and disposal activity, a positive outcome from the Competition and Markets Authority's PR19 redetermination, relevant to Affinity Water (more detail can be found in the Investment Manager's Report) and continued evidence of strong asset pricing. These were offset by several external factors: the UK budget's increase in corporation tax rates, the alignment of the UK Retail Price Index ("RPI") with the Consumer Prices Index including owner occupiers' housing costs ("CPIH") 2030, a further softening of long-term interest rates, negative movements in foreign exchange (net of hedging), and government restrictions on travel within the period.

The portfolio continues to perform robustly, with the significant majority of the portfolio not impacted by Covid-19. The ramifications of the pandemic continue to impact High Speed 1 (4% of portfolio value at 31 March 2021) in particular, given continued restrictions on international travel. The Investment Manager's Report (Section 2.5) provides further comment on the impact of Covid-19 on the valuation; in addition, an analysis of the movements in the Directors' Valuation in the year can be found in Section 3.2 – Valuation of the Portfolio.

Balance sheet

The Company's balance sheet remains strong with no net debt and £322m of available liquidity. This was bolstered in the year with the establishment of a dedicated £60m Letter of Credit facility providing greater flexibility for the funding of the Company's greenfield investment pipeline.

In May 2021 HICL renegotiated its revolving credit facility to convert the loan to a Sustainability Linked Loan ("SLL") and transition from LIBOR to SONIA for GBP drawings. The innovative SLL structure links the loan's margin to the Company's performance against five sustainability targets, across Environmental, Social and Governance dimensions. This step further demonstrates the Board's and InfraRed's commitment to delivering HICL's sustainability strategy, and further aligns the Company's financial performance with key stakeholder outcomes.

[1] On a Net Asset Value ("NAV") plus dividends paid basis
[2] "Return" comprises the unwinding of the discount rate and portfolio outperformance, excluding the impact of changes in economic assumptions and discount rates, other than project specific changes

1.1 Chairman's Statement (continued)

Equity capital markets remained supportive of HICL during the year, with the Company raising £120m via tap issuance in July 2020. The strong institutional demand for the key attributes of core infrastructure required significant scale back and the issuance at a premium to Net Asset Value was accretive to the Company's shareholders.

Macro-Economic Environment

Over recent months the Board has been monitoring developments in the macro-economic environment particularly closely. Several relevant measures for the Company have reached inflection points, with observable step-changes in interest rates and UK corporation tax rates. Additionally, the prospect of an increase in the rate of inflation is a key focus for investors.

While higher corporation tax will become a reality for all healthy companies operating profitably, the impact of higher long-term interest rates on the Company would be nuanced and substantially mitigated. Firstly, the historically high equity risk premia implicit in the Company's asset valuations provide a substantial buffer against the risk that rising interest rates will translate into higher discount rates used in the portfolio valuation. Secondly, infrastructure projects invariably hold substantial cash reserves, which benefit from a higher interest rate environment. Finally, rising interest rates are generally a response to expectations of an inflationary environment, to which HICL's positive inflation correlation (at 0.8x) is a significant mitigant, and a key part of the Company's Investment Proposition.

Dividend

HICL pays comfortably the highest dividend amongst its core infrastructure peer group. In the year, cash flow generation from the portfolio was in line with the annual forecast and the full year dividend declared for the year to 31 March 2021 of 8.25p per share was cash covered 0.9 times[3].

The Board is pleased to confirm the dividend guidance of 8.25p per share for the year to 31 March 2022, which is expected to be fully cash covered. This reflects the Company's expectations for a continuation in the recovery of HICL's demand-based assets over the course of the current financial year.

The Board has considered the recent announcement of an increase in UK corporation tax from 19% to 25% from 1 April 2023 and has assessed the impact that a change of this scale will have on the Company's forecast distributable cash flow. The Board has concluded that a continuation of the dividend at 8.25p per share for the year to 31 March 2023 is appropriate. This outcome supports the Company's intent to rebuild dividend cash cover, whilst also continuing to enhance the long-term earnings profile of the Company within the context of a lower return environment. Future dividend increases will be calibrated against these important metrics.

Corporate Governance

Sustainability reporting

The Company continues to take meaningful strides in its sustainability reporting. This year's Sustainability Report (Section 2.6) sees the introduction of metrics across the key environmental, social and governance pillars that effectively capture the essence of sustainability within the context of a portfolio of 116 essential infrastructure assets. A specific sustainability-focused KQI has also been introduced within Section 2.4 – Key Performance & Quality Indicators.

HICL voluntarily elected to report against the Task Force on Climate-related Financial Disclosures ("TCFD") in 2020, documenting its progress towards full reporting and signalling the Company's clear intention to embrace best practice in sustainability. HICL's completion in the year of its climate change impact assessment across the portfolio marks the next major milestone in this journey. The Board is pleased to confirm that HICL has reported against all 11 of the recommended TCFD disclosures, again on a voluntary basis. The Company also formally became a 'TCFD Supporter' in the period.

The standard for sustainability disclosure continues to be raised and the Company welcomes the introduction of the EU Sustainable Finance Disclosure Regulation ("SFDR"). The SFDR seeks to provide a framework for greater transparency across those companies that make a genuine contribution to sustainability outcomes. Though the SFDR is an EU-focused and regulated initiative, the Company identifies with its best practice approach and intends to report against the SFDR, on a voluntary basis, noting that the industry is still settling on its interpretation of the recently released requirements.

Board composition

The Board's role in providing oversight of the Company is underpinned by its commitment to maintaining a diversity of background, executive experience and perspective within its members. The Company is proud to continue to meet the requirements of both the Hampton-Alexander Review and the Parker Review.

> "The Board is pleased to confirm that HICL has reported against all 11 of the recommended TCFD disclosures"

Maintaining expert and diverse viewpoints within the Board composition remains paramount, particularly as the Board enters a period of renewal; this will be mine and Susie Farnon's final year as Directors. The Company benefits from well-developed succession planning which positions HICL for a smooth period of transition.

[3] Including profits on disposals of £11.9m. Excluding this, dividend cash cover would have been 0.83 times

01 / OVERVIEW

Business Model in Action

HICL's robust portfolio return in the period was delivered through successful operation of the Company's business model.

In an extraordinary year, the Company's value preservation activities were focused on the continued support of our public sector clients, particularly in healthcare, through a dynamic and extreme operational environment. This approach ensured the continued availability of critical public assets in the period, and the ongoing provision of essential services to local communities.

The Investment Manager achieved value enhancement through portfolio and asset management initiatives, as well as the effective management of portfolio composition with over £175m of acquisition and disposal activity.

Returns in the period were supported by four accretive acquisitions, including three incremental investments via off-market arrangements, and a successful disposal at a premium to the Company's valuation. These proprietary routes to value creation, facilitated via the Investment Manager's networks and partnerships, are of particular significance while asset pricing remains at elevated levels.

> "...proprietary routes to value creation, facilitated via the Investment Manager's networks and partnerships, are of particular significance while asset pricing remains at elevated levels."

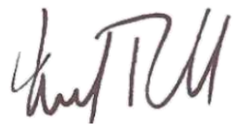
This active management of portfolio composition through accretive acquisitions remains a core component of HICL's business model. For example, the weighted average life of the portfolio's assets has increased to 29 years compared to 28 years at HICL's initial public offering, despite the passage of over 15 years. The Board and Investment Manager remain focused on the continual improvement of HICL's key metrics, including in relation to portfolio longevity and the strong earnings and cash flow profile of the Company for decades to come.

Outlook

Core infrastructure continues to play a role at the forefront of post-pandemic life: at the front line in facilitating the continued provision of essential services; responding to the pent-up demand of populations on the move again; or as a focal point for government action to stimulate post-pandemic economies while hastening progress towards decarbonisation.

The Board is highly encouraged by the momentum building behind future infrastructure procurement. Notably, in the UK, the Board welcomed the release of the Government's 'Build Back Better' policy paper, the National Infrastructure Strategy, the plan for a 'Green Industrial Revolution', the Energy White Paper, and the Gigabit-broadband programme. Similarly the $2 trillion infrastructure package set out by the US Administration in March 2021 supports a 'once-in-a-generation' investment programme in its infrastructure.

This environment provides a very promising strategic backdrop for HICL as an active participant in the delivery of core infrastructure and a key conduit connecting the savings of families, pensioners and individual investors with the essential infrastructure assets upon which they rely. The Company looks forward to continuing its positive contribution towards the case for private sector support for core infrastructure investment, in line with its established track record as a trusted steward of essential core infrastructure over the long term.



Ian Russell
Chairman
25 May 2021

A249 Road, UK

02 Strategic Report

2.1 HICL's Investment Proposition

HICL's investment proposition is to deliver sustainable income from a diversified portfolio of investments in core infrastructure. The Company offers investors stable, long-term returns from core infrastructure assets that are vital to communities, spanning sectors such as roads, rail, utilities and social infrastructure.

The Investment Manager, on behalf of HICL, seeks to actively develop a portfolio of core infrastructure assets that delivers the investment attributes listed below to investors.

Diversification	▲ HICL provides shareholders with immediate access to a portfolio of 116 core infrastructure investments ▲ HICL's portfolio is purposefully diversified across market segments, sectors, revenue types, geographies and currencies ▲ This active approach to diversification underpins HICL's resilience and the predictability of the Company's cash flows
Sustainability	▲ HICL invests in assets that sit at the heart of communities, which: – provide essential services with important social purpose (e.g. water, healthcare, education, law and order) – facilitate essential inter-regional connectivity (e.g. rail, road) – facilitate the transition to a lower carbon future (e.g. offshore transmission)
Total return	▲ HICL has delivered to investors an 8.9% Total Shareholder Return[1] since IPO ▲ Current return expectations align with HICL's weighted average discount rate of 6.8% (gross of fees)[2] ▲ This return is generated via the active and responsible stewardship of essential core infrastructure assets, delivered through the Company's business model (see facing page)
Yield	▲ HICL delivers the highest cash dividend within the core infrastructure peer group ▲ The stability of the Company's yield profile is supported by HICL's diversification and active management approach
Inflation correlation	▲ The Company delivers a return that is correlated to long-term inflation at 0.8x[3] ▲ Inflation linkage is a key part of the investment proposition, protecting real returns and mitigating against a higher interest rate environment
Asset life	▲ HICL provides shareholders with visibility over cash flows for several decades into the future, derived from its portfolio of long-life infrastructure assets ▲ 28.6 years weighted average asset life ▲ Through active management, the Company continually looks to improve this longevity through effective portfolio construction

[1] Based on NAV per share appreciation plus dividends paid
[2] This is not a profit forecast. There can be no assurance that this expectation will be met
[3] For a 1% increase in future inflation assumptions the portfolio return would increase by 0.8%

2.2 HICL's Business Model & Strategy

HICL's strategy to deliver the Investment Proposition is through the successful execution of its Business Model.

The Board delegates the majority of the day-to-day activities required to deliver the Business Model to the Investment Manager, InfraRed Capital Partners Limited ("InfraRed"). More information on the InfraRed business can be found at Section 2.5 – Investment Manager's Report.

Value Preservation

InfraRed's Asset Management and Portfolio Management teams work in partnership with the management teams in HICL's portfolio companies to preserve the value of investments for shareholders and stakeholders. The objective is to ensure portfolio companies continue to operate with the endorsement of their key stakeholders, including through the delivery of contractual and regulatory requirements, in order to deliver the base-case investment return.

This is achieved through:

- Providing effective governance of portfolio companies, usually through board representation
- Building relationships with key portfolio company counterparties, in particular public sector clients / regulators
- Facilitating and / or driving resolution of operational issues, including disputes and critical issues
- Delivering HICL's sustainability strategy
- Managing the valuation process and oversight of financial performance of each investment against HICL forecasts

Value Enhancement

InfraRed's Asset Management and Portfolio Management teams pursue opportunities to deliver outperformance from the existing portfolio through a systematic, strategic programme of value enhancement. This upside is often shared between HICL's shareholders and public sector clients for PPP projects, or with the customers of regulated assets through periodic regulatory price reviews.

This is achieved through:

- Sponsoring the implementation of initiatives within portfolio companies to optimise asset business plans or capital structures (for example, refinancing existing senior debt facilities)
- Developing and implementing procurement efficiencies across HICL's large and diverse portfolio, in particular by leveraging economies of scale
- Exploring opportunities to add to or upgrade asset level facilities to improve stakeholder outcomes whilst supporting long-term shareholder returns
- Driving efficient financial and treasury management of HICL, seeking to reduce ongoing charges

Accretive Investment

HICL has a clearly defined Investment Policy, which can be found in Section 3.8 – Strategic Report Disclosures. This sets the overarching framework within which HICL seeks to construct a resilient core infrastructure portfolio that delivers the Investment Proposition and is consistent with HICL's overall risk appetite.

This is achieved through:

- A structured evaluation framework focusing on cash flow quality, market positioning and criticality
- Careful and deliberate portfolio construction to improve portfolio resilience
- A focus on sustainability that is built into the investment process (see Section 2.6 – Sustainability Report)
- An objective that acquisitions are accretive to key portfolio metrics
- Utilising a variety of channels, both proprietary and public, across InfraRed's international, multi-fund investment management platform to source accretive transactions

The following summarises HICL's Acquisition Strategy

Geography
Located in developed infrastructure markets

Segmentation
Core infrastructure market positioning

Asset quality
Defined by:
- Cash Flow Quality
- Market Positioning
- Criticality

Value-add
Accretive to HICL's Investment Proposition

2.3
The Infrastructure Market

Core infrastructure is a distinct market segment, comprising assets with good cash flow visibility and entrenched market positioning, that sit at the heart of communities and the economy; that is, essential infrastructure that delivers resilient cash flows from a protected market position.

Core infrastructure
In the 15 years since HICL's IPO in March 2006, the infrastructure asset class has matured, attracting an increasing allocation of institutional capital searching for the predictable, long-term cash yields that are typical of infrastructure investments. In turn, this capital has led to an expansion and broadening of the asset class, which has encouraged market segmentation resulting in observable tiers of risk and return.

The term 'core infrastructure' has become synonymous with those assets that exhibit the most coveted infrastructure characteristics, and by definition sit at the lower end of the infrastructure equity risk spectrum. Since IPO, HICL's investment policy, which continues to guide HICL's acquisition strategy, has been aligned with the core infrastructure market. The Company's investment policy is set out in Section 3.8 – Strategic Report Disclosures.

The Company and its Investment Manager, InfraRed, systematically evaluate the infrastructure market using the following core infrastructure framework, with a principal focus on assessing asset quality via the three key tenets of cash flow quality, market positioning and criticality:

Cash Flow Quality	**Stable revenues**	▲ Low volatility in a range of macro environments ▲ Suitable / diverse counterparties ▲ Inflation protection
	Lower operational gearing / complexity	▲ High capital cost ▲ Low operational complexity
Market Positioning	**Defensive positioning**	▲ Monopolistic characteristics e.g. from exclusive contract or lack of feasible competition ▲ Regulated in some circumstances
	High barriers to entry	▲ Capital intensive business model ▲ Structural protections
Criticality	**Essential assets**	▲ Strong social licence and public benefit ▲ Real assets supporting essential services or facilitating important social function

In this way, core infrastructure is a distinct market segment, comprising assets with good cash flow visibility, entrenched market positioning, that sit at the heart of society and the economy; that is, essential infrastructure that delivers resilient cash flows from a protected market position.

Investors accept the vital role that these assets play in society and therefore the importance of a stakeholder-led approach to maximising long-term shareholder value.

Market segmentation
The Investment Manager analyses the core infrastructure market using a matrix with the following dimensions:

- ▲ Asset quality: cash flow quality, market positioning and criticality
- ▲ Revenue profile: PPP, regulated, demand and corporate
- ▲ Investment categorisation: contracted, mitigated and strategic

The intersection and interaction of these dimensions within the matrix is set out below.

		PPP	Regulated	Demand-based	Corporate
	Overview	Highly **contracted** projects with exclusive revenue rights from government counterparties	Monopoly infrastructure with cost variability **mitigated** by regulatory review mechanisms	Predictable revenues from **strategic** positioning; limited competition and non-discretionary demand	**Strategic** positioning from limited competition, typically including **contracted** revenues
Asset Quality	Cash flow quality	– Highly contracted revenue and costs – Revenue covenant with public sector counterparty – Lower operational gearing	– Cost variability mitigated by regulatory review mechanism – Medium operational gearing / complexity	– Predictable 'user pays' revenues derived from non-discretionary demand – Low operational gearing	– Revenues partially contracted with high-quality and / or suitably diversified corporate counterparties
Asset Quality	Market positioning	– Operate under exclusive licence / lease frameworks – High capital cost	– Regional monopolies – Entrenched / incumbent networks – High capital cost	– Strategic positioning with limited alternatives – High user value proposition – Non-discretionary demand – High capital cost	– Defensive business models – Limited competition – Non-discretionary usage – Capital intensive businesses
Asset Quality	Asset criticality	– Facilitating the delivery of essential services and / or important social function	– Provision of essential goods; vital to individuals, communities and the economy	– Typically vital transport links; connecting regions and facilitating employment	– Infrastructure key to the delivery of essential goods and services (e.g. meters, fibre)
	Examples	– Social infrastructure, transportation	– Water utilities, electricity and gas transmission and distribution	– Toll roads, student accommodation	– Rolling stock leasing
		Contracted	Mitigated	Strategic	Contracted / Strategic

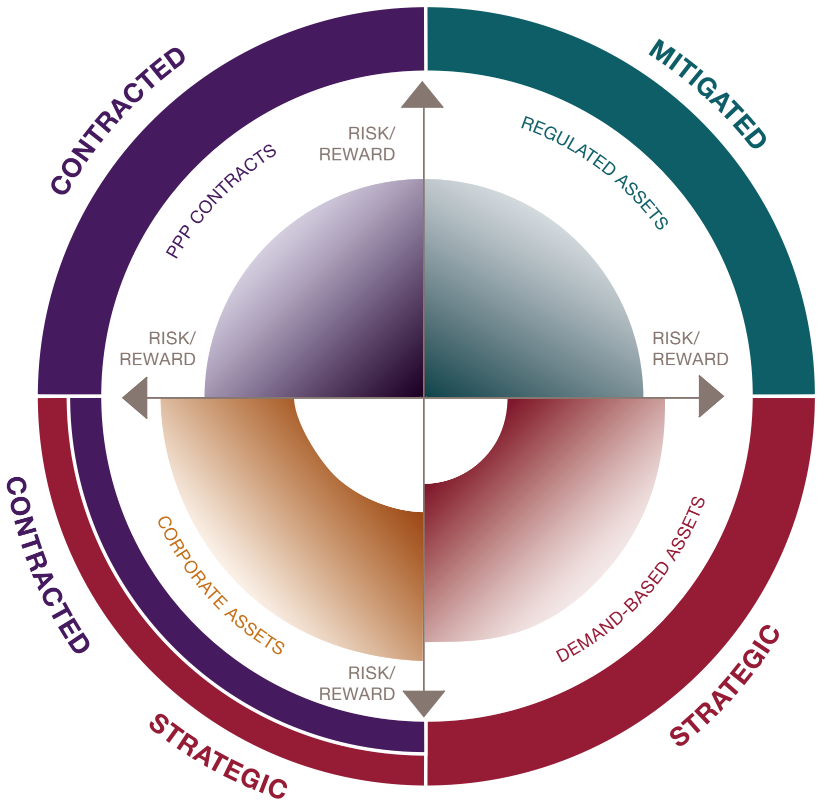
2.3
The Infrastructure Market (continued)

This matrix illustrates the extent to which the various revenue profiles exhibit different risk characteristics, but also vary with respect to their alignment with the three core infrastructure markers of asset quality. By bringing these attributes together, the Investment Manager is able to make a further categorisation of the market for infrastructure investments: contracted, mitigated and strategic.

This investment categorisation reflects the nature of the revenue and cost base, and accordingly, the stability of the cash flows to equity. Through this classification matrix the Investment Manager is able to make a comprehensive assessment of risk characteristics across the infrastructure market. This informs asset pricing and provides a guide for robust portfolio construction via effective diversification.

The diagram below shows an illustration of the core infrastructure market segment, organised principally by revenue profile (i.e. PPP, regulated, demand-based and corporate) with a further overlay reflecting investment categorisation (i.e. contracted, mitigated and strategic).

Illustrative Infrastructure Market Map



KEY

Inner wheel denotes Revenue Profile

Outer wheel denotes Investment Categorisation

Case Study: Core Infrastructure Pipeline Evolution

As society continues to be shaped and influenced by the powerful mega-trends set out on the diagram below, so too will its infrastructure requirements. Increasingly the infrastructure market will evolve in line with these themes, creating a subset of attractive core infrastructure investment opportunities across the 'modern economy'.

PIPELINE OF THE FUTURE

DEMOGRAPHIC CHANGE
- Ageing population
- Environmental & social advocacy
- Sharing economy, including data
- Leisure
- Mobility

ENVIRONMENTAL CHANGE
- Environmental surveillance
- Water scarcity
- Waste management and recycling
- Food security
- Flood defence

GEOPOLITICAL LANDSCAPE
- Security
- Shifting trade patterns

TECHNOLOGICAL DISRUPTION
- Tech penetration of incumbent real assets

CONNECTIVITY & DIGITISATION
- Increasing information traffic
- Requirement for searchable data
- Data storage
- Fibre optics and wireless broadband

LOWER CARBON ECONOMY
- Energy enabling infrastructure
- Electrification of transport
- Fuel replacement infrastructure
- 'Districtification' of utilities

URBANISATION
- Smart transportation
- Existing asset enhancement
- Asset congestion
- Urban sprawl

Though the infrastructure market is evolving, InfraRed's due diligence approach remains a constant. A robust, clearly defined core infrastructure framework to evaluate opportunities remains crucial and constantly seeks:

Cash flow quality	Stable revenues	Lower operational gearing / complexity
Market positioning	Monopolistic characteristics	High barriers to entry
Criticality	Essential assets	

Investment Manager Commentary

The above diagram sets out the Investment Manager's perspectives on the ways in which infrastructure continues to evolve, shaped by powerful 'megatrends'. Infrastructure themes are set out alongside each identified megatrend. A subset of these themes is expected to generate opportunities with core infrastructure characteristics, as the sectors mature or are supported by governments or corporates (e.g. through revenue support or risk sharing). In the period, the themes associated with 'Connectivity & Digitisation' and 'Lower Carbon Economy' continue to have the most pronounced impact on the infrastructure needs of society and the economy.

Government policy plays a pivotal role in the cadence of the evolution of these megatrends and infrastructure themes, with significant policy announcements over the 12-month period. Building on the UK Government's Ten Point Plan for a Green Industrial Revolution, the release of the National Infrastructure Strategy ("NIS") provided significant policy momentum to the decarbonisation of the UK economy by 2050. The NIS also highlights the key role of communications infrastructure in a post-Covid world, leveraging its central role in the Government's levelling-up agenda. The subsequent announcement in March 2021 of the UK's 'Project Gigabit' builds on this strategic ambition. These themes are not unique to the UK. The $2 trillion infrastructure package set out by the US Administration in March 2021 cites decarbonisation and connectivity among its primary spending commitments.

These two investment themes remain the most productive incubators of core infrastructure investments amongst the themes set out above; that is, investment opportunities that best display the characteristics requisite for HICL's core infrastructure mandate. An appropriate pipeline for the Company in these sectors continues to be primarily determined by jurisdictions with mature frameworks around the delivery of the infrastructure (e.g. fibre in Europe, district utilities in the Nordics, smart meters in the UK) and / or supportive revenue frameworks that de-risk more nascent opportunities for investors (e.g. contracting, take-or-pay structures, regulated asset models). Investor appetite for high-quality core infrastructure opportunities remains heightened with demand significantly outweighing supply. HICL continues to be a highly disciplined market participant, focusing origination efforts on those opportunities with the appropriate risk and reward attributes for HICL, sourced via InfraRed's networks.

02 / STRATEGIC REPORT

2.4
Key Performance & Quality Indicators

The Board has identified metrics against which to measure clearly HICL's performance against its strategic objectives. The results for the year ended 31 March 2021 are set out below.

KPI	Measure	Objective	Assessment	31 March 2021	31 March 2020
Dividends	Aggregate interim dividends declared per share for the year	An annual distribution of at least that achieved in the prior year	**Achieved**	8.25p	8.25p
Total Shareholder Return	NAV growth and dividends paid per share since IPO	A long-term IRR target of 7% to 8% as set out at IPO[1]	**Achieved**	8.9% p.a.	9.0% p.a.
Cash-covered Dividends	Operational cash flow / dividends paid to shareholders	Cash covered dividends	**Not Achieved**	0.90x[2]	1.14x[3]
Positive Inflation Correlation	Changes in the expected portfolio return for 1% p.a. inflation change	Maintain positive correlation with a correlation of at least 0.5x	**Achieved**	0.8x	0.8x
Competitive Cost Proposition	Annualised ongoing charges / average undiluted NAV[4]	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**	1.07%	1.11%

[1] Set by reference to the issue price of 100p/share, at the time of HICL's IPO in February 2006
[2] Including profits on disposals of £11.9m. Excluding this, dividend cash cover would have been 0.83x
[3] Including profits on disposals of £16.4m. Excluding this, dividend cash cover would have been 1.03x
[4] Calculated in accordance with Association of Investment Companies guidelines. Ongoing charges excluding non-recurring items such as acquisition costs

KQI	Measure	Objective	Assessment	31 March 2021	31 March 2020
Investment Concentration Risk	Percentage of portfolio value represented by the ten largest investments[1]	Maintain a diversified portfolio of investments (thereby mitigating concentration risk) and, at all times, remain compliant with HICL's Investment Policy.	**Achieved**	46%	44%
	Percentage of portfolio value represented by the single largest investment[1]	Single asset concentration <15%		8%	6%
Risk / Reward Characteristics	Percentage of portfolio value represented by the aggregate value of projects with construction and / or demand-based risk[2]	Compliance with HICL's Investment Policy, to be lower than the aggregate limit of 35% for such investment	**Achieved**	22%	23%
Unexpired Concession Length	Portfolio's weighted-average unexpired concession length	Seek where possible investments that maintain or extend the portfolio concession life such that it remains above 20 years	**Achieved**	28.6 years	27.8 years
Refinancing Risk	Investments with refinancing risk within 24 months as a percentage of portfolio value[3]	Manage exposure to refinancing risk to 20% of portfolio value	**Achieved**	0.2%	0%[4]
Sustainability Stewardship	Percentage of the portfolio that is rated 'high' for ESG performance[5]	>75% of the portfolio rated high in ESG performance	**Achieved**	99%	87%

[1] HICL's Investment Policy stipulates that any single investment (being, for this purpose, the sum of all incremental interests acquired by HICL in the same project) must be less than 20% (by value) of the gross assets of HICL, such assessment to be made immediately post acquisition of any interest in a project
[2] 'More diverse infrastructure investments' which are made with the intention 'to enhance returns for shareholders' as permitted under the terms of HICL's Investment Policy – namely pre-operational projects, demand-based assets and / or other vehicles making infrastructure investments. Further details are set out in the Investment Policy, available from HICL's website
[3] Calculated as required asset refinancings within 24 months: lower of: (i) HICL's share of debt to be refinanced; and (ii) the valuation of HICL's equity investment, divided by HICL's total Directors' Valuation
[4] In 2021 the Refinancing Risk KQI methodology was redefined to look at the next 24 months. Under the previous methodology, which measured refinancing risk throughout the asset life, the 2020 number had been reported as 12%
[5] 'High' rating in ESG performance means scoring 4/5 stars in the HICL Sustainability Survey or subsequent metrics as ESG reporting evolves

Dorset Fire & Rescue, UK

2.5 Investment Manager's Report

Harry Seekings
Head of Infrastructure, InfraRed
Harry leads InfraRed's infrastructure investment business, including overall responsibility for the management of HICL

Keith Pickard
Director, Infrastructure, InfraRed
Keith is responsible for managing the financial activities carried out by InfraRed for the HICL Group

Edward Hunt
Director, Infrastructure, InfraRed
Edward is responsible for the day-to-day management of the Company

The Investment Manager
InfraRed Capital Partners Limited ("InfraRed") acts as the Investment Manager to HICL and Operator of the Group's investment portfolio. InfraRed has day-to-day responsibility for the Company and manages key stakeholders. Activities include:

- Development and execution of HICL's strategy;
- Stewardship of the assets in the portfolio, through proactive asset and portfolio management and the resolution of critical issues;
- Investment origination, due diligence and execution; and
- Capital raising, investor relations and preparation of key external communications.

InfraRed is a specialist real asset investment manager:

USD12bn
Equity under management

25+
Years of investment experience

17
Funds raised

190+
Staff across six countries

25+
Nationalities

220+
Infrastructure assets under management

5
Offices in London, New York, Sydney, Seoul, Mexico City

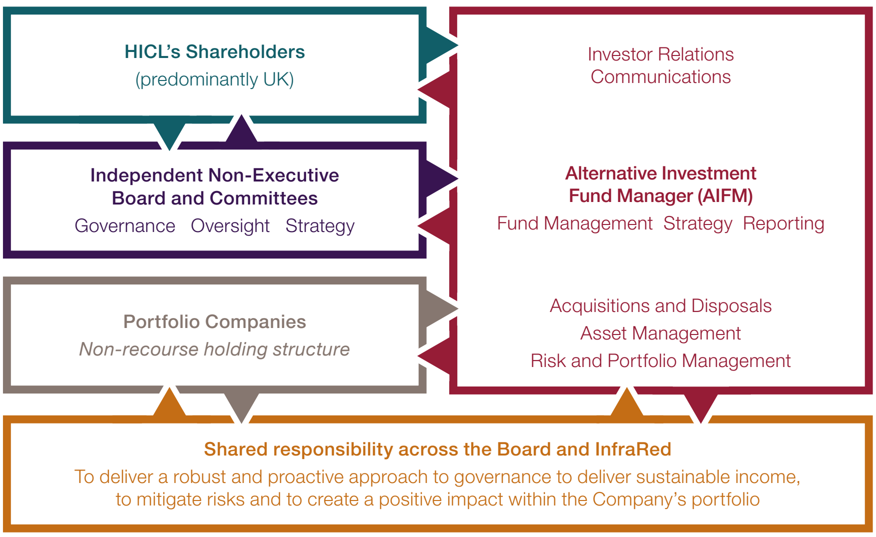
19
Countries where InfraRed manages assets

SLC Management
Partnership with Sun Life / SLC since 2020

Investment Manager's relationship with the Company

HICL Infrastructure — AIF subject to the full scope of the AIFMD (UK Investment Trust Company)

InfraRed Capital Partners — International investment manager focused on infrastructure and real estate



Operational Highlights

The underlying portfolio has delivered a robust return[1] of 7.7% for the year ended 31 March 2021, ahead of the Company's expected return of 7.2% at the start of the year.

PPP projects

The Company's PPP projects (71% of the portfolio by value as at 31 March 2021) benefit from highly contracted revenues and delivered performance in line with management expectations. The success of these joint ventures, for the public and private sectors alike, is built on the quality of the partnership principles exhibited at project level. The challenges of the pandemic in relation to public infrastructure have highlighted the considerable potential for effective partnership models that ensure continuity of essential service provision in a rapidly evolving operating environment.

HICL made two PPP investments in the period. Both investments were incremental stakes, taking HICL's ownership in each to 100%, in operational, availability-based assets and were accretive to the Company's key portfolio metrics. Specifically:

- In June 2020, HICL acquired 74% of the risk capital in the project company that supports the Royal School of Military Engineering in the UK
- In August 2020, the Company acquired the remaining 50% of the risk capital in the project company responsible for the M17/ M18 Gort to Tuam Road PPP in the Republic of Ireland

Selective disposals remain an important source of value for HICL and an effective tool to optimise portfolio construction. In March 2021 the Company announced the disposal of the South East London Police Stations PPP project at a premium to holding value.

The Company has an uncompromising approach to safety across its portfolio. For a number of years this has been particularly focused on fire protection. In the period since the Grenfell Tower tragedy alone, PPP projects in the HICL portfolio have proactively directed over £110m of improvements to fire safety measures, including the remediation of unsafe cladding. In the majority of cases the risk and responsibility is borne by subcontractors. However, on one healthcare asset delivered by the now-defunct Carillion, additional fire-related remediation was identified in the course of carrying out initial upgrade works. This was highlighted in HICL's Interim Report. HICL has committed to invest up to £28m of further equity into the project over a period of 12 months to ensure that these necessary works are delivered and this is reflected in the Directors' Valuation.

Demand-based assets

Investments where revenues are linked to usage accounted for 19% of the portfolio by value as at 31 March 2021. Three investments in the portfolio constitute the majority of this asset allocation and the impact of Covid-19 on these continues to be varied. Specific details on the revenue performance and the valuation approach for these investments are set out in Section 3.2 – Valuation of the Portfolio.

The A63 Motorway in France (7% of portfolio value) has performed in line with the forecast assumed at 30 September 2020. The swift and enduring recovery of the asset's revenues is underpinned by the A63's strategic positioning within the TEN-T trans-European transport network[2].

The Northwest Parkway ("NWP") in Colorado, USA, (5% of portfolio value) continues its path to recovery. Performance in the period was below the forecast assumed at 30 September 2020 due to the imposition of further travel restrictions in November 2020. However, the abatement of these restrictions and now the widespread availability of Covid-19 vaccines in Colorado have contributed to further recovery and support the Investment Manager's assessment that traffic levels will reach pre-Covid levels by June 2023. The investment's valuation has benefited from forecasts for a strong post-pandemic recovery in the US given the asset's GDP-correlation.

High Speed 1 ("HS1") in the UK (4% of portfolio value) continues to be significantly impacted by local and international restrictions on travel. International services (32% of track access revenue to 31 March 2020) remain broadly in line with HICL's forecast as at 30 September 2020, albeit materially below pre-Covid levels (-88%). The timing and extent of the recovery during the calendar year remain uncertain, and our forecast assumes a recovery of international services to c.50% of pre-Covid levels by 31 March 2022. The valuation considers the increased pressure on the financial covenants of the company's debt facilities, linked to the timing of the recovery of international services. Domestic services (68% of track access revenue to 31 March 2020) remain pre-booked to May 2021 at pre-Covid levels. Thereafter domestic revenues are assumed to align with the guaranteed level provided by the contractual underpin from the Department for Transport (96% of pre-Covid revenues) before recovering to pre-Covid levels by the end of 2022.

HS1 continues to enjoy productive working relationships with its key stakeholders, including its train operating customers and the company's lending group. This positions HS1 effectively for the continued cooperation and partnership expected of all parties over the coming months.

[1] "Return" comprises the unwinding of the discount rate and portfolio outperformance, excluding the impact of changes in economic assumptions and discount rates, other than project specific changes

[2] Trans-European Transport Network (TEN-T) is a planned network of roads, airports, railways and water infrastructure in the EU. The initiative seeks to establish intermodal, long-distance and high-speed corridors

2.5 Investment Manager's Report (continued)

In March 2021 HICL acquired additional loan note interests in the Medium Support Helicopter Aircrew Training Facilities project. The project has been operational since August 2000 and receives revenue based on usage by the UK Ministry of Defence and third parties, with guaranteed minimum amounts. The incremental investment was accretive to key portfolio metrics.

Regulated assets

Regulated assets, comprising both Affinity Water and offshore transmission assets ("OFTOs"), accounted for 10% of the portfolio by value as at 31 March 2021.

In March 2021 the Competition and Markets Authority ("CMA") issued its redetermination of the PR19 regulatory price review for four appellant water companies. Notably, the CMA issued an increase in the applicable cost of capital and removed the gearing sharing mechanism introduced by Ofwat. Although Affinity Water (8% of portfolio value) did not lodge an appeal, these findings benefit the assumptions used to value the investment, resulting in a valuation increase in the period. The significant investment required in the network to meet the combined challenges of population growth and a changing climate in the South East of England underpins the strategic importance of the investment over the long term for HICL.

In the period HICL completed the acquisition of a 29% interest in the transmission assets associated with the Walney Extension Offshore Wind Farm. HICL's four OFTO investments continue to perform strongly in their support of the UK's transition to 'Net Zero', recording combined availability over the year to 31 March 2021 of over 99.8%.

Financial Highlights

The Company's Total Shareholder Return, based on the change in NAV per share plus dividends paid, was 5.5% for the year (2020: 1.9%). Changes to the Company's macro-economic assumptions, including lower forecast interest rates, the alignment of UK RPI with CPIH from 2030, negative movements in foreign exchange (net of hedging) and the increase in UK corporation tax from April 2023, reduced NAV by £130.7m / 6.9p per share; and the impact of Covid-19 on HICL's demand-based assets versus the Company's forecast in the 31 March 2020 valuation impacted NAV by £34.4m / 1.8p per share. These factors were more than offset by the robust return of £213.2m / 9.3p per share from the underlying portfolio, including accretive investment and disposal activity, and stronger asset pricing driven by further heightened demand for the key attributes of core infrastructure (£141.1m / 7.4p per share).

Cash flow receipts on an Investment Basis were £178.0m (2020: £205.9m) in line with forecast. After finance and operating costs, net operating cash flows on an Investment Basis were £142.9m (2020: £169.1m), which covered the dividends paid in the year 0.9 times (2020: 1.14 times)[3].

Profit after tax / earnings was £151.9m (2020: £49.5m), principally driven by the same factors as set out above.

HICL uses the Association of Investment Companies ("AIC") methodology to assess the ongoing charges percentage, which for the period was 1.07% (2020: 1.11%).

Dividend Guidance

The Investment Manager supports the Board's confirmation of the guidance of 8.25p per share for the year ending 31 March 2022 and the additional guidance for a continuation of the dividend at this same level for the year ending 31 March 2023.

The Investment Manager provided extensive analysis on the impact of the evolving macro-economic context, including in relation to the proposed increase in UK corporation tax from 1 April 2023. The analysis also considered the relationship between the sustained lower return environment and the dividend level.

InfraRed believes it is appropriate to more closely link future dividend increases with the recovery of dividend cash cover and notes the importance of continuing to improve the long-term earnings profile of the Company to support dividend growth over the longer term, as has been the case since HICL's IPO in 2006.

Sustainability

InfraRed strives to be a responsible investment manager and to develop and manage long-term, sustainable infrastructure. We believe that we can only achieve long-term success for all stakeholders, including investors, by taking ownership of the environmental, social and governance outcomes across HICL's portfolio. This is essential to our vision and, in this regard, the Investment Manager shares the HICL Board's commitment to embracing sustainability best practice. This means recognising the Company's stewardship responsibilities across its portfolio of essential infrastructure. InfraRed continues to drive the delivery of sustainability outcomes across HICL's investments while consistently improving the level of transparency and detail in the associated reporting (see the Company's Sustainability Report – Section 2.6).

The recent completion of the climate change impact assessment across the HICL portfolio is a strategically important initiative: it provides important asset-level information to inform InfraRed's asset management strategies over time; enables collaboration with public sector clients on climate-driven risks and opportunities, potentially beyond the concession expiry; and instructs future acquisition screening and strategic portfolio construction. The Investment Manager continues to work closely with HICL's portfolio company management teams to evaluate and implement the findings from this important review.

[3] Excluding the impact of disposals dividend cash cover was 0.83 times (2020: 1.03 times)

Market best practice in relation to sustainability reporting is rapidly evolving. This year HICL is reporting, on a voluntary basis, against all 11 recommended disclosures from the Task Force on Climate-related Financial Disclosures ("TCFD"). In addition, the Company recognises the importance of the new European Sustainable Finance Disclosure Regulation ("SFDR") in promoting transparency in sustainability disclosures that will benefit companies with bona fide sustainability credentials such as HICL. The Company intends to report against the SFDR framework on a voluntary basis, recognising that the industry is still working through the recently released requirements and with the expectation that UK-specific requirements will follow in due course.

InfraRed has been a signatory of the Principles for Responsible Investment ("PRI") since 2011 and is represented on the Infrastructure Advisory Committee of PRI. The infrastructure business line achieved an A+ rating for its 2020 assessment, its sixth successive year. InfraRed has been carbon neutral since 2019 and offsets its CO_2 emissions using an accredited scheme.

Key Risks

Political and regulatory risk

Following significant fiscal programmes in HICL's key markets to respond to the impact of the pandemic, there is potential for national governments to seek to recover revenues through tax increases. In the period, the UK increased its rate of corporation tax applicable from 1 April 2023 and there is risk that other jurisdictions may follow in due course.

In the UK, there is heightened public sector activity around the prospect of PPP 'handback' and the mobilisation of public sector resources for the transition of UK PPP facilities back to the public sector at their expiry. Of HICL's 70+ UK PPP projects, 13 projects expire by 2030, the next in 2026. Notwithstanding this relatively young portfolio by industry standards, InfraRed appreciates the importance of constructive engagement with the relevant public sector stakeholders to ensure a smooth, and equitable, handback process.

More broadly the Company seeks to engage proactively with stakeholders to assist in resolving key industry issues. In the period, InfraRed provided industry leadership in the UK on supporting the Infrastructure and Project Authority's initiative to co-ordinate a smooth transition from LIBOR to SONIA in the PPP market. This is scheduled to conclude at the end of the calendar year. Specifically, the Investment Manager is actively participating in a pilot transition project and has coordinated an industry response to the FCA consultation on the proposed use of synthetic LIBOR powers. InfraRed continues to actively engage with key stakeholders, such as the UK's Infrastructure and Projects Authority, on the issue.

Covid-19 and changing consumer behaviour

Assessments have been made by the Investment Manager as to the timing and extent of the economic recovery from Covid-19, and assumptions produced at asset-level (e.g. traffic forecasts). Risk remains around these assumptions and the general cadence of the recovery.

The impact of the pandemic on consumer preferences for working practices, business travel and modal selection (i.e. vehicle, train or plane) remain uncertain over the longer term. The Directors' Valuation includes a judgement on the potential for this impact.

Counterparty Risk

HICL's principal mechanism of risk management is passing asset-level service delivery obligations through to HICL's network of specialist service delivery partners. Risk arises to the extent that these partners are unable to deliver their contractual obligations. The ongoing assessment and management of the Company's counterparty exposures is a key activity of the Investment Manager.

An important component of counterparty management relates to the finalisation of specific construction-related issues. These 'construction defects' can materialise some years after construction completion and are typically the responsibility of the construction contractor to remediate. The resolution of such issues can be protracted and may delay the scheduled payments of equity distributions. Where the contractual liability period has expired, or the contractor no longer exists, responsibility for defect remediation then sits with the shareholders. The proactive identification of defects and pursuing necessary action to ensure that subcontractors assume their obligations in a responsible and timely manner is key to the management of this risk.

Climate Change

Climate change risk presents broadly in two categories for the Company:

- Physical risks: 'acute' physical damage to HICL's investments from variations in weather patterns and 'chronic' impacts such as sea level rises and drought; and
- Transition risks: policy, legal, technological, market and reputational risks associated with the transition to a lower carbon economy.

Various mitigations exist at the project-level including, for example, insurances and contractual protections. At the Company level, climate-related risk is incorporated into HICL's risk management framework. The recently completed climate change impact assessment of the HICL portfolio enables enhanced identification, assessment and mitigation of this risk (see the Company's Sustainability Report – Section 2.6).

2.5 Investment Manager's Report (continued)

Market and Outlook

The primary focus of the Investment Manager remains the active and effective management of the Company's existing portfolio, working closely with HICL's stakeholders. This is particularly important given the protracted challenges of Covid-19 on specific assets, which continue to require expertise from InfraRed's experienced teams of asset and portfolio managers. As HICL's key markets now emerge from the pandemic, the portfolio's demand-based assets are well-positioned to benefit from the resumption of travel and economic activity.

HICL's business model seeks the consistent improvement of the Company's investment proposition over the long term. Accretive acquisition is key to delivering this and the Investment Manager continues to position the Company favourably for further growth. This includes proactive targeting of opportunities arising from the evolution of the core infrastructure sector (e.g. the energy transition and communications infrastructure), matched with a systematic adherence to HICL's established risk and reward framework. Greater emphasis on the Company's proprietary channels for investment origination enables HICL to access attractive core infrastructure opportunities, despite the current period of elevated asset pricing. HICL benefits from a robust balance sheet and is well-positioned to continue to execute its acquisition strategy in the current environment.

The likely scale of future infrastructure procurement in the post-pandemic recovery agendas of governments across HICL's key markets underscores the significant potential for private sector funding solutions to support these substantial ambitions. These policy dynamics create a favourable backdrop for HICL to execute its strategy successfully over the medium and long term.

University of Bourgogne, France

2.6 Sustainability Report

HICL's approach to sustainability

As a prominent long-term investor in core infrastructure, HICL has a role in society that extends beyond its shareholders.

The Company is a trusted steward of essential assets and has a responsibility towards the communities that the assets serve and, in many cases, to which the assets will be returned at the end of the defined contractual term. The Board and Investment Manager recognise that operating in a sustainable manner lies at the very heart of the Company's business model, and is fundamental for the successful delivery of its investment proposition.

> "The Company's performance is inextricably tied to the delivery of positive stakeholder outcomes, in particular for the communities who use, and interact with, the Company's assets in their daily lives."
>
> **Ian Russell CBE, Chairman**

The infrastructure in which HICL invests supports individuals, communities, societies and their environment. With this comes a responsibility for HICL, and its portfolio companies to act with care, consideration and integrity.

These responsibilities are discharged by the Board and InfraRed in order to mitigate risks and to create a positive impact which align with and go beyond HICL's commercial objectives.

HICL actively contributes to the United Nations ("UN") Sustainable Development Goals ("SDGs") through the delivery of reliable and resilient infrastructure that supports economic development and human wellbeing.

As a custodian of public, community infrastructure, there is a focus on inclusive, affordable and equitable access for all. The nature of HICL's investment proposition means the Company inherently contributes to developing industry, innovation and infrastructure (SDG 9); and building sustainable cities and communities (SDG 11).

Key highlights

Over the course of the year, the Company has taken significant strides to embed sustainability considerations across its activities.

The Board recognises that standards for best practice in sustainability continue to rise, and has set out the Company's recent progress and key sustainability objectives for the coming year on page 30.

Completion of a **detailed, portfolio-wide climate impact assessment**, enabling HICL to respond against all **11 TCFD recommendations**

Pages 32-34

Introduction of a suite of dedicated **Sustainability metrics and targets** to track performance and increase accountability

Page 31

The signing of an innovative **ESG-linked RCF**, linking sustainability performance to financial outcomes

Page 52

An enhanced **annual ESG survey**, featuring 20 new questions and covering the whole of HICL's portfolio

Page 45

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

InfraRed's approach to sustainability

InfraRed strives to be a responsible investor and to develop and manage long-term, sustainable infrastructure.

The Investment Manager believes that long-term success for all stakeholders (including investors) can only be achieved by taking responsibility for the environmental, social and governance impacts of its investment activities. This is essential to InfraRed's corporate vision, and in this regard, the Investment Manager is committed to embracing sustainability best practice. This means recognising and delivering stewardship responsibilities, on behalf of HICL, across the Company's portfolio of essential infrastructure.

> "At InfraRed we have always believed that a sustainability-led mindset is essential to delivering outperformance. It is enshrined in our DNA that creating value for all stakeholder groups – not just one – is crucial to the long-term success of any asset."
>
> **Werner von Guionneau, CEO, InfraRed Capital Partners Limited**

The application of HICL's Sustainability Policy is undertaken by InfraRed. The Investment Manager publishes and regularly updates its own sustainability policy on InfraRed's website. In May 2021, to formalise over a decade of continuous improvement and best practice, InfraRed published its first Sustainability Report[1]. This report is part of the Investment Manager's commitment to provide transparency on its sustainability performance and its desire to be held accountable by all of its stakeholders, which includes those of HICL.

InfraRed has been a certified CarbonNeutral® company since 1 January 2019 and an official TCFD Supporter since October 2020.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CERTIFIED CARBON NEUTRAL® company
CarbonNeutral.com

Approach to responsible investment

InfraRed has been a signatory of the Principles for Responsible Investment ("PRI") since 2011, and continues to take a leadership role in the implementation of responsible investment strategies. During the year, InfraRed's infrastructure business was awarded the highest attainable A+ rating, as assessed by PRI, for the sixth consecutive year. The six Principles across which InfraRed have been assessed are set out below:

We will

- Incorporate ESG issues into investment analysis and decision making processes
- Be active owners and incorporate ESG issues into our ownership policies and practices
- Seek appropriate disclosure on ESG issues by the entities in which we invest
- Promote acceptance and implementation of the Principles within the investment industry
- Work together to enhance our effectiveness in implementing the Principles
- Each report on our activities and progress towards implementing the Principles

Signatory of:

PRI Principles for Responsible Investment

A+	A+	A+	A+	A+	A+
2015	2016	2017	2018	2019	2020

[3] https://www.ircp.com/sites/default/files/2021-05/InfraRed%20Sustainability%20Report.pdf

02 / STRATEGIC REPORT

2.6 Sustainability Report (continued)

Sustainable Development Goals

The 17 Sustainable Development Goals ("SDGs") were adopted by all United Nations member states in 2015. The SDGs are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Our contribution

HICL supports all of the UN SDGs. We focus our efforts on the goals which align with our Environmental, Social and Governance objectives, contributing through the investments we make and impacting the local communities around our assets. Although the Company inherently contributes towards developing industry, innovation and infrastructure (SDG 9) and building sustainable cities and communities (SDG 11), HICL's ESG commitments have a broader reach. The table below demonstrates the Company's broader contribution to the SDGs, either through the Investment Manager or specific initiatives undertaken by its portfolio companies.

SDG	HICL's assets facilitate	How HICL and InfraRed contribute
3 GOOD HEALTH AND WELL-BEING	12.5 million People with access to HICL's healthcare facilities, including three major regional trauma centres	In response to Covid-19, we prioritised the health and wellbeing of our own staff, the end-users of our assets, as well as the staff of our clients, delivery partners and other stakeholders (page 43)
4 QUALITY EDUCATION	140,000 Places across the school, college and university facilities and accommodation	We encourage our investment companies to implement initiatives that educate young people about job opportunities and infrastructure projects as well as key environmental issues such as climate change. Improving social mobility through quality education is also a key priority of InfraRed's Community Engagement committee (page 42)
7 AFFORDABLE AND CLEAN ENERGY	1.8 GW Connecting offshore wind generation with enough capacity to power 1.7 million homes	HICL has now completed its fourth investment into offshore transmission assets, further contributing to the UK's transition to a low-carbon economy (page 40)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	50 Police stations, custody centres, fire stations and training facilities	The Investment Manager works closely with government and civil institutions to support and enable contract variations which materially improve facilities for all stakeholders (page 45)
6 CLEAN WATER AND SANITATION	3.6 million Population served with clean water by Affinity Water	We are actively engaging with our investment companies to ensure that measures are implemented to reduce water consumption (page 40)
5 GENDER EQUALITY	35% InfraRed appointed portfolio company directors are women	HICL's Board has chosen to adopt definitive policies with quantitative targets for Board diversity. The Investment Manager reports to the Board their progress on inclusion and diversity in the workplace (page 42)
13 CLIMATE ACTION	16,000 Tonnes of CO_2 emissions will be avoided over the life of HICL's concessions	The Investment Manager has concluded a detailed climate change impact assessment and has set clear targets for the collection of greenhouse gas emissions data across the portfolio (page 31)
8 DECENT WORK AND ECONOMIC GROWTH	1,200 Staff directly employed by HICL project companies, with thousands more employed through the supply chain	We actively monitor our service provides to ensure that they have appropriate health & safety procedures in place, and HICL's portfolio companies uphold labour standards and initiate skills development programmes (page 43)

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

Salford Hospital, UK

2.6 Sustainability Report (continued)

HICL's sustainability journey

In the 15 years since HICL's IPO, the Company has played a growing role as a long-term investor in essential core infrastructure. The fundamental social purpose of HICL's portfolio companies, such as its schools and hospitals, has ensured that the investment made by the Company's shareholders has a positive and long-lasting impact.

Today, through its portfolio of 116 investments, HICL serves a population of over 20 million people in six countries and, in the UK alone, the infrastructure in which HICL has invested touches the lives of one in four citizens.

This underlines the importance of the commitments made by the Board and the Investment Manager towards sustainability, and the need for continuous improvement.

In order to ensure that HICL remains at the forefront of sustainability best practice, the Company has significantly enhanced its disclosure, processes and risk management during the course of the year. This is summarised in the graphic below, which also sets out the key objectives for the next 12 months.

Delivered in year ended **31 March 2020**	Delivered in year ended **31 March 2021**	Proposed for year ending **31 March 2022**
Sustainability considerations formally integrated into InfraRed's investment processes	Signing of an ESG-linked RCF, linking sustainability performance to financial outcomes	InfraRed to align investment process with UN Guiding Principles on Business and Human Rights
Stakeholder mapping & strategic engagement strategy, launch of InfraRed industry Knowledge Centre	Enhanced ESG survey focused on driving change in project companies; launch of InfraRed's sustainability best practice guidance notes	Direct engagement with project companies through bi-annual workshops and regular follow-up sessions with InfraRed staff
Publication of limited governance metrics at portfolio company level	Dedicated sustainability KQI and a full set of sustainability metrics and targets	Progress measured against targets; expanded environmental metrics; InfraRed to implement a plan to achieve net zero carbon emissions
Publication of HICL's sustainability policy	Voluntary reporting against all 11 TCFD recommendations	Launch of a detailed data collection exercise required for closer alignment with the full Level 2 provisions of the SFDR
Incorporation of sustainability risks into InfraRed's risk reporting framework	Portfolio-wide climate change impact assessment undertaken to identify physical and transition risks, opportunities and mitigation	Asset-level climate change mitigation plans put in place, with regular reporting on progress

Tracking and reporting progress

Reporting on sustainability in a manner that is clear and easily absorbed by investors requires continual improvement. In addition to the formal sustainability KQI reported on page 18, HICL has published a full suite of metrics and targets to improve the objective measurement of the Group's Environmental, Social and Governance performance. These efforts will create a feedback loop which allows the Investment Manager to drive improvements in the portfolio, and are expected to follow a natural sequence over time:

- Collection and measurement of relevant information
- Implementation of specific policies around key sustainability themes
- Implementation of, and delivery against, specific targets

96%
Portfolio companies with **energy reduction** initiatives

84%
Portfolio companies with **water reduction** initiatives

83%
Portfolio companies with **waste reduction** initiatives

35%
Portfolio companies reporting **Scope 1 and 2 emissions**

94%
Portfolio companies report **water usage**

48%
Portfolio companies report **waste amount**

Target = **100%**

HICL's target is for all portfolio companies to report energy, water and waste consumption levels as well as having corresponding reduction plans in place

35%
Of InfraRed appointed portfolio **company directors are women**

0.38
RIDDORs (and equivalent Health & Safety incidents in non-UK countries) per project, including project subcontractors

83%
Portfolio companies with voluntary **charitable contributions to environmental** or **social initiatives**

Target = **90%**

98%
Active Stewardship

Percentage of portfolio where InfraRed has:

- Attended all Board meetings
- Visited one of the project company's assets[1]
- Actively monitored the project / company's performance

81%
Modern Slavery Act 2015 – Training and Audit

Train their staff to ensure they have an understanding of what the Act is AND undertake audit procedures to ensure policies are effective

96%
Strong Corporate Governance

Portfolio companies with appropriate policies concerning:

- Conflicts of interest
- Whistleblowing
- Cyber-security
- Health & Safety
- Anti-bribery & corruption
- Recruitment diversity

Target = **100%**

[1] An exception was made where site visits were not conducted in person due to Covid-19 restrictions

Case Study: Climate change impact assessment

Overview

Climate change is emerging as a key risk for infrastructure investors, with the potential to significantly impact infrastructure assets around the world. In 2015, world governments committed through the Paris Agreement to curbing global temperature rise to below 2°C above pre-industrial levels in order to prevent the most severe consequences of climate change.

Both HICL and InfraRed support the Paris Agreement and are committed to reducing carbon emissions where possible.

For HICL, climate change and the response to climate change are likely to impact the Company in two ways:

- **Physical risks:** "acute" physical damage to the Company's infrastructure investments from variations in weather patterns and "chronic" impacts such as sea level rises and drought
- **Transition risks:** policy, legal, technological, market and reputational risks associated with the transition to a lower carbon economy

The Investment Manager incorporated climate-related risks into the Company's risk management framework in 2019 and, in September 2020, engaged Willis Towers Watson ("WTW") to conduct a detailed climate change impact assessment, the scope of which included the entirety of HICL's portfolio[1].

Process and methodology

The flow chart below sets out the process undertaken by the Investment Manager and WTW:

1	**Identify physical risks based on current conditions**	Analysis of exposure to 11 different physical risks[2] based on current conditions Each risk ranked 1-5 based on relative severity and frequency Climate hazard index calculated for each asset
2	**Identify physical risks based on future conditions**	Additional exposure rankings for five[3] of the 11 physical risks based on: – Business as usual (4°C above pre-industrial levels) – Energy transition / net zero (1.5°C above pre-industrial levels)
3	**Quantify physical climate risks**	For flooding and wind storms, potential financial exposure modelled For each asset, statistical simulation undertaken 10,000 times Average annual loss (excluding mitigation / insurance) estimated for each asset
4	**Assess transition climate risks**	Potential impacts of lower carbon transition, broken down by sector and geography Focus on UK and EU regulations and market trends with highest impact Opportunities as well as risks identified
5	**Undertake project level 'deep dives'**	16 Deep dives equivalent to over 45% of portfolio value selected by InfraRed based on: – Climate hazard index score – Potential financial impact, weighted by concession length and HICL ownership

Key outputs

Overall level of exposure to physical risks based on current and future conditions (by project value), assuming no mitigation

Potential financial exposure from flooding / wind storm (project-level costs, 100% level) assuming no mitigation

Transition risks and opportunities by sector

Next steps

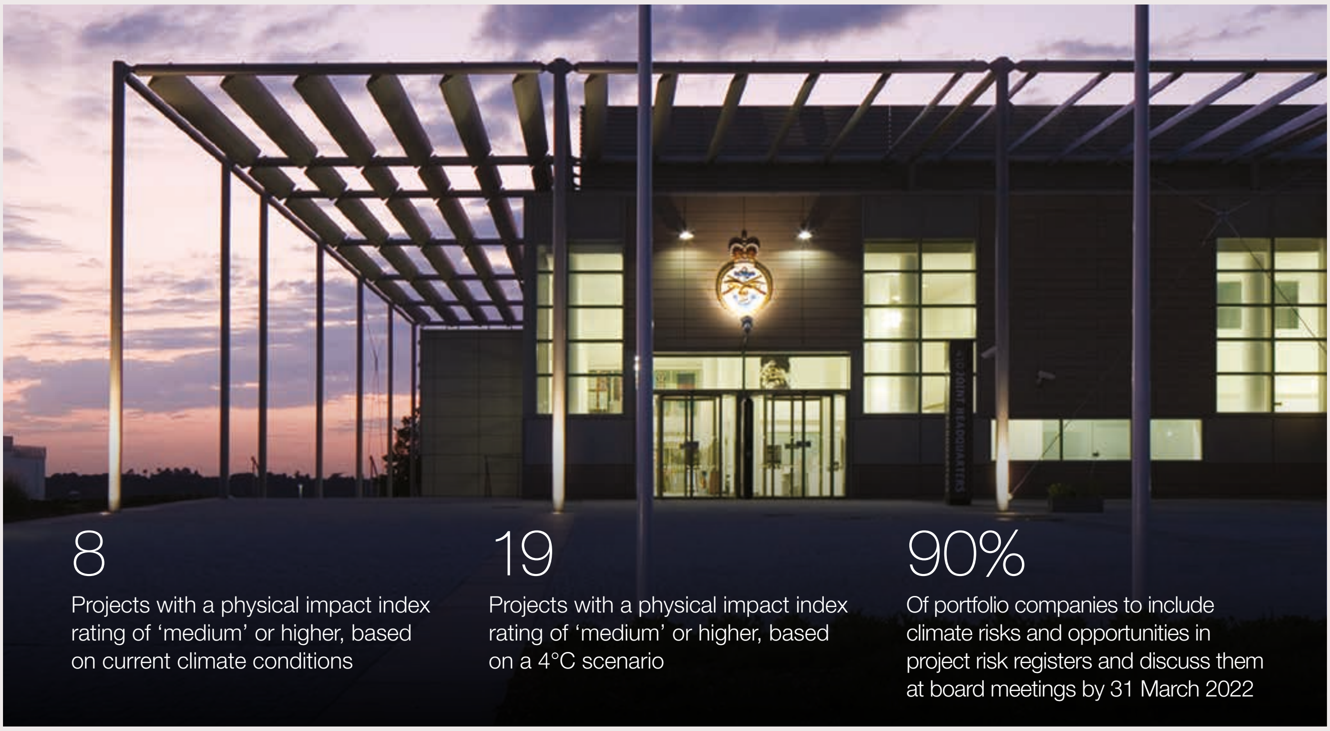
Flow down of climate risk information to project company management teams

Update of operational procedures and processes at project level if required

Focused engagement with clients

Reporting back to HICL Risk Committee

[1] Excluding the Company's investments in the Defence Sixth Form College and A13 senior bonds
[2] Coastal flood, river flood, heat stress, drought stress, tropical cyclone, winter storm, hailstorm, lightning, tornado, wildfire, flash flood
[3] Coastal flood, river flood, heat stress, drought stress, tropical cyclone (4°C scenario only)



8
Projects with a physical impact index rating of 'medium' or higher, based on current climate conditions

19
Projects with a physical impact index rating of 'medium' or higher, based on a 4°C scenario

90%
Of portfolio companies to include climate risks and opportunities in project risk registers and discuss them at board meetings by 31 March 2022

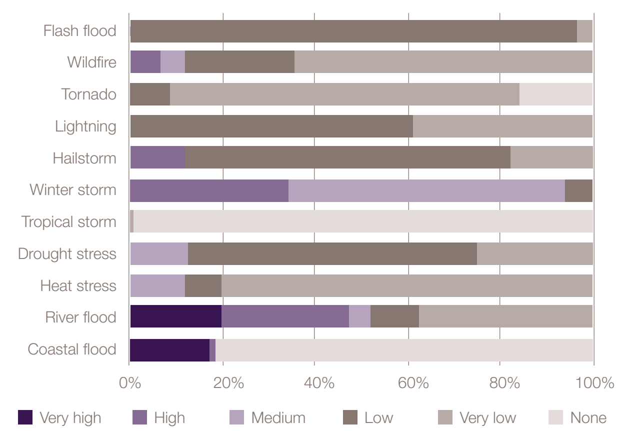
Findings and outputs

Key findings from the climate impact assessment, based on the scenarios run, are:

- HICL's main exposures based on current climate conditions are to winter storm, river flood and coastal flood, which is expected based on the weighting of the portfolio towards Northern Europe. Geographical location is also an inherent mitigant against other physical risks such as drought and heat stress
- Although some assets have very high exposure to flooding, significant physical mitigation already exists in the form of flood defences, particularly in low-lying countries such as the Netherlands
- Only eight projects have a current physical impact index rated 'medium' or higher. This increases to 19 projects under a 4°C scenario
- Potential annual loss across the portfolio from wind storms and flooding is not expected to be material, with mitigation measures further reducing any impact in 'severe' years
- Under a 4°C scenario, a small number of projects may be more exposed to certain physical risks. Under a 1.5°C scenario, exposure to physical risks does not increase significantly but projects are potentially exposed to transition risks; in some cases there are potential opportunities linked to this scenario
- Effective mitigation measures are already in place in a number of cases

At a fund level, the results demonstrate the overall financial resilience of the portfolio, enable better reporting and Board-level feedback on risk and instruct future acquisition screening and strategic portfolio construction.

Portfolio exposure to physical risks based on current climate conditions



Example of transition risks and opportunities for a toll road project

Risks

Behavioural change (either uptake in mass transit use or overall reduction in journeys), increased car sharing

Opportunities

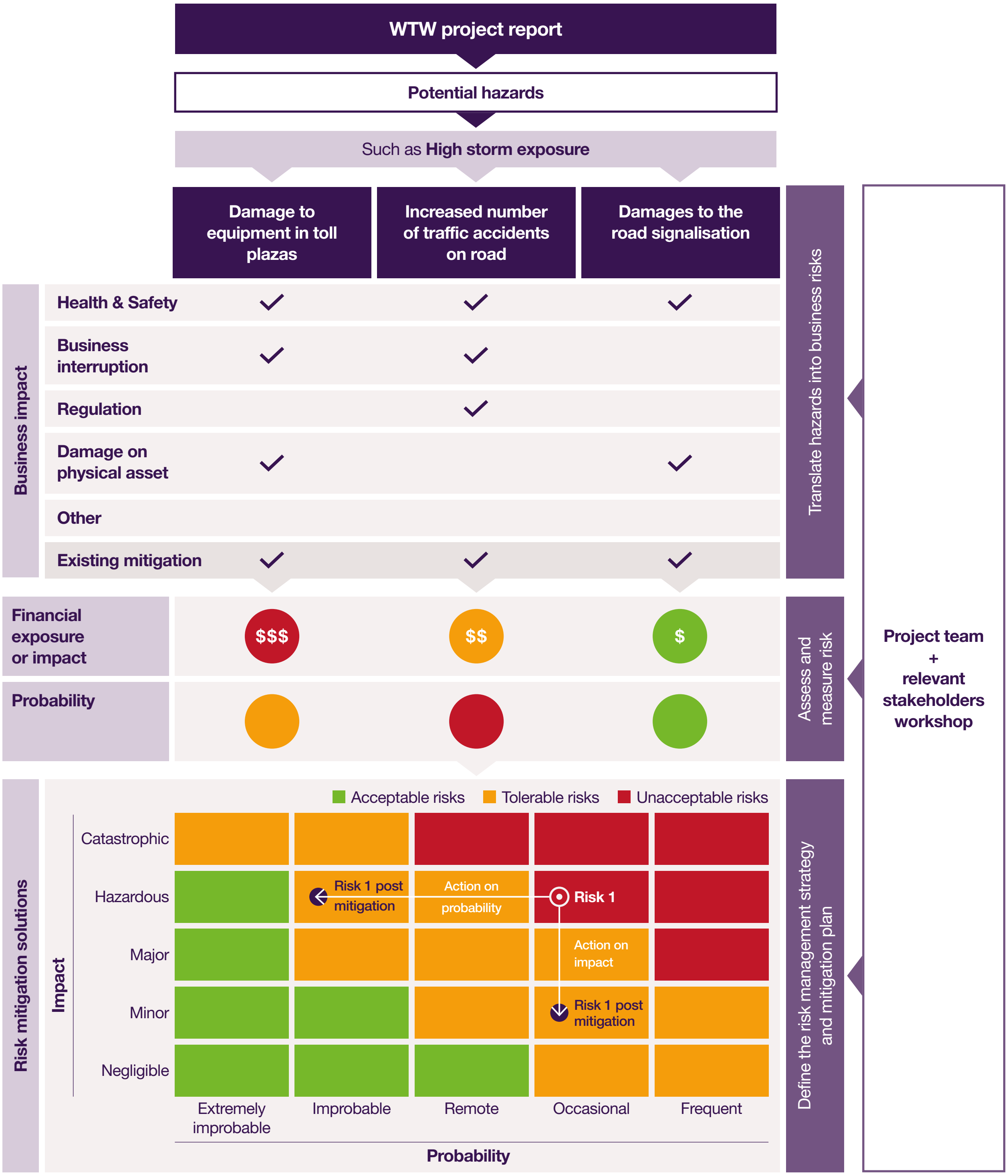
Related investment such as rapid charging, reduced congestion through autonomous driving technology

Case Study:
Climate change impact assessment (continued)

Next steps

The results of the assessment will be used by InfraRed's Asset Management team and the project company management teams to develop and inform risk mitigation strategies over time, increase climate resilience and develop potential transition opportunities.

The graphic below shows how the findings of the WTW project reports (or for certain projects, the results of 'deep dives') will be used by the project teams, supported by InfraRed. Going forward, questions will be added to the annual ESG survey to monitor implementation, and the InfraRed Knowledge Centre will act as a tool to share climate change best practice.



Indicative process chart; contents do not relate to any specific investment

Task Force on Climate-related Financial Disclosure

The recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), of which both HICL and InfraRed are supporters, is the established framework for consistent, comparable and clear reporting on a company's approach to climate change and assessing its potential impact on the company.

HICL began voluntarily reporting against a subset of the 11 TCFD disclosure recommendations in its 2020 Annual Report and Financial Statements. Having undertaken a portfolio-wide climate change impact assessment over the course of the year ended 31 March 2021, the Group is now in a position to report against all 11 of the recommended TCFD disclosures, again on a voluntary basis.

The tables below set out our disclosure against the 11 TCFD recommendations, with references to relevant information elsewhere in this report.

Governance

Recommendation	Disclosure
1 Describe the Board's oversight of climate-related risks and opportunities	The Board has overall responsibility for the oversight of HICL's sustainability risks and opportunities, of which climate change is an important subset. The Board and the Investment Manager meet on a quarterly basis, during which they review the risks facing the Company, including risks related to climate change. Some of the Board's committees also have key roles: ▲ The Risk Committee oversees and challenges InfraRed's risk management processes and analysis, and has a specific remit to examine 'horizon' risks such as the long-term consequences of climate change ▲ The Management Engagement Committee considers how HICL service providers adhere to HICL's Sustainability Policy ▲ The Audit Committee reviews the Company's approach to disclosures, including those relating to climate change
2 Describe management's role in assessing and managing climate-related risks and opportunities	The application of HICL's Sustainability Policy to making new investments and the management of HICL's portfolio is undertaken by InfraRed, as Investment Manager and Operator. This includes the day-to-day monitoring, evaluation and management of risks, including those linked to climate change. The Investment Manager's risk framework explicitly considers climate-related risks across its Portfolio Performance, Political and Operational – Execution risk classes. In September 2020, InfraRed commissioned a detailed climate change impact assessment to identify and assess climate-related risks and opportunities in the current portfolio. The Investment Manager will use the results of this exercise to transform the management and reporting of climate-related risks at portfolio company level. InfraRed is also responsible for incorporating climate-related risks and opportunities into the investment process, which applies for all potential acquisitions as set out in more detail on page 44.

2.6 Sustainability Report (continued)

Strategy

Recommendation	Disclosure
3 Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Through the detailed climate change impact assessment, the Investment Manager has identified that in the short term, based on current climate conditions, a subset of assets in which HICL has invested are exposed to acute and chronic physical risks arising from different extreme weather events, although the overall exposure is limited and mitigations can be put in place. The Company may also be exposed to transition risks if there are rapid, unexpected changes to government policy. In the medium to long term, based on a 4°C scenario, there is slightly increased exposure to physical risks. Under a 1.5°C scenarios the impact of transition risks could be greater, but many assets have inherent protection as they provide vital services and have low direct emissions. Conversely, there is likely to be greater scope to take advantage of opportunities arising from the energy transition, such as asset repurposing and additional investment. **Further details are provided in the case study on pages 32-34**
4 Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The primary impact of climate change for HICL is likely to be borne by its portfolio companies: increased operating costs or reduced revenues as a result of physical risks materialising, particularly from flooding and winter storms. In many cases physical mitigation measures already exist and there is a degree of contractual protection from increased costs to implement further mitigation measures. Such risks are likely to be exacerbated under a 4°C scenario, whereas under a 1.5°C scenario assets are more likely to be impacted by transition risks. The results of the climate impact assessment feed into the Company's strategy in a number of ways. InfraRed has developed Climate Risk Mitigation Guidance and the IRCP Knowledge Centre to improve resilience at the asset level. As set out in more detail on page 33, the risks and opportunities from climate change (including under a 1.5°C scenario) also inform future acquisition screening and strategic portfolio construction. From a financial planning perspective, the climate impact assessment will enable a review of future insurance costs. Furthermore, in May 2021, HICL's revolving credit facility was renegotiated to incorporate ESG targets, converting the facility to a Sustainability Linked Loan ("SLL"). The innovative SLL structure links the margin applied on the facility to performance against five ESG targets, demonstrating HICL's commitment to its wider sustainability strategy by embedding it within the financing structure of the Company.
5 Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario	The portfolio-level findings of the climate change impact assessment demonstrate that the Company's strategy is highly resilient to both physical and transition risks associated with climate change. Under a 'current' climate scenario, only 8 assets have an unmitigated physical impact index above 3.0 (medium) This rises to 19 assets under a 4°C scenario, demonstrating the resilience of the portfolio even in the event of extreme climate change. Under a 1.5°C scenario, the Company is more exposed to transition risks, but these are mitigated through the essential nature of HICL's investments, and the contractual risk allocation that exists through PPP contracts and concession agreements. A transition to a lower carbon economy also presents a number of opportunities. **Further details are provided in the case study on pages 32-34**

Risk

Recommendation	Disclosure
6 Describe the organisation's processes for identifying and assessing climate-related risks	For new acquisitions, climate-related risks are considered throughout the investment process by the Investment Manager. At the deal screening phase, the identification of climate-related risks (physical or transition) and the potential impact (positive or negative) are mandatory requirements. **Further details are provided on page 44** For existing projects, risks have been identified and assessed through the climate change impact assessment. **Further details are provided in the case study on pages 32-34**
7 Describe the organisation's processes for managing climate-related risks	Following the completion of the climate change impact assessment, InfraRed's asset management team has begun to engage with the management teams of each asset. Using the results from the climate change impact assessment 'one page' reports or 'deep dives', each project will systematically develop a risk mapping, risk prioritisation matrix and then begin to implement mitigation and resilience strategies as appropriate. Each quarter, the Investment Manager will receive regular updates on progress through its Quarterly Review Meetings on the assets across HICL's portfolio, which give the HICL Investment Committee the opportunity to provide scrutiny and feedback. The key points arising from the Quarterly Review Meetings are in turn communicated to the HICL Risk Committee through the Investment Manager's regular reporting. This enables direct oversight and challenge at Board level. **Further details are provided in the case study on pages 32-34**
8 Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Sustainability considerations are incorporated into the Investment Manager's risk management framework, which is used as the basis of risk reporting to the HICL Risk Committee. In particular, sustainability features as a material risk in the following risk classes: ▲ Political risk: in particular, policies associated with the transition to net zero carbon emissions ▲ Operational risk – execution: through transaction due diligence and investment decisions ▲ Portfolio performance risk: sustainability risks can affect operational performance, including transitional and physical risks associated with adverse climate change Climate change risk is an explicit building block of portfolio performance risk. Individual project companies will submit regular progress reports to InfraRed on the mitigation measures they are taking in response to the climate change impact assessment. In turn, this will enable the HICL Risk Committee to consider the overall impact and opportunities of climate change at fund level. **Further details are provided in Section 3.5 – Risk & Risk Management**

2.6 Sustainability Report (continued)

Metrics

Recommendation	Disclosure
9 Disclose the metrics used by the organisation to assess climate-related risks and opportunities	As noted below, HICL has disclosed its Scope 1, 2 and 3 greenhouse gas emissions since 2020, which can be found on page 39 of this report. However, given the clear relationship between the level of greenhouse gas emissions and the future climate risk faced by the Group, the Board has elected to disclose an additional metric relating to the number of portfolio companies that consistently report their Scope 1 and Scope 2 greenhouse gas emissions (see page 31). Over the course of the coming year, the Investment Manager will work to standardise this reporting across the portfolio, such that HICL can disclose additional metrics relating to the overall level of Scope 1 and Scope 2 emissions from the portfolio. As a result of the climate change impact assessment undertaken in the period, the Company is also able to report additional metrics relating to the portfolio's exposure to physical climate risks. These are set out on page 31, which also includes a chart detailing the level of exposure to 11 climate hazards, based on current climate conditions and the number of assets exposed.
10 Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks	Due to the nature of its business, HICL has no Scope 1 or Scope 2 greenhouse gas emissions. The Company has disclosed its Scope 3 greenhouse gas emissions since 2020, and voluntarily includes energy use where individual investments have operational control but where HICL does not have operational control within its Scope 3 data, as set out in the following section.
11 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	One of the key ways in which climate-related risks can be reduced in the long term is through a global reduction in greenhouse gas emissions. HICL has therefore set a clear target, as shown on page 31, that 100% of portfolio companies routinely collect and report Scope 1 and Scope 2 emissions data by 31 March 2022. At this point, the Company plans to set additional targets relating to a reduction in greenhouse gas emissions across the portfolio. Over the coming year, the Investment Manager will work with HICL's portfolio companies to build on the findings of the climate change impact assessment at the asset level. Given the importance of this study as a risk management tool, HICL has set clear targets relating to its implementation; these are set out on page 31.

Streamlined Energy and Carbon Reporting ("SECR")

HICL adopts the operational control boundary approach for the measurement of energy emissions, as the Directors believe this reflects the level of emissions that can be actively controlled and reduced, given the Company's role as an infrastructure owner rather than service provider. There are no subsidiaries where HICL has operational control and, as a result, HICL is classed as a low energy user.

As part of its commitment to improving carbon reporting, HICL voluntarily includes UK and global energy use where individual investments have operational control, but where HICL does not have operational control itself (Affinity Water, HS1, Belfast College[1] and Northwest Parkway) within its Scope 3 emissions data.

An average UK household uses 14.1 tCO_2e (year ended 31 December 2019: 14.1 tCO_2e / year)[4].

HICL's Scope 3 carbon emissions have decreased by 19% year on year, primarily driven by lower utilisation of the assets due to the Covid-19 pandemic. Carbon emissions per user has remained consistent compared with the prior period, primarily as a result of lower passenger volumes on HS1 infrastructure.

Other greenhouse gas ("GHG") emissions

As a result of the above energy use (i.e. electricity and use of transportation fuels), HICL was also responsible for the following emissions: methane 61 tCH4e (year ended 31 December 2019: 58 tCH4e), nitrous oxide 125 tN_2Oe (year ended 31 December 2019: 152 tN_2Oe). No hydrofluorocarbons, perfluorocarbons or sulphur hexafluoride emissions were made.

Methodology

Emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. UK Government Conversion Factors have been utilised for UK investments and Environmental Protection Agency Conversion Factors to calculate emissions for global (excluding UK) investments.

Energy use has primarily been collected from meter data and invoices from suppliers. In some instances, office energy use has been estimated with reference to the pro rata number of employees using the office space or benchmarked where data is not directly available. Transport emissions have been based on mileage records or estimated based on distance and type of transport used.

Emissions have been measured over the period 1 January to 31 December. This is not coterminous with HICL's year end as not all data from underlying projects is available before the reporting date.

Sustainable Finance Disclosures Regulations

Acting sustainably is fundamental for the successful delivery of HICL's investment proposition and the Company currently intends to embrace the new requirements of the EU Sustainable Finance Disclosures Regulations ("SFDR") regime. The Board notes that as a UK-listed, UK-domiciled investment trust, HICL is not legally required to meet these requirements, so all disclosure will be on an entirely voluntary basis.

Over the course of the coming year, the Investment Manager will work closely with HICL's portfolio company management teams to improve data collection and processes at asset level. In turn, this will enable closer alignment with the full Level 2 provisions of the SFDR, which are currently anticipated to require detailed reporting in May 2023.

The Company is currently actively complying with the relevant provisions of the Level 1 requirements of the SFDR, and in its capacity as Alternative Investment Fund Manager to HICL, InfraRed has updated its remuneration policy in line with the relevant SFDR Level 1 requirements. HICL and InfraRed will also seek to publish information regarding compliance with the SFDR in the upcoming Article 23 Alternative Investment Fund Managers Directive ("AIFMD") disclosure to investors document.

Additional information and documentation related to SFDR can be found on our website[5].

The metrics and targets set out on page 31 of this report are an important first step towards closer alignment with the Level 2 requirements of the SFDR, and the Company will continue to enhance the environmental, social and governance data it collects over the coming year.

Disclosure	31 December 2020 UK and offshore	Global (excluding UK and offshore)	31 December 2019 UK and offshore	Global (excluding UK and offshore)
Emissions from investments with control over emissions, for which the Company does not control (Scope 3) / tCO_2e[2]	20,566 tCO_2e	202 tCO_2e	25,416 tCO_2e	186 tCO_2e
Emissions from office use and business travel which the Company does not own or control (Scope 3) / tCO_2e[3]	65 tCO_2e	2 tCO_2e	118 tCO_2e	9 tCO_2e
Total gross Scope 3 emissions / tCO_2e	20,631 tCO_2e	204 tCO_2e	25,534 tCO_2e	195 tCO_2e
Intensity ratio: tCO_2e (gross Scope 1, 2 & 3) per user	0.001 tCO_2e / user	0.000 tCO_2e / user	0.001 tCO_2e / user	0.000 tCO_2e / user

[1] HICL owns 75% of Belfast College, but does not have operational control over the asset. This is the only asset in the portfolio that is determined to have operational control and where HICL holds more than 50%. Emissions relating to this asset comprised 14 tCO_2e (year ended 31 December 2019: 25 tCO_2e). All other assets in the portfolio that HICL holds greater than a 50% ownership in are not determined to have control over their emissions
[2] Scope 3 investment emissions relate to the operation of assets at the following projects; Affinity Water, Belfast College, HS1 and Northwest Parkway
[3] Scope 3 emissions relate to emissions associated with office use and travel of the employees of the Investment Manager, the Board of Directors and the Company Secretary
[4] Source: carbonindependent.org
[5] https://www.hicl.com/sustainability/

2.6 Sustainability Report (continued)

Environmental

For HICL, it is vital that the positive social contribution of the Group's assets does not come at the expense of the natural environment.

The Investment Manager, project management teams and project subcontractors are focused on reducing negative environmental impacts and wherever possible, implementing measures which act as a catalyst for positive change, either directly at the asset and / or for the wider community in which that asset is located.

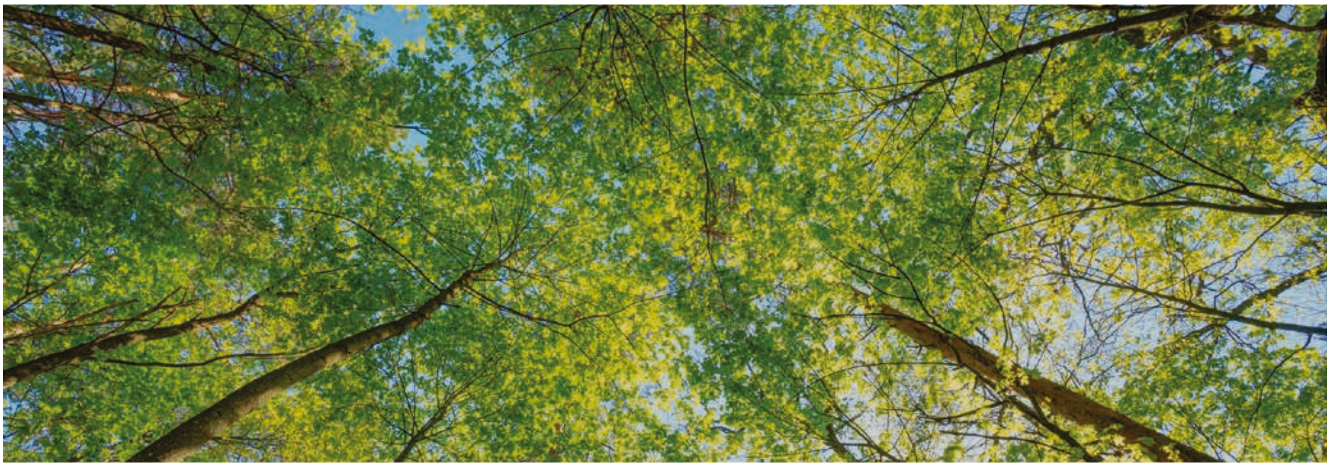
The Company acknowledges the real threat posed by climate change; further details on the potential impacts, risks and mitigants are provided on pages 32-34. Although HICL does not have operational control over any of its subsidiaries, the Company will take steps through the Investment Manager to influence those that do to act against and mitigate climate change, primarily through reducing energy consumption, water usage and waste, and increasing the use of renewable energy sources.

HICL
Key highlights and progress relating to the Company and its subsidiaries include:

- Continued implementation of energy saving and waste reduction plans by project companies, which now forms part of HICL's metrics and targets (see page 31), and an enhanced focus on biodiversity (see opposite). The companies voluntarily included in HICL's Scope 3 SECR disclosure delivered initiatives which are forecast to save over 16,000 tonnes of CO_2 emissions over the life of the concessions
- Continued uptake in renewable energy use by project companies, which now forms part of HICL's metrics and targets (see page 31). The companies voluntarily included in HICL's Scope 3 SECR disclosure used over 23,000MWh of renewable energy in the year ended 31 December 2020, compared with 98kWh in the year ended 31 December 2019
- The completion of HICL's investment in the Walney OFTO. Alongside the three other OFTOs in HICL's portfolio, this acquisition contributes to the UK's transition to a lower carbon economy by connecting a combined 1.8GW of offshore wind generation to the UK mainland, with energy capacity to power 1.7 million homes
- To minimise the environmental impact of HICL's corporate affairs, all reporting to the Board and its various committees is now paperless. In addition, the Investment Manager has offset all emissions associated with Directors' travel with an accredited scheme and will continue to do so going forward

InfraRed
Key highlights and progress relating to the Investment Manager include:

- Since 1 January 2019, InfraRed has been a certified CarbonNeutral® company and will remain carbon neutral going forward, through the reduction and offsetting of future carbon emissions
- Shortly after the initial onset of the Covid-19 pandemic, InfraRed enabled all employees to work remotely through the implementation of new software. Going forward, InfraRed will be adopting a flexible approach to working, which will lead to a sustained reduction in the environmental impact from commuting and business travel
- In May 2020, InfraRed moved into new premises at One Bartholomew in London. The building received a BREEAM 'Excellent' rating, and the internal fit-out of InfraRed's floor was awarded a Gold SKA rating



Case Study: High Speed 1

"Aiming to be the first UK railway to be powered entirely through renewable energy"

HS1 is the UK's only high-speed rail line, running 109km from St Pancras International to the Channel Tunnel that connects the UK with France.

HS1 operates, manages and maintains the track and four stations along the route, including St Pancras, under a 30-year concession with the Department for Transport (DfT).

HS1 announced its Sustainability Strategy in October 2020, which was developed in close collaboration with InfraRed and launched by the Secretary of State for Transport. The Strategy clearly articulates the key environmental targets that the company has embraced to achieve its ambitious objective of being the most sustainable option for transport between the UK and mainland Europe, with a particular focus on reducing carbon emissions by guaranteeing that all energy used originates from renewable sources.

By 2030, the company expects to be fully carbon neutral, and hopes to deliver a Biodiversity Net Gain by leaving its immediate natural environment in a better condition than it was prior to the construction of the infrastructure.

100% renewable energy used to power trains and stations by **2022**

90% of operations and project waste recycled by **2023**

0% net carbon emissions (fully carbon neutral) by **2030**

Case Study: Affinity Water

"Protecting and restoring natural environments"

Affinity Water is the UK's largest water-only company.

Serving three geographically separate regions in the South East of England, Affinity Water generates income from supplying water to both residential and, via intermediaries, commercial consumers within a 4,515km^2 supply area. In doing so, Affinity Water maintains 95 water treatment works and over 100 reservoirs.

Over the year, the company has developed and implemented a number of initiatives which have made a significant positive contribution towards the natural environment:

- Voluntarily turning off a major groundwater abstraction site in the Chilterns Area of Outstanding National Beauty which was highly praised by Ofwat, local stakeholders and the Environment Agency
- The planting and restoration of seagrass in Essex and Suffolk to enhance the stability of the coastal zone, lock carbon into the seabed at a rapid rate, improve water quality and create a habitat for hundreds of thousands of small animals **Winner – Innovation in Water Challenge**
- Using technology to develop optimised strategies for real-time top-up control for drinking water and rainwater storage tanks. By linking these smaller, decentralised storage assets with the company's centralised control systems and reservoirs, Affinity Water hope to build greater water supply resilience to benefit customers and the environment **Winner – Innovation in Water Challenge**
- The launch of the company's 'Save our Streams' initiative, targeted at increasing customer awareness and driving a reduction in water consumption. In turn, this will allow Affinity Water to continue to reduce extraction from chalk streams in environmentally sensitive areas

2.6
Sustainability Report (continued)

Social

As a trusted steward of essential infrastructure assets, HICL sits at the heart of communities and plays a key role in modern society.

The Company's diverse range of projects have a real and clear impact on the daily lives of their end users, by:

- Providing **essential services**, such as water or access to healthcare
- Facilitating **inter-regional connectivity**
- Performing important **social purposes**, through the provision of care and social housing
- Enabling **education and generational change**

The statistics opposite demonstrate the reach of the portfolio and highlight the importance of the Investment Manager's sustainable, long-term approach to asset management.

Over 20 million people around the world with access to HICL's infrastructure, including over:

12.5m
with access to healthcare facilities, including three major regional trauma centres

2.3m
served by HICL's courts, fire stations and police stations

4.5m
unique users of HICL's transport assets[1]

3.6m
people provided with clean drinking water

HICL

Key highlights and progress relating to the Company and its subsidiaries include:

- The inclusion of new metrics and targets relating to Heath & Safety (see page 31). Health & Safety for all stakeholders, including creating safe environments, is of paramount importance in the operation of portfolio companies. Over the year, external Heath & Safety reviews were carried out to ensure appropriate procedures and policies are in place and being adhered to
- The Company maintained its focus on diversity and expertise at Board level. HICL meets the expectations of both the Hampton-Alexander Review and the Parker Review. As at 31 March 2021, 37% of the Directors were women, and one Director (12%) was from an ethnic minority. At a project level, board gender diversity is now actively monitored through a new metric (see page 31)
- A number of portfolio companies put in place or enhanced their existing community engagement programmes during the year. Some notable examples where HICL subsidiaries have made a social contribution include:
  - Derby Schools, where the project company and Facilities Management company donated Christmas presents to vulnerable children
  - High Speed 1, where leftover food from retail units at St Pancras international was transported to Kent and distributed to lorry drivers stuck in the UK prior to Christmas
  - Royal Canadian Mounted Police being awarded the Best Operational Social Infrastructure Project in the Americas in the P3 Awards 2020 in recognition of the outstanding performance of the asset and the excellent relationship amongst all stakeholders

InfraRed

During the year, the Investment Manager established the InfraRed Charitable Foundation, which has obtained Charitable Incorporated Organisation status from the Charities Commission. The day-to-day operations of the Foundation will be managed by InfraRed's Community Engagement Committee, which has already undertaken a number of initiatives including:

- The donation of furniture worth approximately £100,000 to a variety of organisations, the majority of which are HICL portfolio companies. This has been well received by both clients and end users, and particularly so where this has allowed them to divert additional funding towards their response to Covid-19
- The launch of the Lifecycle bike refurbishment initiative for key workers, in collaboration with InfraRed's business partners, HCP, Bouygues Energies & Service as well as the Department for Work and Pensions and HM Prison Service. The project involves the collection of unwanted bikes from the wider community, which are then renovated in prison bike workshops and gifted to key workers and other individuals in need

During the height of the Covid-19 pandemic, over 175 members of InfraRed staff and business partners collectively walked or ran 16,983km (equivalent to the distance between London and Sydney) in order to raise money for charitable causes. Thanks to the generosity of sponsors, over £150,000 was raised for charities across all of InfraRed's office locations that provide vital support to those affected by the pandemic.

[1] Annual estimate based on pre-Covid usage

Case Study: A63 Motorway (France)

"Actively promoting good heath and wellbeing"

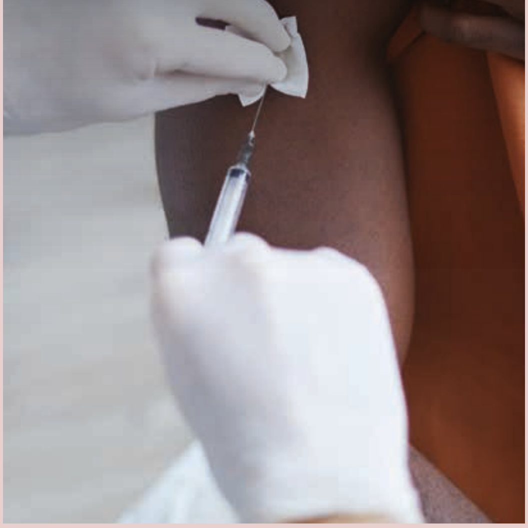
The A63 motorway project in South West France forms part of the backbone of the wider European road network, as it provides a critical link between France and the Iberian Peninsula.

Over the past year, the portfolio company has worked together with subcontractors and stakeholders to deliver a number of industry-leading initiatives focused on heath and wellbeing. These include:

- A virtual reality training programme to teach and certify road safety patrollers, which significantly improved staff wellbeing and safety without compromising the experience of the road users **Winner: Private Sector Innovation award – International Bridge, Tunnel and Turnpike Association**
- The provision of medical care to bus and lorry drivers at roadside service stations, working with Save Assistance and DocStop (an association founded to improve medical care for all bus and truck drivers on trans-European routes)
- A communication campaign entitled *#He Works #I Care* which promotes the safety and awareness of highway patrol officers by forming links with road users, most notably lorry drivers **Winner: Lauréat des Trophées de la Com Sud-Ouest 2020**

Case Study: Responding to Covid-19

"Supporting HICL's stakeholders throughout the pandemic"



Over the past year, the Covid-19 pandemic has had a profound impact on society.

The Company's investments in hospitals, emergency services buildings and schools have been at the very centre of the public sector's response to Covid-19, and both the Board and Investment Manager pay tribute to the efforts and sacrifices made by thousands of staff across HICL's clients, portfolio companies and subcontractors.

At the start of the pandemic, the Investment Manager set out its priorities for responding to the crisis in a dedicated Covid-19 Code of Conduct (the "Code")[1]. This was developed based on InfraRed's corporate values, as well as experience and lessons learnt from managing the impact to HICL's portfolio from Carillion's liquidation in 2018. The Code also aligns with the Infrastructure and Projects Authority's Covid-19 guidance in relation to PPP projects.

Communities
Northwest Parkway toll road (USA) made a $100,000 donation to local communities struggling with the impact of Covid-19

Clients
Examples of support to NHS staff across HICL's project companies include free meals, vouchers and exercise equipment

Delivery partners
Mental health support provided to subcontracted staff at Ealing Care Homes; prompt payments made to business partners

End users
InfraRed donated 69 laptops to three schools in the portfolio to enable remote learning for less privileged children

[1] https://www.ircp.com/regulatory

2.6
Sustainability Report (continued)

Governance

For HICL to act in a sustainable manner, it is critical that each of its portfolio companies (and the Company itself) takes responsibility for the environmental, social and governance impacts they have and the associated risks and opportunities.

HICL's robust and ambitious corporate governance framework helps to ensure this is delivered.

HICL

As a custodian of essential infrastructure, the Company has a holistic and proactive approach to stakeholder engagement, and intends to work with all relevant parties on matters that extend beyond HICL's period of ownership.

HICL's own approach to the stewardship of its investments, enshrined in HICL's business model, is built on a system of rigorous checks and balances. In accordance with the AIC Code of Corporate Governance (the "AIC Code"), the work and conduct of HICL's Board is regularly reviewed and evaluated. Further details on HICL's approach are provided in Section 4.4 – Corporate Governance Statement.

The Board has overall responsibility for HICL's Sustainability Policy[1] and its application. This stems from its Terms of Reference where "sustainability, including the potential impact of climate change" is set out as a key strategic and financial consideration. HICL's Sustainability Policy is subject to ongoing development, including a formal annual review.

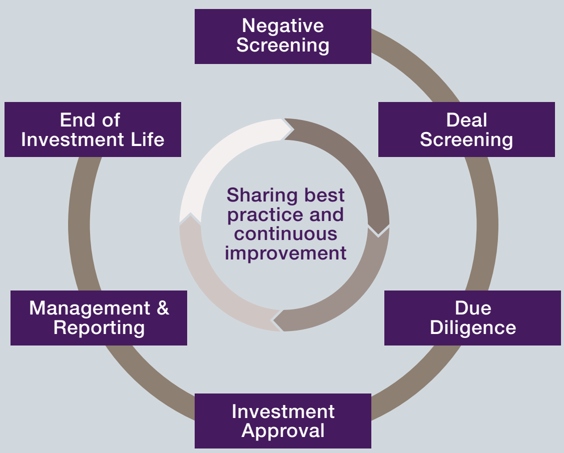
InfraRed

InfraRed's robust governance framework supports the day-to-day operations of HICL's investments, and is underpinned by an active approach to asset management.

The application of HICL's Sustainability Policy is undertaken by InfraRed. Furthermore, sustainability is integrated into each stage of the Investment Manager's investment process; from negative screening against the firm and fund exclusion lists, deal screening, due diligence, the investment approval, ongoing management and reporting throughout the ownership period until an investment reaches the end of its economic life and is decommissioned or when we exit the investment, as demonstrated in the graphic below.

End of Investment Life
- ▲ Sustainability performance assessed and reported to the Investment Committee
- ▲ Responsible and collaborative approach to asset handback

Management & Reporting
- ▲ Active management through portfolio company board representation
- ▲ Implementation of sustainability action plan
- ▲ Monitor and update risk register
- ▲ Development, with stakeholder input, and implementation of social and environmental initiatives
- ▲ Reporting of sustainability KPIs and incidents to stakeholders



Investment Approval
- ▲ Sustainability due diligence findings reported to, and examined by, the Investment Committee
- ▲ Approval of sustainability action plan

Negative Screening
- ▲ Checks made against InfraRed's exclusion lists

Deal Screening
- ▲ Public data searches to identify sustainability breaches / incidents
- ▲ Initial identification of sustainability risks and opportunities

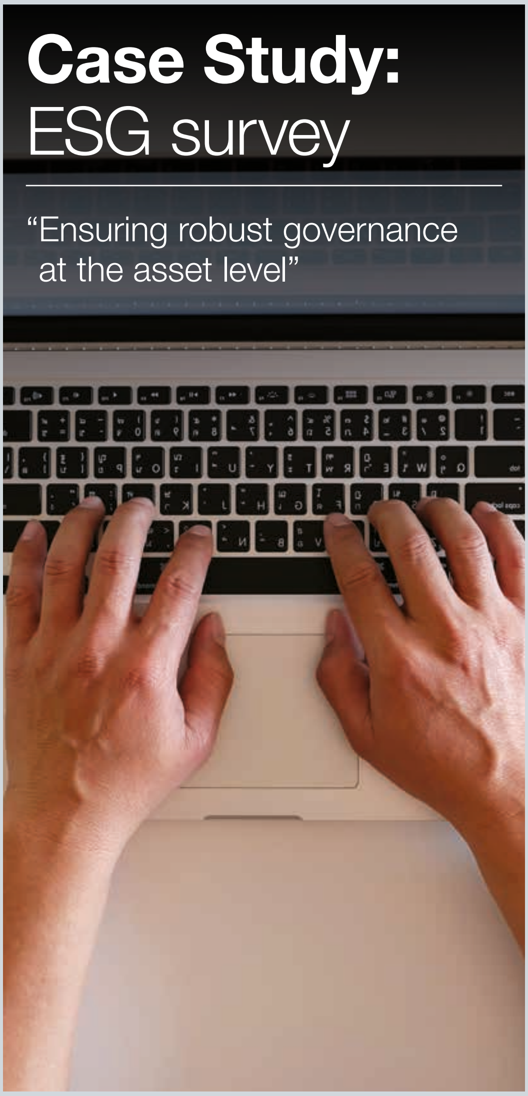
Due Diligence
- ▲ Due diligence completed to identify sustainability key risks and opportunities
- ▲ Sustainability action plan to implement post-investment

InfraRed delivers HICL's Sustainability Policy by adherence to InfraRed's sustainability policy. Contributions to sustainability are embedded into staff performance objectives and are taken into account in annual performance assessment and compensation reviews, including for the members of the HICL Investment Committee.

[1] https://www.hicl.com/wp-content/uploads/2020/11/Sustainability-Policy-May-2020.pdf

Case Study: ESG survey

“Ensuring robust governance at the asset level”

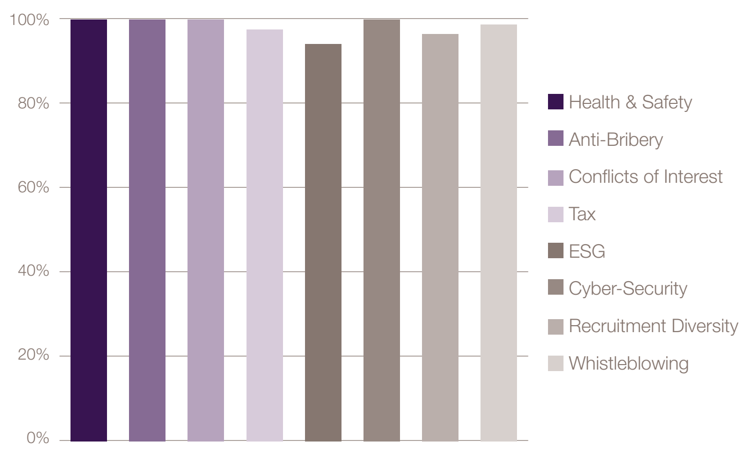


In order to ensure that HICL’s partners adhere to the highest standards of corporate conduct, InfraRed conducts an annual ESG survey.

First launched in 2014, it seeks to ensure that all of the Group’s portfolio companies and subcontractors have appropriate sustainability policies in place and that these are followed in the delivery of the services to clients and end users. InfraRed’s Asset Management team has worked diligently with project company management teams over the last six years to ensure the necessary policies were implemented and remained current, and has also increased the rigour and scope of the assessment each year whilst ensuring very high standards of compliance. The survey was expanded in 2020 to capture business continuity and contingency planning.

The survey is a key governance tool; the data collected forms the basis of HICL’s sustainability KQI and a number of the metrics and targets on page 31. Project companies are required to provide a copy of each policy, which is then verified by an independent third-party consultant, to ensure that the policy is sufficient and has been updated within the last 18 months.

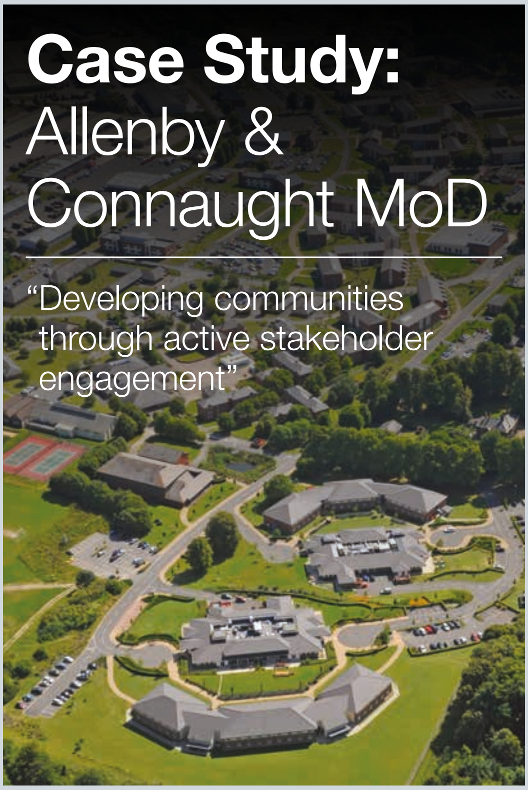
Percentage of portfolio companies with the following policies in place



02 / STRATEGIC REPORT

Case Study: Allenby & Connaught MoD

“Developing communities through active stakeholder engagement”



The Allenby & Connaught MoD project is a 35-year PPP which provides high-quality facilities and accommodation for over 20,000 soldiers (just under 20% of the entire British Army).

The past year saw a key milestone of the Army Basing Programme, a four-year project designed to cater for British troops withdrawing from Germany and other units rebasing in the UK by totally transforming a number of existing bases, including Tidworth, Larkhill and Bulford on Salisbury Plain. By working closely with all stakeholders, including local organisations, councils, military personnel and construction contractors, the project company was able to deliver a total facilities package for the benefit of the whole community. Key highlights include:

- 14 road improvement schemes
- A new medical centre, day care centre and primary school catering for military and civilians
- Over 4,000 new single living spaces with en-suite facilities

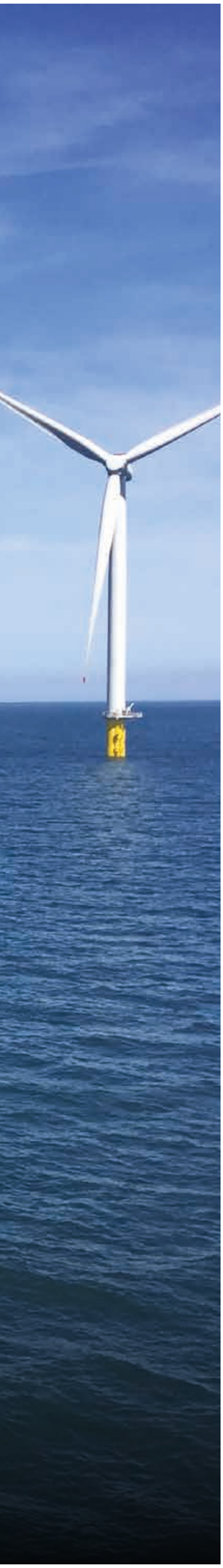
“Second to none across defence”

Lt Col Pete Gentles, Deputy Garrison Commander Larkhill

“The beating heart of Wiltshire”

Guy Benson, Wiltshire Council’s Military Civil Integration lead

Race Bank OFTO, UK



03 Performance & Risk

3.1 Financial Review

Accounting

HICL Infrastructure PLC ("the Company", also referred to in this section as "HICL") applies IFRS 10 and qualifies as an investment entity. IFRS 10 requires that investment entities measure investments, including subsidiaries that are themselves investment entities, at fair value except for subsidiaries that provide investment services which are required to be consolidated. The Company's single, direct subsidiary is the ultimate holding company for all HICL's investments. It is, itself, an investment entity and is therefore measured at fair value.

References to the "Corporate Group" in this section refer to the Company and its Corporate Subsidiaries (HICL Infrastructure S.a.r.l. 2 or "LuxCo 2" and Infrastructure Investments Limited Partnership or "IILP").[1]

Investment Basis

The Company and its advisers have concluded that to report the relevant financial performance and position to stakeholders, it will prepare pro forma summary financial information on the basis that the Company consolidates the results of the Corporate Subsidiaries. This basis is designated the Investment Basis and provides shareholders with more information regarding the Corporate Group's gearing and expenses, coupled with greater transparency into HICL's capacity for investment and ability to make distributions.

NAV per share and Earnings per share are the same under the Investment Basis and the IFRS Basis.

Summary Financial Statements

Investment Basis Summary Income Statement

	For the year ended 31 March 2021			For the year ended 31 March 2020		
£m	Investment Basis	Consolidation adjustments	IFRS Basis	Investment Basis	Consolidation adjustments	IFRS Basis
Total income[1]	188.7	(33.9)	154.8	86.7	(35.1)	51.6
Expenses & finance costs	(36.6)	33.7	(2.9)	(36.7)	34.6	(2.1)
Profit / (loss) before tax	**152.1**	**(0.2)**	**151.9**	**50.0**	**(0.5)**	**49.5**
Tax	(0.2)	0.2	–	(0.5)	0.5	–
Earnings	**151.9**	**–**	**151.9**	**49.5**	**–**	**49.5**
Earnings per share	**7.9p**	**–**	**7.9p**	**2.7p**	**–**	**2.7p**

[1] Includes net foreign exchange loss of £17.0m (2020: £14.4m gain)

On an IFRS Basis, Total income of £154.8m (2020: £51.6m) comprises income received by the Company and valuation movements in its investments. Expenses and finance costs on an IFRS Basis were £2.9m (2020: £2.1m) as they exclude costs incurred by the Corporate Subsidiaries where the main expenses are incurred – see Investment Basis Cost Analysis table below. Both Total income and Expenses & finance costs are lower on an IFRS Basis than on the Investment Basis, as costs incurred by the Corporate Subsidiaries are included within Total income under IFRS as a reduction in valuation, not under Expenses & finance costs.

On an Investment Basis, Total income of £188.7m (2020: £86.7m) represents the return from the portfolio recognised as income. This comprises dividends, interest, fees and the valuation movement for the year. The change in portfolio valuation reflects £129m gains from lower discount rates and a £38m reduction in negative Covid-19 effects partially offset by higher reductions from economic assumptions of £55m and £36m negative foreign exchange movements (see below). Further detail on the valuation movements is given in Section 3.2 – Valuation of the Portfolio.

The £17.0m net foreign exchange loss (2020: £14.4m gain), which is included in Total income, comprises a £36.3m foreign exchange loss (2020: £20.1m gain) on revaluing the non-UK assets in the portfolio using 31 March 2021 exchange rates, partly offset by a £19.3m foreign exchange hedging gain (2020: £5.7m loss).

Earnings on an IFRS Basis and Investment Basis were £151.9m (2020: £49.5m), an increase of £102.4m against the prior year due to the factors stated above.

[1] On 12 March 2020, the Company's single, direct subsidiary (HICL Infrastructure S.a.r.l. 1 or "LuxCo 1") merged with its single, direct subsidiary LuxCo 2. Up to that date, LuxCo 1 formed part of the Corporate Group

Investment Basis Cost Analysis

£m	For the year ended 31 March 2021	For the year ended 31 March 2020
Finance costs	3.5	4.0
Investment Manager fees	28.7	29.2
Audit fee for the Corporate Group	0.3	0.3
Non-audit fee – Interim review	0.1	0.1
Directors' fees & expenses	0.5	0.5
Acquisition bid costs	1.3	1.0
Professional fees	1.9	1.4
Other expenses	0.3	0.2
Expenses & finance costs	**36.6**	**36.7**

Total fees accruing to the Investment Manager were £28.7m (2020: £29.2m) for the year, comprising the 1.1% p.a. management fee for assets up to £750m, 1.0% for assets above £750m, 0.9% for assets above £1.5bn, 0.8% for assets above £2.25bn and 0.65% for assets above £3bn and the £0.1m p.a. management fee.

The £0.5m reduction is due to the Investment Manager no longer receiving a 1.0% fee on acquisitions made from third parties, partially offset by a higher average portfolio valuation than in the prior year.

Neither the Investment Manager nor any of its affiliates receives other fees from the Corporate Group or the Corporate Group's portfolio of investments.

During the year, the Corporate Group incurred £1.3m of acquisition bid costs (2020: £1.0m), mainly being legal, technical and tax due diligence, on unsuccessful bids and bids in progress.

On an IFRS Basis, expenses and finance costs were £2.9m (2020: £2.1m) as they exclude those incurred by the Corporate Subsidiaries where the Investment Manager fees and the majority of expenses are recognised. The increase is due to a lower prior year figure, which included the reversal of accrued costs associated with the move of HICL's investment business from Guernsey to the UK.

Investment Basis Ongoing Charges

£m	For the year ended 31 March 2021	For the year ended 31 March 2020
Investment Manager	28.7	28.5
Audit fee for the Corporate Group	0.3	0.3
Non-audit fee – interim review	0.1	0.1
Directors' fees & expenses	0.5	0.5
Other ongoing expenses	1.6	1.5
Total expenses	31.2	30.9
Average NAV	2,923.4	2,791.7
Ongoing charges	**1.07%**	**1.11%**

Ongoing charges, in accordance with the Association of Investment Companies' ("AIC") guidance, is defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the year.

The ongoing charges percentage is 1.07%, reflecting costs being spread over a larger asset base and the removal of the acquisition fee payable to the Investment Manager.

3.1 Financial Review (continued)

Investment Basis Summary Balance Sheet

£m	Investment Basis	Consolidation adjustments	31 March 2021 IFRS Basis	Investment Basis	Consolidation adjustments	31 March 2020 IFRS Basis
Investments at fair value	**2,938.1**	**12.2**	**2,950.3**	**2,811.5**	**26.4**	**2,837.9**
Working capital	5.3	(5.8)	(0.5)	(2.2)	1.7	(0.5)
Net (debt) / cash	6.8	(6.4)	0.4	28.7	(28.1)	0.6
Net assets attributable to Ordinary Shares	**2,950.2**	**–**	**2,950.2**	**2,838.0**	**–**	**2,838.0**
NAV per share (before dividend)	152.3p	–	152.3p	152.3p	–	152.3p
NAV per share (post dividend)	150.3p	–	150.3p	150.2p	–	150.2p

On an IFRS Basis, Investments at fair value increased 4% to £2,950.3m (2020: £2,837.9m) reflecting valuation movements in addition to acquisition and disposal activity in the year. On an IFRS Basis, Net cash was £0.4m (2020: £0.6m). The Group's cash and debt management is undertaken through the Corporate Subsidiaries.

On an Investment Basis, Investments at fair value increased 5% to £2,938.1m (2020: £2,811.5m), which is the Directors' Valuation of £3,011.9m (2020: £2,888.5m) net of £73.8m of future investment obligations (2020: £77.0m). Further detail on the movement in Investments at fair value is given in Section 3.2 – Valuation of the Portfolio.

The Corporate Group had Net cash, on an Investment Basis, at 31 March 2021 of £6.8m (2020: Net cash of £28.7m); the movement in the year reflecting cash generated through tap issuances in July 2020 offset by investments made in the year.

An analysis of the movements in Net cash / (debt) is shown in the cash flow analysis below.

NAV per share was 152.3p (2020: 152.3p) before the 2.07p fourth quarterly distribution. NAV per share has remained consistent year on year.

Analysis of the movement in NAV per share

Pence per share			
NAV per share at 31 March 2020			**152.3p**
Valuation movements			
Reduction in discount rates	7.4p		
Change in economic assumptions	(6.0p)		
Forex loss	(0.9p)		
		0.5p	
Portfolio performance			
Value enhancement	0.5p		
Covid-19	(1.8p)		
Expected NAV growth[1]	0.5p		
		(0.8p)	
Accretive issuance of shares		0.3p	
Total		**0.0p**	
NAV per share at 31 March 2021			**152.3p**

[1] Expected NAV growth is HICL's budgeted EPS less target dividend

Investment Basis Summary Cash Flow

£m	For the year ended 31 March 2021 Investment Basis	Consolidation adjustment	IFRS Basis	For the year ended 31 March 2020 Investment Basis	Consolidation adjustment	IFRS Basis
Cash from investments	178.0[1]	(17.2)	160.8	205.9[1]	(57.5)	148.4
Operating and finance costs outflow	(35.1)	32.2	(2.9)	(36.8)	35.2	(1.6)
Net cash inflow before acquisitions / financing	**142.9**	**15.0**	**157.9**	**169.1**	**(22.3)**	**146.8**
Net cost of new investments and divestments[2]	(135.0)	16.6	(118.4)	(16.0)	(97.0)	(113.0)
Share capital raised net of costs	118.6	–	118.6	115.2	–	115.2
Forex hedging settlements and other items[3]	9.9	(9.9)	–	(6.9)	6.9	–
Distributions paid	(158.3)	–	(158.3)	(148.4)	–	(148.4)
Movement in the year	(21.9)	21.7	(0.2)	113.0	(112.4)	0.6
Net cash / (debt) at start of year	28.7	(28.1)	0.6	(84.3)	84.3	–
Net cash / (debt) at end of year	**6.8**	**(6.4)**	**0.4**	**28.7**	**(28.1)**	**0.6**

1 Includes £11.9m profit on disposals of underlying investments (2020: £16.4m) based on historic cost
2 Divestments includes historic cost of £15.6m (2020: £40.0m). Disposal proceeds were £27.5m (2020: £56.4m)
3 Other items includes a £0.8m increase due to capitalised debt issue costs (2020: £2.4m decrease due to capitalised debt issue costs)

On an IFRS Basis, the Company received £160.8m from its direct Corporate Subsidiary (2020: £148.4m). These payments are sized to pay shareholder dividends and the Company's operating costs. On an IFRS Basis, Net cost of new investments of £118.4m (2020: £113.0m) relates to loans extended by the Company to its Corporate Subsidiary during the year, reflecting share capital raised net of costs.

Cash inflows from the portfolio on an Investment Basis were £178.0m (2020: £205.9m) or 14% lower. This was in line with expectations with the reduction due to the impact of Covid-19 related travel restrictions on the demand-based assets sensitive to GDP – see Section 3.2 for further detail.

Net cost of new investments on an Investment Basis of £135.0m (2020: £16.0m) represents the cash cost of investments in the Walney OFTO, Royal School of Military Engineering PPP, M17/M18 PPP (Ireland) and Medium Support Helicopter Aircrew Training Facilities projects, disposal of the South East London Police Stations project and acquisition costs of £0.3m (2020: £1.2m).

Hedging and borrowing is undertaken by a Corporate Subsidiary and therefore the Company had no cash flows for this on an IFRS Basis during the year. On an Investment Basis, the £9.9m cash inflow (2020: £6.9m outflow) comprised £9.1m from foreign exchange rate hedging settlements in the year due to the strengthening of Sterling against the Euro, US Dollar and Canadian Dollar, and £0.8m inflow due to recognition of capitalised debt issue costs. The Corporate Group enters into forward sales to hedge FX exposure in line with the Company's hedging policy set out below.

The issue of 73.2m shares in July 2020 at a premium to the prevailing NAV per share provided net cash receipts in the year of £118.6m (2020: £115.2m).

Dividends paid in the year increased 7%, or £9.9m, to £158.3m (2020: £148.4m). Dividend cash cover, which compares operational cash flow excluding profits on disposal of £131.0m (2020: £152.7m) to dividends paid, was 0.83 times[4] (2020: 1.03 times). This was as expected and as communicated in the Company's March 2020 annual results which indicated a substantially cash covered dividend for the financial year ended 31 March 2021, given the forecast impact of Covid-19 on the demand-based assets that are sensitive to GDP.

4 Including profits on disposal of £11.9m (2020: £16.4m disposal profits), dividend cash cover was 0.90 times (2020: 1.14 times)

3.1 Financial Review (continued)

Group Drawings and Gearing Levels

The Board's policy is that the Company should not hold material amounts of un-invested cash beyond what is necessary to meet outstanding equity commitments for existing investments or to fund potential acquisitions in the near term.

The Company has access to a £400m Revolving Credit Facility ("RCF") with Crédit Agricole, HSBC, ING, Lloyds, NAB, RBSi, Santander and SMBC, with an expiry date of 31 May 2023. Further, the Corporate Group signed a £60m Letter of Credit Facility ("LCF") with an expiry date of 31 December 2026, primarily to fund existing and future longer-term funding obligations. The LCF is provided by ING and SMBC. In May 2021, the RCF was renegotiated to incorporate ESG targets converting the facility to a Sustainability Linked Loan ("SLL") and transition from LIBOR to SONIA for GBP drawings. The innovative SLL structure links the margin applied on the facility to performance against five ESG targets demonstrating HICL's commitment to its wider sustainability strategy by embedding it within the financing structure. The Company is able to confirm that sufficient working capital is available for the 12 months from the date of the accounts, without needing to refinance.

The Investment Manager will consider options to increase borrowings dependent on the pipeline of potential transactions. As at 31 March 2021, the Group had cash drawings of £26.9m (2020: £nil) and drawings of £75.8m (2020: £79.1m) by way of letters of credit. Sufficient capacity is retained on the RCF for the Group to fund additional investments as and when further attractive opportunities arise.

Foreign Exchange Hedging

The Corporate Group's hedging policy targets NAV per share volatility of no more than 2% for a 10% movement in foreign exchange rates. The policy balances the cost / benefit of hedging activity whilst retaining the key objective of materially mitigating the impact of foreign exchange movements on HICL's financial results. In the year, the impact of foreign exchange movements on NAV was 0.6% based on the net £17.0m movement in foreign exchange.

Hedging as at 31 March 2021 compared to non-Sterling portfolio values were:

	Non-UK assets £m	FX Hedge £m	FX Hedge as % of non-UK assets
Euro	507	250	49%
North America	224	79	35%
Total	**731**	**329**	**45%**

3.2
Valuation of the Portfolio

Valuation Methodology and Approach Overview

InfraRed, as the Investment Manager, is responsible for carrying out the fair market valuation of the Group's investments, which is presented to the Directors for their consideration and, if appropriate, approval. The valuation is carried out on a six-monthly basis as at 31 March and 30 September each year, with the result, the assumptions used and key sensitivities (see Valuation Assumptions and Sensitivities below) published in the annual and interim results.

The Group's investments are predominantly unquoted and are therefore valued using a discounted cash flow analysis of the forecast investment cash flows from each project. The exception to this is the listed senior debt in the A13 Road project which is valued using the quoted market price of the bonds. This valuation methodology is the same as that used at the time of HICL's launch and in each subsequent six-month reporting period (further details can be found in the March 2019 Prospectus for HICL Infrastructure PLC).

The key external (macro-economic and fiscal) factors affecting the forecast of each portfolio company's cash flows in local currency are inflation rates, interest rates, rates of GDP and applicable tax rates. The Investment Manager makes forecast assumptions for each of these external metrics, based on market data and economic forecasts. The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment based on the detailed financial models produced by each portfolio company and adjusting where necessary to reflect the Group's economic assumptions as well as any specific operating assumptions.

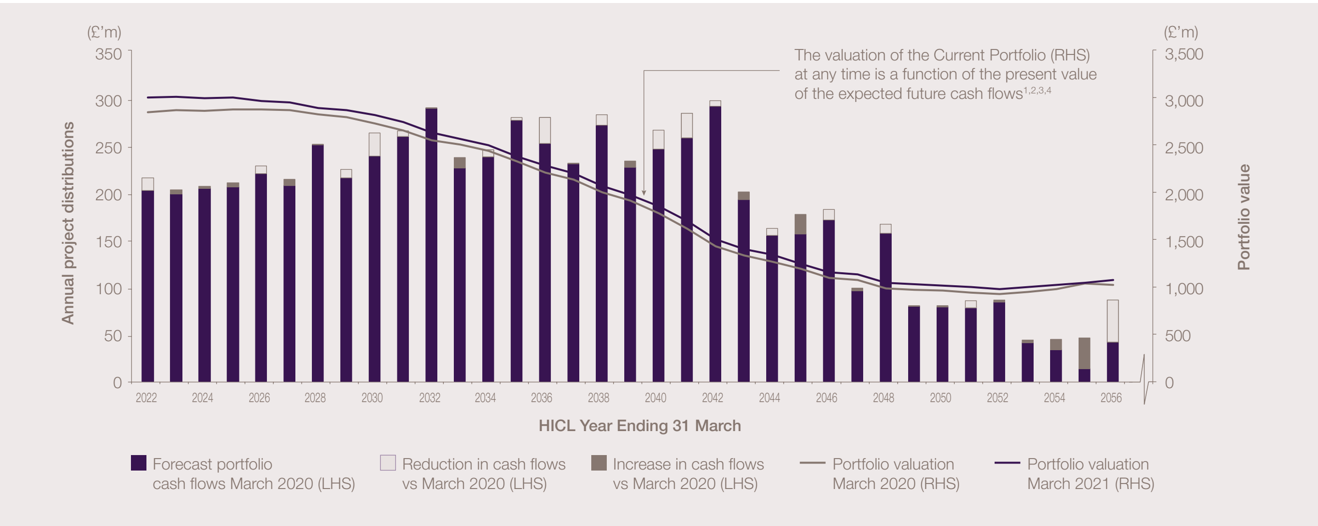
The fair value for each investment is then derived from the application of an appropriate market discount rate and year end currency exchange rate. The discount rate takes into account risks associated with the financing of an investment such as investment risks (e.g. liquidity, currency risks, market appetite) and any risks to the investment's earnings (e.g. predictability and covenant of the revenues and service delivery challenges), all of which may be differentiated by the phase of the investment's life (e.g. in construction or in operation).

The Directors' Valuation is the key component in determining HICL's Net Asset Value ("NAV") and so the Directors seek, from a third-party valuation expert, an independent report and opinion on the valuation provided by the Investment Manager. The Directors' Valuation is the preferred valuation measure of the portfolio because it is the total value at risk for the Group, as compared to investments at fair value through profit or loss which excludes future commitments.

Investment Portfolio: Cash Flow Profile

The chart below shows the expected future cash flows to be received by the Group from the portfolio as at 31 March 2021 and how the portfolio valuation is expected to evolve over time using current forecasts and assumptions.

Illustration of expected future cash flows to be received by the Group from the current portfolio[1,2,3,4]



[1] The chart represents a target only and is not a profit forecast. There can be no assurance that this target will be met
[2] The cash flows and the valuation are based on a number of assumptions, including discount rates, inflation rates, interest rates, rates of gross domestic product growth, tax rates and foreign exchange rates. These assumptions and the valuation of the current portfolio may vary over time
[3] The cash flows and the valuation are from the portfolio of 116 investments at 31 March 2021 and do not include other assets or liabilities of the Group, and assumes that during the period illustrated above, (i) no new investments are purchased, (ii) no existing investments are sold and (iii) the Group suffers no material liability to withholding taxes, or taxation on income or gains
[4] Valuation considers cash flows beyond 2056, for example for Northwest Parkway 86 years of cash flows are assumed

3.2 Valuation of the Portfolio (continued)

The chart shows the steady long-term nature of the cash flows from the portfolio, coupled with a stable portfolio valuation in the medium term. Where cash flows have reduced, as signified by the hollow boxes in the chart on the previous page, this is largely due to the revised assumptions in the demand-based assets. The reduction in cash flows in 2030 is due to the disposal of South East London Police Stations PPP project. The valuation over time is also shown. Based on current forecasts over the long term, the portfolio will move into a repayment phase when cash receipts from the portfolio will be paid to HICL's shareholders as capital and the portfolio valuation reduces as projects reach the end of their concession term, assuming that the proceeds are not invested in new investments. By acquiring accretive investments, the intention is that the capital repayment phase is pushed further into the future.

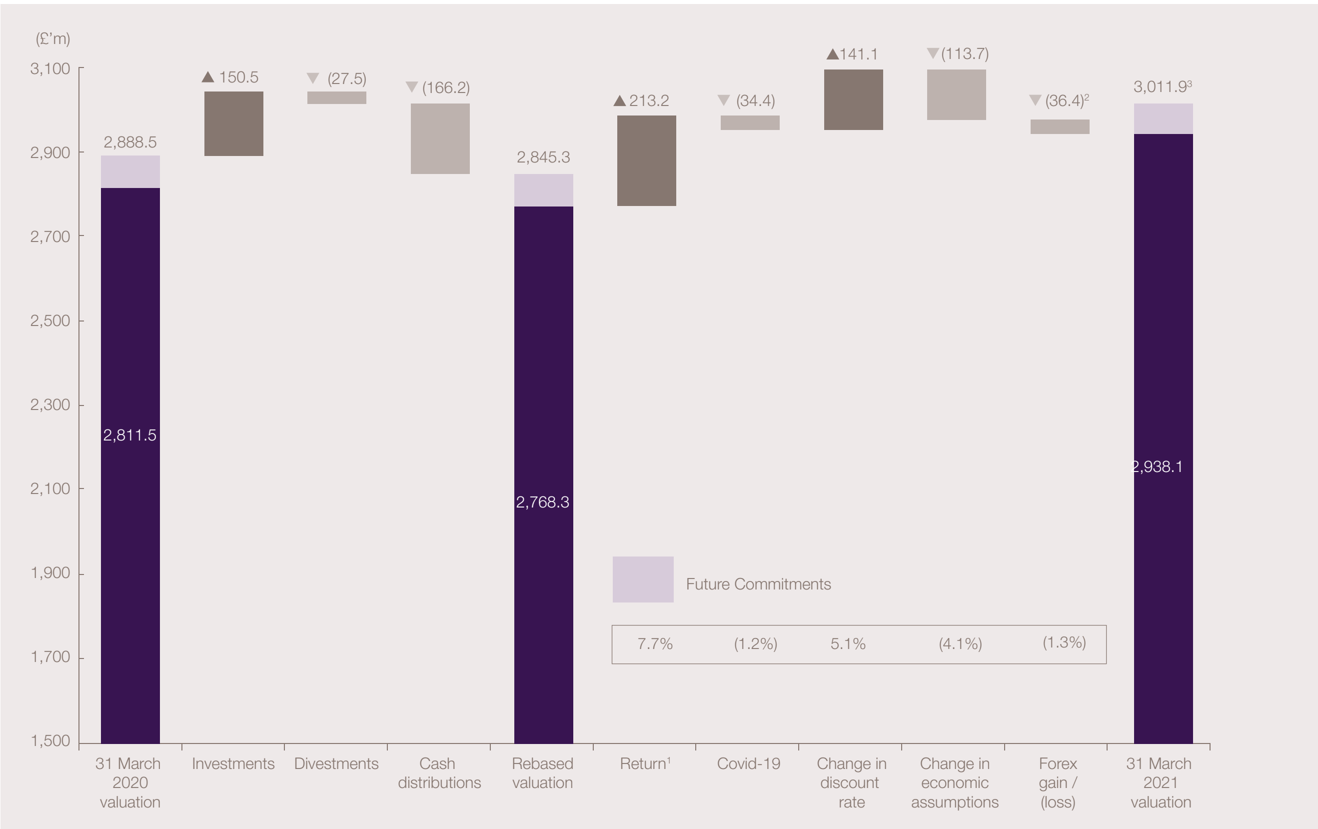
It is these forecast cash flows from the Group's current portfolio of investments that give the Board the comfort to provide the target dividend guidance set out in the Chairman's Statement of 8.25p per share for the year to 31 March 2023.

Directors' Valuation at 31 March 2021

The Directors' Valuation of the portfolio at 31 March 2021 was £3,011.9m – an increase of 4.3% compared to the valuation of £2,888.5m at 31 March 2020. A reconciliation between the Directors' Valuation at 31 March 2021 and that shown in the financial statements is given in Note 14 to the financial statements, the principal differences being that the Directors' Valuation includes the £73.8m outstanding equity commitments in respect of the Blankenburg Connection (Netherlands) and Paris-Sud University (France).

A breakdown of the movement in the Directors' Valuation in the year is shown in the chart and table below.

A breakdown of the movement in the Directors' Valuation in the year



[1] 'Return' comprises the unwinding of the discount rate and project outperformance
[2] FX movement net of hedging is a loss of £17.0m
[3] £3,011.9m reconciles, on an Investment Basis, to £2,938.1m Investments at fair value through £73.8m of future commitments

Rebased Net Valuation

Valuation blocks (purple) have been split into investments at fair value[1] and future commitments. The percentage movements have been calculated on investments at fair value of £2,768.3m as this reflects the returns on the capital employed in the year.

Allowing for the investments during the year of £150.5m, divestments of £27.5m and investment receipts of £166.2m, the rebased net valuation was £2,768.3m. The growth in the valuation of the portfolio at 31 March 2020 over the rebased value was 6.1%.

The increase arises from positive movements of £213.2m return from the portfolio and a reduction in reference discount rates contributing £141.1m. These positive movements are partially offset by a £34.4m reduction due to the impact of Covid-19, a change in economic assumptions resulting in a negative impact of £113.7m and a negative impact from foreign exchange rates of £36.4m. The negative movement in economic assumptions includes higher tax rates in the UK, as announced by the Government in the March 2021 Budget and a lower inflation assumption from 2030 to align with the UK Statistics Authority's ("UKSA") intention to align RPI with CPIH from 2030.

Return from the Portfolio

The return from the underlying portfolio of £213.2m (2020: £233.9m) represents a 7.7% (2020: 8.6%) increase in the rebased value of the portfolio, versus the discount rate, or expected annualised return, of 7.2%. This demonstrates outperformance of the portfolio.

Incremental value was generated from operational outperformance across various cost savings, efficiency initiatives, acquisitions and refinancings that have occurred in the period which have delivered additional value over and above the base case.

Affinity Water

During the period, the UK's Competition and Markets Authority ("CMA") delivered its final determination in relation to those water companies that appealed Ofwat's PR19 Final Determination. The CMA concluded that the weighted-average cost of capital ("WACC") applicable to these companies should increase by 24 bps. For Affinity Water there is a read-across such that from Asset Management Plan 8 ("AMP 8") onwards (2025+) its WACC assumption has been increased in line with the CMA's determination. Furthermore, the CMA also concluded that the gearing sharing mechanism imposed by Ofwat would also be removed from AMP 8 onwards. Both of these factors had a small positive impact on the valuation of the Group's investment in Affinity Water.

The valuation represents a 1.30x[2] (March 2020: 1.25x) multiple of Regulatory Capital Value.

For further information on this please refer to the Investment Manager's Report.

Covid-19

HICL has six demand-based assets in the portfolio representing 19% of the portfolio value at 31 March 2021. During the year, the Covid-19 pandemic has resulted in reduced usage of these facilities, impacting on revenues and therefore their valuation.

Four of these demand-based assets, namely High Speed 1, the A63 Motorway (France), Northwest Parkway (USA) and M1-A1, are sensitive to GDP which means their valuations are more significantly affected by the Covid-19 pandemic. The impact has been assessed and adjustments made in three areas: discount rates, short-term traffic reduction and longer-term recovery which uses a variety of information sources including actual traffic figures, management assessments, GDP forecasts and sensitivity analysis.

This analysis has resulted in a reduction in valuation of £34.4m of which £20.5m was recognised in the Interim Results at September, and a further £13.9m recognised in the six months to March 2021. The £13.9m is almost exclusively through cash flow adjustments. The Investment Manager continues to work closely with management teams to monitor and manage the situation.

More information on the affected assets is included in a Case Study which can be found on page 56. For further information on HICL's approach to Covid-19, see Section 2.5 – Investment Manager's Report.

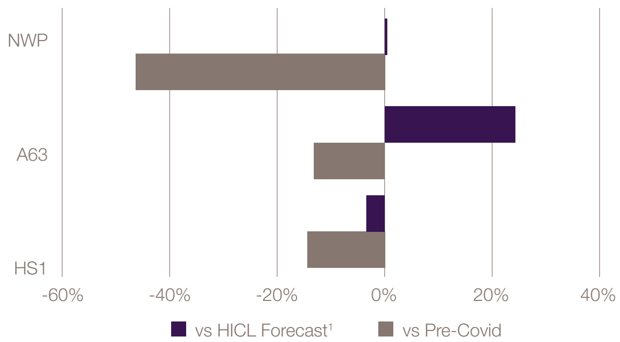
[1] On an Investment Basis
[2] Based on Affinity Water's Regulated Capital Value of £1,303.2m as at March 2021 (source: Ofwat)

Case Study: Demand-Based Assets

Over the past year, the usage of HICL's GDP-correlated demand-based assets has been impacted by the widespread restrictions placed by national governments on the movement of people.

The Investment Manager responded by adjusting its forecasts for the short- and long-term performance of these assets as at 31 March 2020 and then again at 30 September 2020 with the benefit of six months of actual usage data. In the year to 31 March 2021, actual revenue has been below pre-Covid levels across all three of HICL's large GDP-correlated assets, as shown in the chart to the right. However, actual revenue has outperformed HICL's forecast for A63 and was broadly in line with HICL's historic forecast for Northwest Parkway and High Speed 1.

Actual revenue, year to 31 March 2021



[1] Composite forecast for the financial year to 31 March 2021, based on valuation assumptions as at 31 March 2020 and 30 September 2020 for the first and second halves of the financial year respectively

- ▲ **A63 Motorway (France):** Although the initial onset of Covid-19 saw a steep decline in road users, revenue rebounded strongly over the summer of 2020 and has proven very robust to subsequent national restrictions. Freight traffic has been particularly resilient, demonstrating the road's strategic positioning as part of the TEN-T1 trans-European network. As a result of the project's strong liquidity position and clear evidence of strong underlying demand, shareholder distributions resumed in March 2021.

- ▲ **Northwest Parkway:** As with the A63, traffic was significantly impacted by the onset of Covid-19 before recovering in summer 2020 to around 50% of pre-Covid levels. Although traffic subsequently plateaued at around these levels for the remainder of the financial year, April 2021 has seen revenue increase to around 70% of pre-Covid levels as a result of the gradual easing of restrictions on movement and business in Colorado. The project has retained significant liquidity reserves throughout the period and is well placed to take advantage of the strong economic recovery forecast in the USA over the coming years.

Given the stable position of both roads and the clear path back to more normal operations, the valuation approach used at 30 September 2020 has largely been retained, with minor adjustments linked to the latest available performance data and future economic outlook. The Investment Manager is comfortable that the short- and long-term forecasts for both assets appropriately balance downside risks with the potential for future outperformance.

High Speed 1 ("HS1")

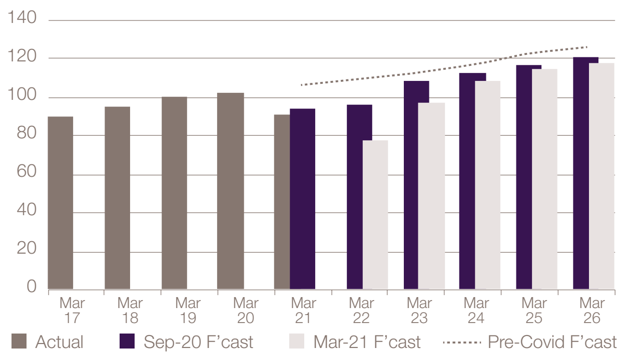
As described in Section 2.5 – Investment Manager's Report, HS1 continues to be significantly impacted by international restrictions on travel, and the timing and extent of recovery remains uncertain.

Prior to mid-December 2020, HS1 was insulated from reduced international train path volumes due to pre-bookings in place from Eurostar. Thereafter, Eurostar moved to the more flexible 'spot' booking provisions available to it and, as a result, international track access revenues (32% of total track access revenue to 31 March 2020) directly reflect the number of services being run. In the quarter ended 31 March 2021, international train paths remained highly suppressed at 12% of pre-Covid levels.

In the short term, the updated forecast assumes that international train paths recover to 50% of pre-Covid levels by 31 March 2022. In doing so, the valuation considers the increased tension around the financial covenants of the business and the link to the recovery of international services over the summer. From 1 April 2022, international train paths are then forecast to recover gradually, reaching pre-pandemic levels by 31 March 2025. A similar recovery profile is assumed for unregulated revenues.

Domestic train paths, which made up 68% of track access revenue to 31 March 2020, have been booked at pre-Covid levels until May 2021, after which pre-bookings fall below pre-Covid levels until December 2021. The impact on HS1's revenue is almost entirely mitigated by the contractual underpin provided by

HS1 revenue schematic – indexed (Mar-19 actual = 100)



the Department for Transport. The ability to book additional 'spot' paths if passenger demand increases over the second half of the calendar year remains available to HS1's domestic operator, London & South Eastern Railway.

As the UK's only high-speed rail link and the only rail connection between London and Europe, HS1 enjoys a unique strategic position and plays a critical role in national and international connectivity which is reflected in the longer-term forecast. HS1 is particularly well placed to exploit opportunities from a transition to a lower carbon economy as passengers seek to divert from short haul flights to more sustainable transport modes.

3.2 Valuation of the Portfolio (continued)

Discount rates

The discount rate is determined based on the Investment Manager's knowledge of the market, taking into account intelligence gained from bidding activities, discussions with financial advisers knowledgeable of these markets and publicly available information on relevant transactions.

When there are limited transactions or information available, and as a second method and sense check, a 'bottom-up' approach is taken based on the appropriate long-term government bond yields and an appropriate risk premium. The risk premium takes into account risks and opportunities associated with the project earnings (e.g. predictability and covenant of the concession income and service delivery challenges), all of which may be differentiated by project phase, jurisdiction and market participants' appetite for these risks.

In the portfolio, there were two projects in construction at 31 March 2021, both which are located in the Eurozone. An investment in a project under construction can offer a higher overall return (i.e. require a higher discount rate) compared to buying an investment in an operational project, but it does not usually yield during the construction period and there is the risk that delays in construction affect the investment value.

An analysis of the weighted average discount rates for the investments in the portfolio analysed by territory, and showing movement in the year, is shown below:

	31 March 2021				
Country	Long-term government bond yield	Risk premium	Discount rate	31 March 2020 Discount rate	Movement
UK	1.4%	5.3%	6.7%	7.1%	**(0.4%)**
Eurozone	0.4%	6.4%	6.8%	7.2%	**(0.4%)**
North America	2.0%	5.4%	7.4%	8.0%	**(0.6%)**
Portfolio	**1.3%**	**5.5%**	**6.8%**	**7.2%**	**(0.4%)**

Generally, sufficient market data on discount rates is available and therefore the risk premium is derived from this market discount rate for operational social and transportation infrastructure investments less the appropriate long-term government bond yield.

During the year long-term government bond yields in the UK, North America and the Eurozone have risen while discount rates have reduced, resulting in lower risk premiums. The Investment Manager's view is that discount rates used to value projects do not rigidly follow bond yields, although naturally there is some correlation over the longer term. The risk premium at 5.5% is 1.0% lower than March 2020 which was the highest level since IPO. The average risk premium since IPO is 4.9%.

Since June 2020, the Investment Manager has seen healthy market activity and increased asset pricing in a number of recent UK, Eurozone and North American auction processes as a result of downward pressure on the respective UK, Eurozone and North American discount rates as at 31 March 2021.

For demand-based assets, an increase in discount rate remains where Covid-19 has introduced greater risk to the forecasting of the assets' cash flows. For PPP assets, the provision of service delivery has largely been unaffected and therefore no such discount rate premium exists in respect of Covid-19.

Change in Economic Assumptions

The negative impact of £113.7m as a result of a change in economic assumptions includes the increase in UK corporation tax rates to 25% from April 2023 (£69.2m), the reduction in the UK long-term inflation assumption (£19.8m), various changes in interest rate assumptions (£20.8m) and other minor movements (£3.9m) outlined in the assumptions on page 58.

Forex

As GBP strengthened against all other currencies in the period, there was a negative impact of £34.4m pre-hedging. Net of hedging the negative impact was £17.0m.

3.2 Valuation of the Portfolio (continued)

Valuation Assumptions

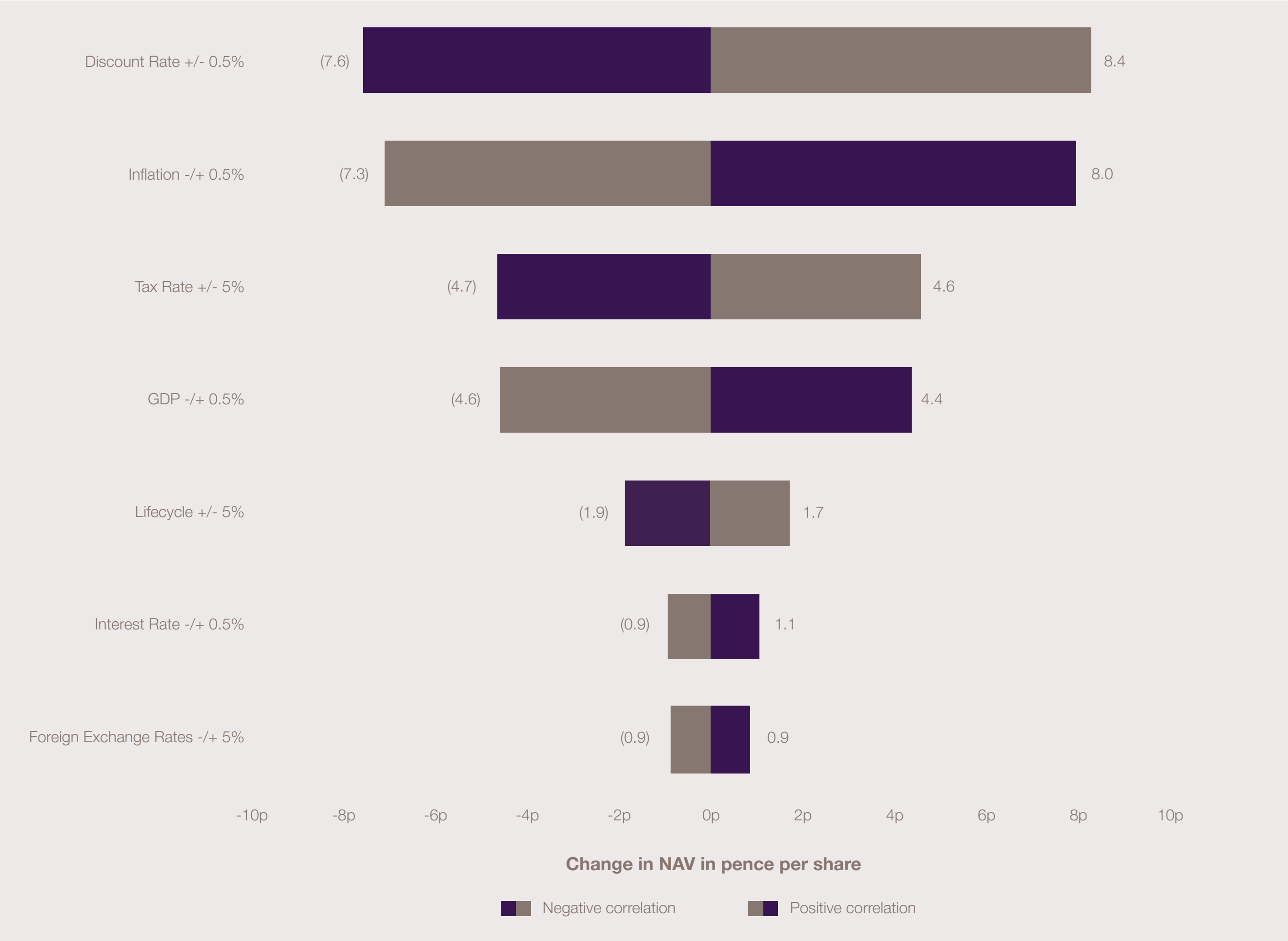
Apart from the discount rates, the other key economic assumptions used in determining the Directors' Valuation of the portfolio are as follows:

		31 March 2021	31 March 2020
Inflation Rates	UK (RPI and RPIx)[1] CPIH[2]	2.75% p.a. to 2030, 2.0% thereafter 2.0% p.a.	2.75% p.a. 2.0% p.a.
	Eurozone (CPI)	2.0% p.a.	2.0% p.a.
	Canada (CPI)	2.0% p.a.	2.0% p.a.
	USA (CPI)	2.0% p.a.	2.0% p.a.
Interest Rates	UK	0.25% p.a. to March 2025, 1.25% p.a. thereafter	0.5% p.a. to March 2023, 1.5% p.a. thereafter
	Eurozone	0.0% p.a. to March 2025, 0.25% p.a. thereafter	0.0% p.a. to March 2023, 1.0% p.a. thereafter
	Canada	0.5% p.a. to March 2024, 2.25% p.a. thereafter	1.0% p.a. to March 2023, 2.25% p.a. thereafter
	USA	0.5% p.a. to March 2024, 2.25% p.a. thereafter	1.0% p.a. to March 2023, 2.25% p.a. thereafter
Foreign Exchange Rates	CAD / GBP	0.58	0.57
	EUR / GBP	0.85	0.89
	USD / GBP	0.73	0.81
Tax Rates	UK[3]	19% to 2023, 25% thereafter	19%
	Eurozone	Ireland 12.5% France 26.5% in 2021, 25% thereafter Netherlands 25%	Ireland 12.5% France 25% – 33.3% Netherlands 21.7% – 25%
	USA	21% Federal & 4.6% Colorado State	21% Federal & 4.6% Colorado State
	Canada	23% and 27%	26% and 27%
GDP Growth	UK	(10.5%) in 2020, 5.0% in 2021, 5.5% in 2022, 2.0% p.a. thereafter	(5.5%) in 2020, 4.0% in 2021, 2.0% p.a. thereafter
	Eurozone	(9.0%) in 2020, 5.5% in 2021, 4.0% in 2022, 1.8% p.a. thereafter	(5.0%) in 2020, 4.0% in 2021, 1.8% p.a. thereafter
	USA	(3.5%) in 2020, 5.5% in 2021, 4.0% in 2022, 2.5% p.a. thereafter	(3.5%) in 2020, 3.0% in 2021, 2.5% p.a. thereafter

1 Retail Price Index and Retail Price Index excluding mortgage interest payments. On 25 November 2020, the UK Government and UK Statistics Authority announced the RPI would be aligned with CPI from 2030. As such, RPI-linked project companies have been aligned to CPI from this date
2 Consumer Prices Index including owner occupiers' housing costs
3 On 5 March 2021, the UK Chancellor of the Exchequer announced an increase to UK Corporation Tax rates from 19% to 25% with effect from 1 April 2023. This assumption represents market expectations of the future UK tax change

Valuation Sensitivities

The portfolio's valuation is sensitive to each of the macro-economic assumptions listed above. An explanation of the reason for the sensitivity and an analysis of how each variable in isolation (i.e. while keeping the other assumptions constant) impacts the valuation follows below[1,2,3]. The sensitivities are also contained in Note 4 to the financial statements.



[1] NAV per share based on 1,937 million Ordinary Shares as at 31 March 2021
[2] Sensitivities for inflation, interest rates, tax rates and lifecycle are based on the 35 largest investments extrapolated for the whole portfolio
[3] Foreign exchange rate sensitivity is net of Group hedging at 31 March 2021

Discount Rate Sensitivity

Whilst not a macro-economic assumption, the weighted average discount rate that is applied to each portfolio company's forecast cash flows, for the purposes of valuing the portfolio, is the single most important judgement and variable. The impact of a 0.5% change in the discount rate on the Directors' Valuation and the NAV per share is shown above.

Inflation Rate Sensitivity

PPP projects in the portfolio have contractual income streams derived from public sector clients, which are rebased every year for inflation. UK projects tend to use either RPI or RPIx (RPI excluding mortgage payments) while non-UK projects use CPI (Consumer Price Index), and revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management and operating subcontracts have similar indexation arrangements.

3.2 Valuation of the Portfolio (continued)

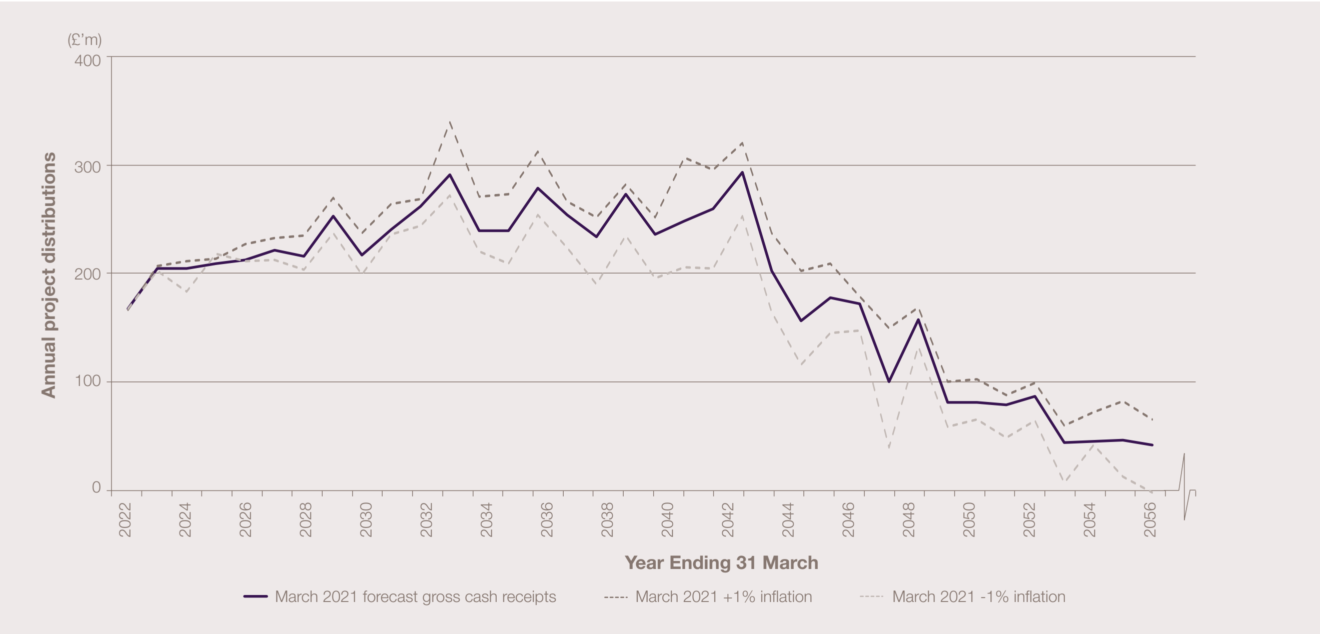
For the demand-based assets, the concession agreement usually prescribes how user fees are set, which is generally reset annually for inflation. Similarly to PPP projects in the UK, this is typically RPI, while non-UK projects use CPI. On Affinity Water, one of HICL's regulated assets, revenues are regulated by Ofwat in a five-yearly cycle with the pricing of water bills set with the aim of providing an agreed return for equity that is constant in real terms for the five-year period by reference to RPI currently and CPIH in the next regulatory period.

The chart shows that the Directors' Valuation and NAV per share are both positively correlated to inflation. The portfolio's inflation correlation at 31 March 2021 was 0.8x (2020: 0.8x) such that should inflation be 1% p.a. higher than the valuation assumption for all future periods the expected return from the portfolio would increase 0.8% from 6.8% to 7.6%.

The portfolio valuation assumes UK inflation of 2.75% per annum for both RPI and RPIx, to 2030 and 2.0% thereafter. The March 2021 forecasts for RPI out to December 2022 range from 2.0% to 5.3% from 10 independent forecasters as compiled by HM Treasury, with an average forecast of 2.9%.

On 25 November 2020 the UK Government said it would not approve any change proposed by the UK Statistics Authority or "UKSA" to reform RPI to potentially align it to CPIH before 2030. The UKSA said it intends to implement the change from 2030 at which point it does not require Government consent. This change, to reduce RPI to 2% from 2030, has been reflected in the portfolio valuation, reducing the valuation by £19.7m.

Cash Flow Sensitivity to Inflation

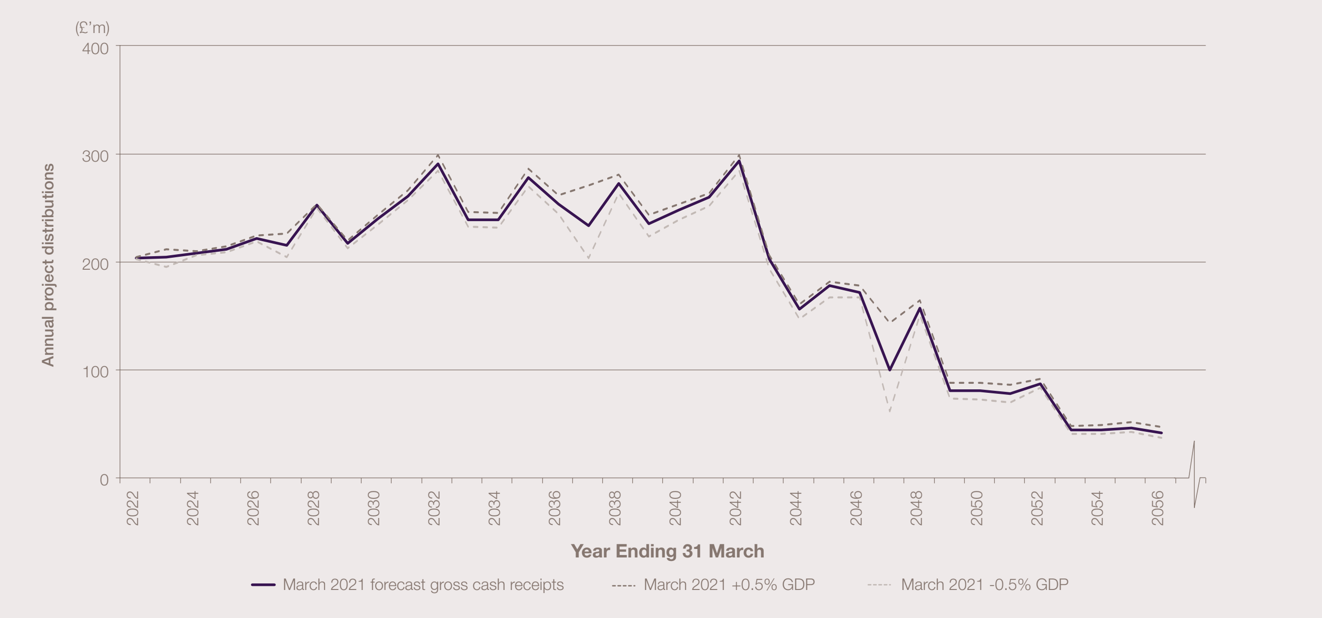


Gross Domestic Product ("GDP") Sensitivity

At 31 March 2021, the portfolio had four investments which are considered sensitive to GDP, comprising 18% of the portfolio value (20% at 31 March 2020) namely the A63 Motorway (France), M1-A1 Road, Northwest Parkway (USA) and High Speed 1. At times of higher economic activity there will be greater traffic volumes using these roads and railways, generating increased revenues for the projects than compared to periods of lower economic activity and therefore we assess these as GDP sensitive investments.

If outturn GDP growth was 0.5% p.a. lower for all future periods than those in the valuation assumptions set out on page 58 for all future periods, expected return from the portfolio (before Group expenses) would decrease 0.2% from 6.8% to 6.6% (7.0% at 31 March 2020).

Cash Flow Sensitivity to GDP



3.2 Valuation of the Portfolio (continued)

Interest Rate Sensitivity

Each portfolio company's interest costs are at fixed rates, either through fixed-rate bonds, bank debt which is hedged with an interest rate swap or linked to inflation through index-linked bonds. However, there are two investments – Affinity Water and Northwest Parkway (USA), which have refinancing requirements, exposing these investments to interest rate risk. In the case of other investments, sensitivity to interest rates predominantly relates to the cash deposits which the portfolio company is required to maintain as part of its senior debt funding. For example, most PPP projects would have a debt service reserve account in which six months of debt service payments are held.

At 31 March 2021, cash deposits for the portfolio were earning interest at a rate of 0.2% per annum on average. There is a consensus that UK base rates will remain low for an extended period, with a current median forecast for UK base rates in March 2021 of 0.1% during 2021.

Lifecycle Expenditure Sensitivity

Lifecycle (also called asset renewal or major maintenance) concerns the replacement of material parts of the asset to maintain it over the concession life. It involves larger items that are not covered by routine maintenance and for a building will include items like the replacement of boilers, chillers, carpets and doors when they reach the end of their useful economic lives.

The lifecycle obligation, together with the budget and the risk, is usually either taken by the project company (and hence the investor) or is subcontracted and taken by the FM contractor. Of the 116 investments, 52 have lifecycle as a project company risk (i.e. not subcontracted to the supply chain).

Corporation Tax Rate Sensitivity

The profits of each portfolio company are subject to corporation tax in the country where the project is located. The sensitivity considers a 5% movement in tax rates in all jurisdictions.

The UK corporation tax assumption for the portfolio valuation is 19% to 2023 and 25% thereafter, in line with the budget announcement made in March 2021.

Foreign Exchange Rate Sensitivity

26% of the portfolio by portfolio value, has exposure to foreign exchange rates. The sensitivity shows, post-hedging, the impact of GBP appreciating or depreciating against these currencies by +/- 5%.

Discounted Cash Flow Key Assumptions and Principles

As described above, the Group's investments are predominantly valued using a discounted cash flow ("DCF") analysis of the forecast investment cash flows from each portfolio company. The following is an overview of the key assumptions and principles applied in the valuation and forecasting of future cash flows:

- Discount rates and other key valuation assumptions (as outlined above) continue to be applicable
- Contracts for PPP projects and demand-based assets are not terminated before their contractual expiry date
- A reasonable assessment is made of operational performance, including in relation to PPP projects, payment deductions and the ability to pass these down to subcontractors
- Distributions from each portfolio company reflect reasonable expectations, including consideration of financial covenant restrictions from senior lenders
- Lifecycle and capital maintenance risks are either not borne by the portfolio company because they are passed down to a subcontractor or, where borne by the portfolio company, are incurred per current forecasts
- For demand-based assets, a reasonable assessment is made of future revenue growth, typically supported by forecasts made by an independent third party
- Where assets are in construction, a reasonable assessment is made as to the timing of completion and the ability to pass down any costs of delay to subcontractors
- Where a portfolio company expects to receive residual value from an asset, that the projected amount for this value is realised
- Non-UK investments are valued in local currency and converted to Sterling at the period end exchange rates
- A reasonable assessment is made of regulatory changes in the future which may impact cash flow forecasts
- Perpetual investments are assumed to have a finite life (e.g. Affinity Water is valued using a terminal value assumption)

In forming the above assessments, the Investment Manager works with portfolio companies' management teams, as well as engaging with suitably qualified third parties such as technical advisers, traffic consultants, legal advisers and regulatory experts.

Regulated Assets

The valuation drivers and metrics for certain regulated assets are different in certain aspects from the Company's other market segments – in particular, it is necessary to forecast future regulatory outcomes as well as operational performance against targets and allowances agreed with the regulator.

The Regulated Capital Value ("RCV") multiple, which measures a company's enterprise value as a multiple of RCV, is the most widely used valuation metric for UK regulated assets and forms a useful cross-check to the DCF-derived valuation. An RCV multiple will vary depending on a company's risk profile and operational performance, influenced by factors such as whether the business is listed, its level of gearing, whether it is responsible for funding a pension deficit, and its business scope and complexity.

Allenby & Connaught, UK

3.3
The Investment Portfolio

Portfolio of 116 assets at 31 March 2021

Education 16%[1]

- Bangor & Nendrum Schools
- Barking & Dagenham Schools
- Belfast Metropolitan College
- Boldon School
- Bradford Schools 1
- Bradford Schools 2
- Conwy Schools
- Cork School of Music (Ireland)
- Croydon School
- Darlington Schools
- Defence Sixth Form College
- Derby Schools
- Ealing Schools
- East Ayrshire Schools
- Ecole Centrale Supélec (France)
- Edinburgh Schools
- Falkirk Schools NPD
- Fife Schools 2
- Haverstock School
- Helicopter Training Facility
- Irish Grouped Schools (Ireland)
- Kent Schools
- Manchester School
- Newham BSF Schools
- Newport Schools
- North Ayrshire Schools
- North Tyneside Schools
- Norwich Schools
- Oldham Schools
- Paris-Sud University (France)
- Perth & Kinross Schools
- PSBP NE Batch
- Renfrewshire Schools
- Salford & Wigan BSF Phase 1
- Salford & Wigan BSF Phase 2
- Salford Schools
- Sheffield Schools
- Sheffield BSF Schools
- South Ayrshire Schools
- University of Bourgogne (France)
- West Lothian Schools
- Wooldale Centre for Learning

Health 29%

- Barnet Hospital
- Birmingham Hospitals
- Birmingham & Solihull LIFT
- Bishop Auckland Hospital
- Blackburn Hospital
- Blackpool Primary Care Facility
- Brentwood Community Hospital
- Brighton Hospital
- Central Middlesex Hospital
- Doncaster Mental Health Hospital
- Ealing Care Homes
- Glasgow Hospital
- Hinchingbrooke Hospital
- Ireland Primary Care Centres (Ireland)
- Lewisham Hospital
- Medway LIFT
- Newton Abbot Hospital
- Oxford Churchill Oncology
- Oxford John Radcliffe Hospital
- Oxford Nuffield Hospital
- Pinderfields & Pontefract Hospitals
- Queen Alexandra Hospital
- Redbridge & Waltham Forest LIFT
- Romford Hospital
- Salford Hospital
- Sheffield Hospital
- Southmead Hospital
- Staffordshire LIFT
- Stoke Mandeville Hospital
- Tameside General Hospital
- West Middlesex Hospital
- Willesden Hospital

Fire, Law & Order 5%

- Addiewell Prison
- Breda Court (Netherlands)
- Dorset Fire & Rescue
- Durham & Cleveland Firearms Training Centre
- Exeter Crown and County Court
- Gloucester Fire & Rescue
- Greater Manchester Police Stations
- Medway Police
- Metropolitan Police Training Centre
- Royal Canadian Mounted Police HQ (Canada)
- South East London Police Stations
- Sussex Custodial Centre
- Tyne & Wear Fire Stations
- Zaanstad Prison (Netherlands)

[1] By value, at 31 March 2021, using the Directors' Valuation of £3,011.9m

Transport 29%

- A9 Road (Netherlands)
- A13 Road
- A63 Motorway (France)
- A92 Road
- A249 Road
- Blankenburg Connection (Netherlands)
- Connect PFI
- Dutch High Speed Rail Link (Netherlands)
- High Speed 1
- Kicking Horse Canyon (Canada)
- M1-A1 Link Road
- M80 Motorway
- M17 / M18 Motorway (Ireland)
- NW Anthony Henday (Canada)
- Northwest Parkway (USA)
- RD901 Road (France)

Accommodation 11%

- Allenby & Connaught MoD Accommodation
- Health & Safety Headquarters
- Home Office
- Miles Platting Social Housing
- Newcastle Libraries
- Northwood MoD HQ
- Oldham Library
- Royal School of Military Engineering
- University of Sheffield Accommodation

Electricity, Gas & Water 10%

- Affinity Water
- Burbo Bank OFTO
- Race Bank OFTO
- Galloper OFTO
- Walney Extension OFTO

Key

- Incremental investment since 31 March 2020
- Disposal since 31 March 2020
- Contract handed back to the public sector client since 31 March 2020
- New investment since 31 March 2020

03 / PERFORMANCE & RISK

3.4
Portfolio Analysis

as at 31 March 2021

MARKET SEGMENT

March 2021

March 2020

	Mar 21	Mar 20
PPP projects	71%	72%
Demand-based assets	19%	20%
Regulated assets	10%	8%

GEOGRAPHIC LOCATION

March 2021

March 2020

	Mar 21	Mar 20
UK	74%	76%
EU	18%	17%
North America	8%	7%

OWNERSHIP STAKE

March 2021

March 2020

	Mar 21	Mar 20
100% ownership	31%	26%
50%–100% ownership	29%	34%
Less than 50% ownership	40%	40%

SECTOR

March 2021

March 2020

	Mar 21	Mar 20
Accommodation	11%	11%
Education	16%	14%
Electricity, Gas & Water	10%	8%
Health	29%	30%
Fire, Law & Order	5%	7%
Transport	29%	30%

INVESTMENT STATUS

March 2021

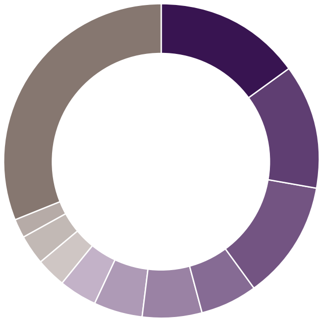
March 2020

	Mar 21	Mar 20
Fully operational	97%	97%
Construction	3%	3%

TEN LARGEST INVESTMENTS

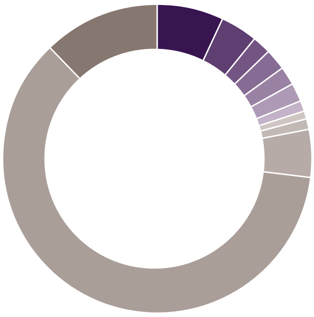
Affinity Water	8%
A63 Motorway	7%
Northwest Parkway	5%
Southmead Hospital	5%
High Speed 1	4%
Pinderfields & Pontefract Hospitals	4%
Royal School of Military Engineering	4%
Home Office	3%
Dutch High Speed Rail Link	3%
Queen Alexandra Hospital	3%
Remaining Investments	54%

TEN LARGEST FACILITIES MANAGEMENT COUNTERPARTY EXPOSURES



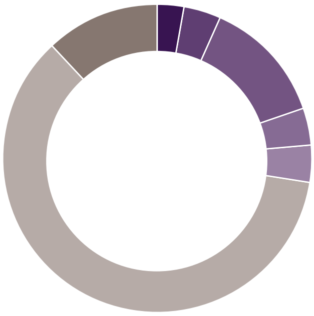
Bouygues	15%
In House	13%
Engie	13%
EGIS	7%
Mitie	5%
Network Rail	4%
Babcock	4%
Sodexo	3%
Siemens	3%
Integral	2%
Other	31%

TEN LARGEST CONSTRUCTION COUNTERPARTY EXPOSURES[1,2]



Colas	7%
Balfour Beatty	4%
Laing O'Rourke	2%
Strabag	2%
DEME	2%
Bouygues	2%
Bilfinger	1%
Morgan Sindall	1%
Galliford Try	1%
Other contractors	5%
Latent defects limitation / warranty period expired	61%
Affinity Water and High Speed 1	12%

LATENT DEFECTS WARRANTY PERIODS COUNTERPARTY EXPOSURES[1,2]



Within 1 year	3%
1–2 years	3%
2–5 years	13%
5–10 years	4%
10+ years	4%
Latent defects limitation / warranty period expired	61%
Affinity Water and High Speed 1	12%

[1] By value, at 31 March 2021, using Directors' Valuation excluding A13 senior bonds. 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

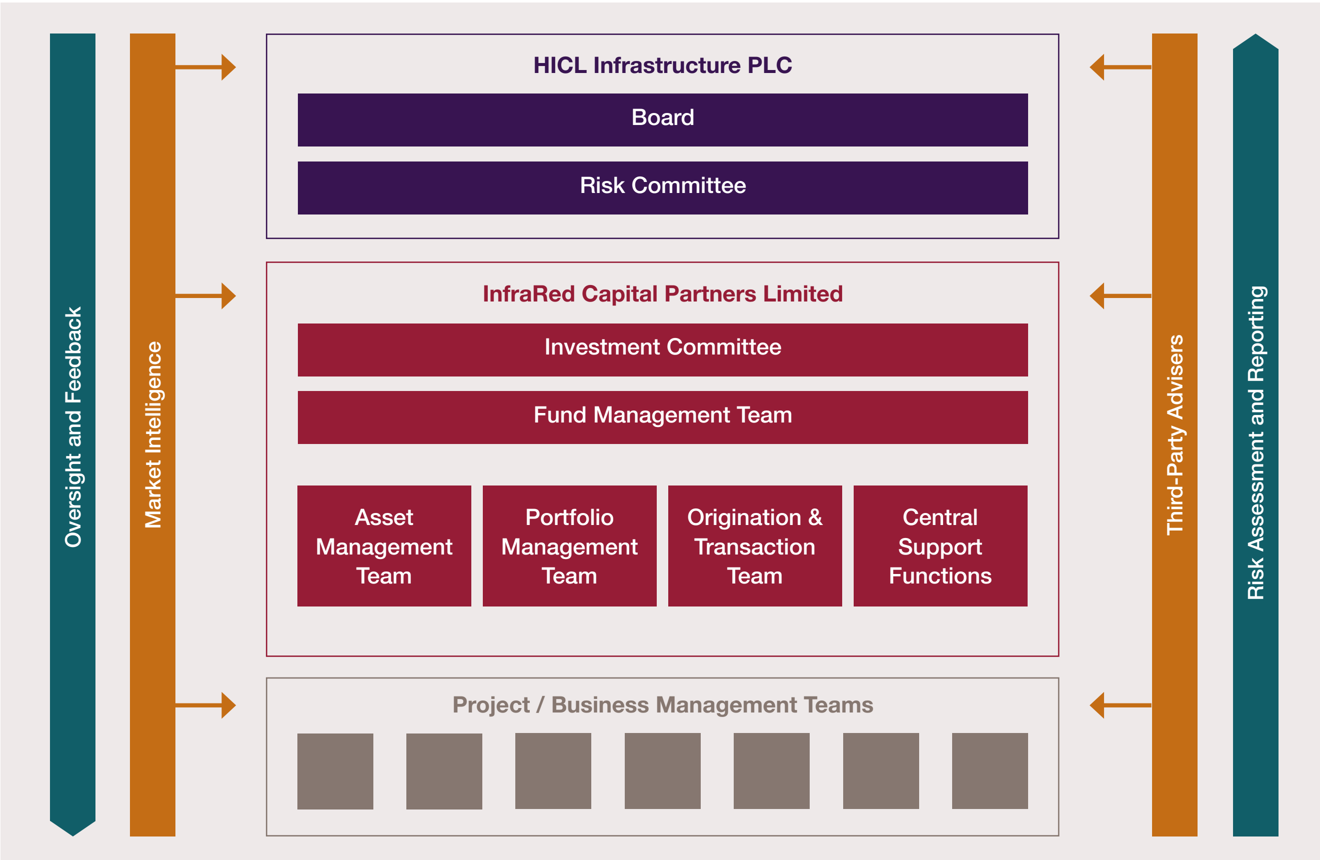
[2] Assets subject to regulatory regimes that help mitigate the potential impact of defects on equity

3.5
Risk & Risk Management

Risk management framework
HICL's risk management framework covers all aspects of the Company's business. The Board monitors, challenges and evaluates InfraRed's management of risk through the consideration of scenarios and situations that, should they occur, could materially impact the performance of HICL.

Having considered and analysed key risks, mitigating action may be undertaken to reduce the likelihood and impact of each risk manifesting.

The schematic below sets out the Company's risk management framework:



The Board has ultimate responsibility for setting HICL's Risk Policy and Risk Appetite. It has convened a Risk Committee to assist the Board by assessing HICL's overall risk profile, recommending a risk appetite, and ensuring its framework is adequately designed and effective in operation. The terms of reference for the Risk Committee can be found on HICL's website.

Day-to-day monitoring, evaluation and management of risk is undertaken by InfraRed as HICL's Investment Manager. Working closely with portfolio company management teams, InfraRed's Asset Management Team ensures the timely reporting of project-specific risks to the HICL Fund Management Team as and when they arise; the HICL Investment Committee also undertakes a formal review of project-specific risks on a quarterly basis. The Investment Manager is monitored, evaluated and challenged by the Risk Committee, which reports to the Board.

The Investment Manager uses its experience, insight from investments within the Group's portfolio and the wider infrastructure market, and third-party advisers, to proactively consider future risks and develop appropriate mitigation strategies. The Investment Manager oversees the deployment of these strategies and directs portfolio company management teams as required. Relevant systems, policies, oversight and third-party assurance are utilised to ensure effective risk management.

The Board's Management Engagement Committee reviews the performance of the Investment Manager (as well as all key service providers) at least annually and this review includes a consideration of the Investment Manager's internal controls and their effectiveness. No issues were identified in the latest review. The Investment Manager's Risk and Compliance team has developed a detailed self-assessment internal control report, and this is reviewed on a quarterly basis by the Risk Committee.

Risk classes

Risk is evaluated across seven risk classes. These are set out in the table below along with the Investment Manager's assessment of:

- The potential financial impact of 12-month prudent downside scenarios, which are developed by the Investment Manager and reviewed by the Risk Committee. They represent the estimated impact of severe but plausible scenarios, meaning they are not worst-case. Each scenario is presented before (inherent) and after (residual) the effect of mitigation strategies is considered; and
- A residual risk rating[1] based on the likelihood and mitigated impact of the prudent downside scenario for each risk class.

The table below aligns with the scope of the risk reporting tool utilised by the Investment Manager with the Risk Committee. The Investment Manager regularly presents stress scenarios and associated mitigation strategies to the Risk Committee to assist its assessment of more severe but low-probability downside scenarios.

As for almost all companies, the year to 31 March 2021 has been characterised by the impacts of and response to the Covid-19 pandemic. For HICL, the financial impact has principally materialised through its GDP-linked demand-based projects, which have experienced reduced short-term usage as a result of restrictions on movement imposed by governments. Further detail on these assets is provided in Section 3.2 – Valuation of the Portfolio. Despite some encouraging signs of vaccination success there is still risk associated with the extent and timing of further recovery; in particular the resumption in international travel for High Speed 1. Furthermore, reduced access to hospitals may continue to hinder defect resolution and in turn the resumption of distributions on some assets. As a result, residual portfolio performance risk is still considered to be high.

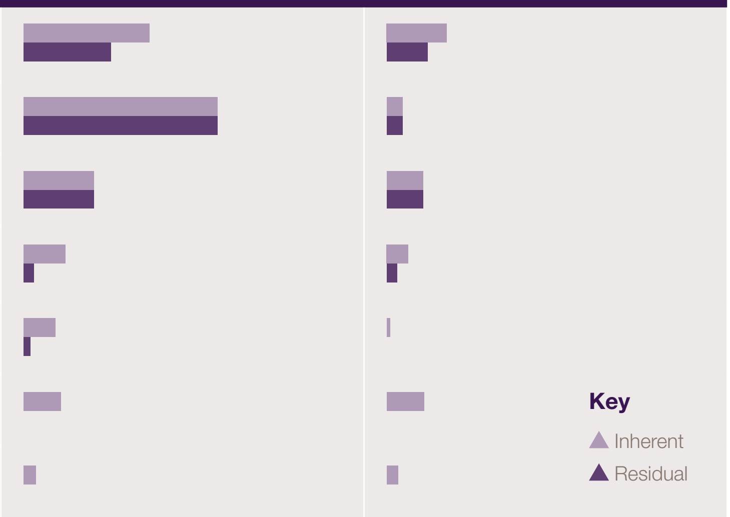
The pandemic will continue to affect both the financial / market risk and political risk classes, for which the residual risk rating is assessed as medium. For financial / market risk the most likely impacts are to short-term inflation, interest rate and GDP forecasts, which may be lower than HICL's assumptions. For political risk, pressure to restore public finances following high levels of pandemic-related spending may result in further taxation changes, noting that in March 2021, the UK Government announced an increase in corporation tax rates from 19% to 25% from 1 April 2023.

As described above, the Investment Manager sets out the potential financial impact of 12-month prudent downside scenarios. If any one of these were to materialise, the NAV / share impact would be felt immediately, but the impact on cash flow may extend beyond the current year, with a consequential impact on dividend cash cover. The Risk Committee has therefore decided to focus on the five-year cash flow impact of each scenario, which is presented in the table below.

The material components and mitigation strategies of each risk class are described in the tables that follow.

03 / PERFORMANCE & RISK

Primary Risk Class	Residual Risk Rating	NAV / share Impact Inherent vs Residual	Cash Flow Impact five years Inherent vs Residual
Portfolio performance risk	High		
Financial / market risk	Medium		
Political risk	Medium		
Operational risk – execution	Low		
Operational risk – portfolio administration, asset management	Very Low		
HICL central management risk	Very Low		
Operational risk – regulation and compliance	Very Low		



[1] There are five residual risk ratings: the lowest being 'Very Low', then 'Low', 'Medium', 'High' and 'Very High'

3.5
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk		
Revenue adjustments	For PPP projects, poor operational performance leading to a failure to meet contractual service standards may reduce the income of the portfolio company concerned through availability deductions. If the operational issues are significant, projects may also be prevented from making distributions by lenders, particularly when there are disputes concerning the level or attribution of deductions. In addition to the financial impact of these deductions, there is the potential for an adverse reputational impact from any material operational issues. For regulated assets, failure to meet certain delivery outcomes can result in penalties being incurred.	Operational issues can be caused by a number of factors. The Investment Manager's Asset Management team plays a pro-active oversight role, to ensure any trends in performance are identified early and, if necessary, corrected accordingly. When problems do arise, the relevant InfraRed asset manager will work on the corrective steps and relevant actions in order to preserve good working relations with the client and thereby minimise any potential financial and reputational damage. Payment deductions for periods of unavailability or poor service delivery are typically contractually passed down to the subcontractor who is at fault. In a severe case, the project company can terminate a subcontractor who fails to perform and either self-manage the services or tender for a new service provider. The cost of this action would, where possible, also be recovered from the previous supplier. Penalties levied against regulated assets for underperformance against key operational outcomes could result in lower investment returns. Some mitigation is achieved through the regulatory price control process through setting reasonable targets that are both stretching and achievable. The compensation of the portfolio company's management team is linked to performance against regulatory plan outcomes. The operational performance of the PPP and regulated assets in the portfolio has not been significantly impacted by Covid-19, and there have been no significant delays to the delivery of construction assets as a result of the pandemic.
Demand	The revenue generated by demand-based assets is dependent on the usage of the associated infrastructure. For some of these demand-based assets, usage may also be correlated to the rate of economic growth. Usage below valuation assumptions could lead to adverse financial performance of the portfolio company, with significant underperformance potentially resulting in default of the financing arrangements.	Demand risk is extensively considered by the Investment Manager as part of the due diligence process at the time of acquisition. Usage history is considered and, where appropriate, third-party experts are used to assess demand projections. Governments' responses to Covid-19, particularly restrictions on movement, have impacted the usage and financial performance of some of HICL's demand-based assets, as set out in Section 3.2 – Valuation of the Portfolio. There continues to be material risk associated with the resumption of international travel for High Speed 1; further details are provided on page 56. Once restrictions associated with Covid-19 have eased, usage may be impacted by long-term behavioural changes, such as a permanent increase in remote working. This risk is substantially mitigated by the strategic, critical nature of the Group's demand-based assets. Risks arising from the economic impact of Covid-19 on demand-based assets with returns correlated to GDP growth are set out below under the financial / market risk class summary.

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Construction defects	For PPP projects where the cost of defect remediation is borne by the original construction subcontractor, there is a risk that projects may be prevented from making distributions by lenders if the subcontractor disputes the scope of remediation required. Depending on the extent of the defects and the works required to remediate them, there is a risk that availability deductions may also be levied. There is the potential for an adverse reputational impact from any material defect issue.	Typically, PPP project companies have a right to make claims against the relevant construction subcontractor in relation to defects in the design, construction or commissioning of the project assets. This right persists for a defined period of time following the completion of construction (the 'statutory limitations period'). Construction defects are in most cases revealed through the regular programme of operations and maintenance activities or as a result of surveys that are commissioned. Defects detected within the statutory limitations period have been lodged with the relevant construction subcontractor for remediation. The cost of remediation is the responsibility of the construction subcontractor and not borne by the PPP project company. An adjudication or court process is used where disputes arise and cannot be commercially resolved, although this may result in projects being prevented from making distributions by lenders. Following the expiry of the statutory limitations period, the risk of remediation of construction defects that are subsequently detected typically falls to the PPP project company itself and is an equity risk (for which the lifecycle budget can in some cases be a source of mitigation). In addition, there are certain other circumstances, for example if a subcontractor becomes insolvent, where a construction counterparty may no longer be able to fulfil its obligations to correct construction defects. Management of counterparty credit risk is discussed later in this section.
Construction, operations and maintenance counterparties	HICL's PPP project companies and demand-based asset concessionaires typically subcontract the provision of construction, operations and maintenance services to specialist providers. The failure of a supply chain provider could negatively impact the project company's ability to fulfil its contractual obligations with the client, potentially leading to revenue adjustments (see above).	As one of its key objectives, HICL provides investors with access to a balanced, well-diversified portfolio of investments (in terms of clients, funders and supply chain contractors), thereby mitigating concentration risk and the impact of the default / non-performance by any single counterparty. HICL publishes an analysis of the portfolio's counterparty exposure in Section 3.4 – Portfolio Analysis. In addition, counterparty credit risk is considered at regular intervals by the Investment Manager's internal credit risk team. If a key subcontractor were to fail, HICL's priority is the continuation of services to public sector clients and the users of the affected infrastructure. HICL has developed contingency plans that specifically contemplate a scenario in which a key subcontractor enters administration or liquidation, and the Investment Manager's wide network provides a number of potential replacement service providers.

3.5 Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Operational costs	For PPP project companies and demand-based asset concessionaires, the budget for the management services contract, the lifecycle costs and the insurance premium generally lie with the portfolio company, and there is a risk that the budget could prove to be insufficient. Risk for other operational costs, such as facilities management and operations & maintenance, is generally passed down through fixed price contracts to industry specialists. For regulated assets, the regulatory price control process sets a total expenditure (capital and operational) allowance for the associated portfolio company to achieve its targets. Overspend against this allowance does not necessarily result in additional revenue, which may reduce the returns generated.	As part of the due diligence process at the time of acquisition, all operating budgets are reviewed to determine if they are adequate. In the case of insurance, there is often some protection through contractual premium risk-sharing agreements with the project company's client. The adequacy of lifecycle budgets is regularly assessed, where the risk sits with the project companies. HICL publishes an analysis of the portfolio's sensitivity to lifecycle costs, which is set out in Section 3.2 – Valuation of the Portfolio. The management teams of regulated assets, with oversight from the Investment Manager, prepare detailed business plans as part of each price control process. These plans take inputs from in-house and third-party experts and are scrutinised by the regulator. Mitigation is achieved through setting reasonable expenditure allowances that are both stretching and achievable. The compensation of the portfolio company's management team is linked to performance against the total allowed expenditure.
Client credit risk	Reductions in revenue arising from clients facing financial difficulties and therefore failing to meet their payment obligations could have a material adverse impact on that portfolio company's cash flows.	The impact of any single client default to the overall Group is considered small, as the Group has low concentration risk associated with any individual client. The majority of the Group's clients are public sector institutions in developed countries, further mitigating this risk.

Principal Risk	Risk Description	Risk Mitigation
Portfolio performance risk (continued)		
Climate change	Climate change will impact most companies. The impact will result from the physical consequences of climate change, and also from government policy and consumer behaviour changes to arrest the pace of adverse climate change. This has the potential to impact the financial performance of Group's portfolio.	For most concessions, performance risk, including in relation to events arising from adverse climate change, is mitigated through risk pass-down to subcontractors, insurance coverage and public-sector client relief events. During the year, the Investment Manager has completed a detailed climate change impact assessment across HICL's current portfolio, enabling a better understanding of the potential consequences of climate change. The key risks arising can be broken down into two categories: ▲ Physical risks: "acute" physical damage to the Company's infrastructure investments from variations in weather patterns and "chronic" impacts such as sea level rises and drought; and ▲ Transition risks: policy, legal, technological, market and reputational risks associated with the transition to a lower carbon economy. Although a subset of HICL's portfolio is exposed to physical risks, mitigation measures can be identified and implemented. Furthermore, the overall exposure at a portfolio level is relatively low, even under a 4°C scenario, and is limited to a small number of physical risks. HICL's portfolio benefits from inherent mitigation against transition risks, due to the essential nature of the infrastructure within it and the protections afforded by PPP and concession contracts. Further details are set out in Section 2.6 – Sustainability Report. For new investments, sustainability considerations (including climate change) are integrated into each stage of the Investment Manger's investment process. Further details are set out in Section 2.6 – Sustainability Report.
Cyber security	Failure to protect data appropriately could have negative legal, operational and reputational repercussions. A breach of data security could occur by accident or as a result of a deliberate cyber-attack. A cyber-attack could affect the IT systems of the Group, the Investment Manager or a portfolio company, causing theft or loss of data, or damage to the infrastructure's control systems and equipment.	The Group has no IT systems as it relies on those of its services providers. The Investment Manager has data management policies and its staff receive regular training to reduce the risk of an accidental data breach. The Investment Manager has IT systems designed to withstand a cyber-attack and these systems have been subject to successful annual tests by a specialist third party. Most portfolio companies tend not to have their own IT systems and rely on those of subcontractors. Data is normally backed up and the risk, should data be corrupted or stolen, is considered low. Those portfolio companies with their own IT systems have data management policies and their staff receive regular training to reduce the risk of an accidental data breach. Typically, these companies also undergo cyber penetration testing or use the separation of critical operational systems from the internet through bespoke procedures and firewalls to support the implementation of IT systems designed to withstand a cyber-attack. Data held by subcontractors or by portfolio companies themselves is normally backed up. The subcontractors or portfolio companies will also have disaster recovery plans. This reduces the potential impact of business interruption.

3.5
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Financial and market risk		
Investor sentiment	Prolonged periods where the prevailing share price trades below HICL's Net Asset Value inhibit HICL's ability to issue new equity capital.	The need to issue new equity capital primarily relates to the repayment of drawings under HICL's Revolving Credit Facility ("RCF"). HICL has a number of alternative options available. Inter alia, these include: ▲ Refinancing the RCF to extend its maturity, currently May 2023, reduces the near-term urgency to repay drawings, though it is not HICL's policy to be drawn for substantial periods of time. Details on the recent renegotiation of the RCF can be found in Section 3.1 – Financial Review. ▲ For construction assets, where equity commitments are deferred for a number of years, HICL's Letter of Credit Facility ("LCF") provides for longer-term drawings, as noted in Section 3.1 – Financial Review. ▲ Strategic management of the portfolio composition through disposals to pay down drawings under the RCF and facilitate opportunistic acquisitions without substantially increasing HICL's gearing. One accretive disposal was made in the year.
Inflation	Investment returns from portfolio companies typically have positive inflation correlation. Inflation levels below HICL's long-term assumptions would result in the valuation of the portfolio being adversely impacted, and sustained periods of deflation could result in defaults under loan arrangements.	The Board and Investment Manager consider a number of factors in determining the Group's long-term inflation assumptions. In response to the UK Government announcing the phasing out of RPI after 2030 and replacement with a consumer price index, the Group's forecast inflation rate has been aligned with CPIH from 1 April 2030. Some mitigation against the impact of a change in inflation rate basis is provided as the inflation rate is also applied to operating costs and, for some portfolio companies, part or all of the cost of debt. HICL publishes an analysis of the portfolio's sensitivity to inflation in Section 3.2 – Valuation of the Portfolio.

Principal Risk	Risk Description	Risk Mitigation
Financial and market risk (continued)		
Discount and interest rates	A discounted cash flow methodology is used to value the majority of the Group's investments. Appropriate discount rates are key to deriving a fair and reasonable valuation for the portfolio. The rate is established by reference to comparable market transactions, which is corroborated by considering the yield on long-dated government bonds (as a reference for the risk-free rate) plus an adequate risk premium. All other things being equal, higher discount rates would result in a reduction in the portfolio valuation. The Group benefits from use of HICL's RCF and debt within the portfolio companies. Increases in interest rates would increase the cost of financing these instruments.	Interest rates and inflation are positively correlated over the long term. Therefore, an increase in discount rates due to increased interest rates over the long term is likely to coincide with higher inflation – factors which materially offset one another in the portfolio valuation calculation. An interest rate increase would have a positive impact on cash deposit interest income for portfolio companies. This would partly mitigate a portfolio value reduction arising from increased discount rates. It does not necessarily follow that an increase in long-dated government bond yields would result in an increase in discount rates. As long-dated government bond yields have trended downwards since HICL's launch in 2006, the market discount rate applied to secondary transactions has not followed in lockstep. The resulting increase in equity risk premium provides a degree of buffer to absorb potential long-term increases in government bond yields thereby reducing the impact on the overall discount rate. To manage interest rate risk, the Group may use interest rate swaps to hedge RCF drawings. At portfolio company level, the risk of rising interest rates causing an increase in debt service cost is materially mitigated through the use of fixed-rate or inflation-linked bonds or hedging instruments. HICL publishes an analysis of the portfolio's sensitivity to discount and interest rates in Section 3.2 – Valuation of the Portfolio.
Economic growth	18% of the portfolio, by value at 31 March 2021, has an exposure to GDP. There is a risk that the economic recovery from Covid-19 is below HICL's short-term forecasts.	The Investment Manager regularly presents GDP sensitivities to the Risk Committee, which remains comfortable with the Company's exposure. The Company retains its self-imposed exposure limit of 20% of the portfolio, by value at the time of acquisition, to assets with returns correlated to GDP.
Foreign exchange	HICL is exposed to changes in foreign exchange rates where investment return is received in a currency other than Sterling from investments in jurisdictions outside the UK.	With a wide range of public sector counterparties, political risk is inherent in HICL's business model and has consistently been a key risk faced by HICL. There is a risk that clients of HICL's portfolio companies or national governments choose to terminate contracts. In the UK, the Group is observing heightened public sector activity around the prospect of PPP 'handback' and the mobilisation of public sector resources for the transition of UK PPP facilities back to the public sector at their expiry. There remains a long-term risk that a future UK Government may consider taking utilities, including water companies, back into public ownership.

3.5
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Political risk		
Policy changes	With a wide range of public sector counterparties, political risk is inherent in HICL's business model and has consistently been a key risk faced by HICL. There is a risk that clients of HICL's portfolio companies or national governments choose to terminate contracts. In the UK, the Group is observing heightened public sector activity around the prospect of PPP 'handback' and the mobilisation of public sector resources for the transition of UK PPP facilities back to the public sector at their expiry. There remains a long-term risk that a future UK Government may consider taking utilities, including water companies, back into public ownership.	Typically, public sector counterparties are entitled to voluntarily terminate a PPP contract and, if this occurs, project companies have a corresponding right to receive compensation. For most of HICL's PPP projects, this compensation is contractually based on market value which would be expected to be equal to the prevailing value of the asset in the portfolio. Whilst the near-term threat of nationalisation of utilities in the UK has receded it remains incumbent on private asset owners to continually demonstrate, through performance and service quality, the benefits of private investment in infrastructure. The Investment Manager is an active member of various industry bodies, including the Global Infrastructure Investor Association and The Infrastructure Forum, which, on behalf of the infrastructure sector, engage with politicians, civil servants, other policy shapers, such as the National UK Infrastructure Commission, and regulators. The Investment Manager works with the Association of Investment Companies on behalf of the Company. The Investment Manager interacts directly with stakeholders of the portfolio's projects, and with policy shapers through dialogue and by responding to relevant consultations and calls-for-evidence to extol the value that the private sector brings to the delivery of public infrastructure.
Legal or regulatory changes	Various legal and regulatory changes may adversely impact the Group and the portfolio companies in which the Group invests. This could take the form of legislation impacting the supply chain or contractual costs or obligations to which portfolio companies (and therefore the equity investor) are exposed. Certain investments in HICL's portfolio are subject to regulatory oversight. Regular price control reviews by the regulator determine levels of investment and service that the portfolio company must deliver and revenue that may be generated. Particularly severe reviews may result in poor financial performance of the affected investment.	HICL, the Investment Manager, and their advisers continually monitor any potential or actual changes to regulations to ensure both the Group and its service providers remain compliant. Most social and transport infrastructure concessions provide a degree of protection, through their contractual structures, in relation to changes in legislation which affect either the project asset or the way the services are provided. Regulators seek to balance protecting customer interests with making sure that each company has enough money to finance its functions. The Investment Manager participates in relevant consultation processes, to ensure that the legislature and regulators hear the concerns and views of HICL, in its capacity as a private sector investor. Affinity Water has clarity on the parameters for its business plan for the next four years. In March 2021, the CMA published its Final Determination for those companies that challenged Ofwat's Final Determination. As described in Section 2.5 – Investment Manager's Report, certain elements of the CMA determination have read-across to future regulatory periods.

Principal Risk	Risk Description	Risk Mitigation
Political risk (continued)		
Taxation changes	Taxation legislation or treaty changes may adversely impact the Group and the portfolio's value. This may include changes to: ▲ Corporation tax rates; ▲ Cross-border tax rules; and ▲ Other taxation legislation such as changes to the deductibility of interest costs of debt used to finance projects arising from the implementation of the OECD's recommendations in relation to Base Erosion and Profit Shifting ("BEPS").	Certain risks, such as changes to corporation tax rates, cannot be prevented or mitigated. HICL values its portfolio based on enacted tax rates. Investors are provided with an illustration of the portfolio's sensitivity to changes in tax rates in Section 3.2 – Valuation of the Portfolio. In March 2021, the UK Government announced an increase in corporation tax rates from 19% to 25% from 1 April 2023, thereby crystalising a key risk which had previously been presented to the Risk Committee by the Investment Manager. Relevant cross-border tax rules are closely monitored for any potentially adverse changes to the Group. The Board and the Investment Manager actively monitor broader taxation legislation developments.
Operational risk – execution		
Inadequate due diligence	Poor or inadequate due diligence can result in underperformance against acquisition assumptions.	The Investment Manager's Origination and Execution team has a depth of experience in buying and selling infrastructure assets and has developed a thorough checklist approach to the due diligence phase. The Investment Manager is supported by specialist advisers (e.g. lawyers, technical consultants, sustainability advisers and tax advisers). Oversight is provided by the Investment Manager's HICL Investment Committee, and by the Board in respect of matters falling outside the Investment Manager's 'Approved Investment Parameters'.
Breach of policies	New acquisitions may cause HICL to breach its Investment Policy, its banking covenants, or other internal control policies.	This risk is mitigated by the Investment Manager's detailed internal sign-off procedures involving a team independent of the acquisition reviewing it against all policies and procedures.
Operational risk – asset and portfolio management		
The Investment Manger	HICL is heavily reliant upon the Investment Manager to implement the strategies and deliver its objectives. The Investment Manager's team is responsible for fund, portfolio and asset management, as well as investment selection and pricing discipline. A performance deterioration of any of these functions could have a material impact on HICL's performance.	The Investment Manager has a track record of investing and managing infrastructure investments dating back to the 1990s. It has depth of resource and knowledge in the asset class, as well as appropriate and detailed policies, procedures and compliance systems. The Investment Manager's team benefits from a group of individuals possessing relevant qualifications, relationships and experience for their roles. The Board is satisfied that there is sufficient depth of expertise within the Investment Manager's team for the Group not to be reliant on any single 'key person'.

3.5
Risk & Risk Management (continued)

Principal Risk	Risk Description	Risk Mitigation
Operational risk – asset and portfolio management (continued)		
Valuations	The sensitivity analysis presented in Section 3.2 – Valuation of the Portfolio does not show a comprehensive picture of all potential scenarios. Further, variables do not tend to move in isolation, and the analysis does not show the potentially infinite number of permutations, and resultant impacts, that might arise. Financial models, either for the Group or the underlying project companies, may contain errors, or incorrect inputs, resulting in inaccurate outputs. These could adversely impact the assessment of HICL's financial position.	HICL's investments are valued using discount rates above the risk-free rate, acknowledging the various risks faced by investors in core infrastructure. Sensitivity analysis seeks to illustrate to investors the impact that certain key variables have on the portfolio's valuation. It cannot however provide a comprehensive assessment of all of the risks and should be treated accordingly. Financial models are managed by an experienced team who are adept at working with them in a manner that seeks to minimise the introduction of errors. In addition to the processes of the Investment Manager, the Group's portfolio valuation is assessed by HICL's independent valuation expert twice a year.
HICL central management risk		
Loss of key personnel	HICL relies on the Board of Directors and key service providers, including the Investment Manager, to manage the Group. Loss of a 'key person' could lead to gaps in the 'corporate knowledge'.	The Board is comfortable that it is not overly reliant on any one Director. Similarly, it is comfortable that the teams in all its key service providers, including the Investment Manager, have a suitable breadth and depth of resources such that if any one individual were to depart, the services can continue to be provided to the required standards by the remaining team members.
Service provider failure	The Group has no employees and relies on service providers to provide management services, the most important of which is the Investment Manager. Failure of any one service provider would lead to potential operating issues and a possible value impairment.	The Management Engagement Committee reviews the performance of all key service providers annually. Poor performance issues are communicated promptly back to the relevant service provider and, to date, this has had the necessary effect. Changes are made when necessary. The Investment Manager and the Administrator have confirmed that controls relevant to the Company's business remain in place. The Investment Manager has identified key roles and processes and alternates planned to manage key person risk (see Loss of Key Personnel above).
Poor controls	Poor control systems of either the Group or a service provider lead to a loss for the Group.	Detailed operating procedures have been developed and adopted by the Group. These are regularly reviewed including by the compliance team of the Investment Manager. Service providers also have their own control systems which are reviewed as and when required.
Operational risk – regulation and compliance		
Breach of regulations	The Group's activities may breach regulations in the jurisdictions in which it operates.	When entering new jurisdictions for the first time, specialist technical and legal advice is taken. Once investments are made, the Investment Manager seeks to remain abreast of changes of regulations and laws to ensure the Group and its portfolio companies remain compliant.

3.6 Viability Statement

The AIC Code of Corporate Governance (the "AIC Code") requires the Directors to make a statement regarding the Company's viability in the Annual Report, explaining how they have assessed the Company's prospects, the period of time for which they have made the assessment and why they consider that period to be appropriate.

The Directors have determined that the five-year period to March 2026 remains an appropriate period over which to assess HICL's viability as this period accords with the Company's business planning exercises, is appropriate for the investments owned by the Company and is consistent with HICL's long-term objective.

Assessment of HICL's Prospects

The Directors' primary assessment of the Company's prospects is achieved through its annual strategic and business planning exercise. The Directors review a five-year budget and business plan, which is prepared by the Investment Manager and includes cash flow projections to aid strategic planning and provide support for the dividend approval process. The projections consider cash balances, investment commitments, key covenants and limits, dividend cover, investment policy compliance and other key financial indicators over the five-year period. These projections are based on the Investment Manager's expectations of future asset performance, income and costs and are consistent with the methodology applied to provide the valuation of the investments.

The Company has a low level of expenses relative to forecast receipts from its portfolio investments. The portfolio consists of companies whose underlying assets are predominantly fully constructed and operating PPP or similar projects with public sector counterparties in jurisdictions with established and proven legal systems. As a result, the Company benefits from predictable long-term contracted cash flows and a set of risks that can be identified and assessed, see Section 3.5 Risk & Risk Management. The projects are each financed on a non-recourse basis to the Company and are supported by detailed financial models. The Directors believe that the non-recourse financing and diversification within the portfolio of investments helps to withstand and mitigate the risks it is most likely to meet.

Assessment of Viability

In making this statement, the Directors have considered the resilience of the Company, taking account of its current position and the principal risks facing the business, in severe but plausible downside scenarios, and the effectiveness of any mitigating actions. Consideration has been given to the current market and political environment, including the recent UK Corporation Tax rate change to 25% effective from 1 April 2023, as well as the continued impact of the Covid-19 pandemic.

The Investment Manager has prepared sensitivity analysis throughout the year, including various stress scenarios, which have been considered by the Risk Committee. Specific scenarios, in addition to those considered by the Risk Committee, have been prepared and considered by the Audit Committee for the purposes of the Viability Assessment as follows:

- increasing tax rate assumptions by a further 5%;
- increasing lifecycle costs by 10%;
- no step up in deposit interest rates;
- zero inflation for the next five years;
- assuming an increase in projects not distributing of 20% of the portfolio;
- deferral of demand-asset lock-up release dates by one year and no refinancing proceeds; and
- a combined scenario where there is an increase in PPP projects not distributing of 20% in addition to no distributions from demand-based assets that are currently not distributing for five years.

Individually, these scenarios pose little threat to the Company's solvency. A severe scenario was also prepared to assess the loss in revenue necessary to cause insolvency. The analysis demonstrated that the Company should remain viable over the five-year assessment period.

Viability Statement

The Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to March 2026. This is on the assumption that there is sufficient liquidity in the debt market to allow HICL to refinance or repay obligations becoming due under the Revolving Credit Facility and that its investments are not materially affected by retrospective changes to government policy, laws or regulations.

3.7
Risk Committee Report

The following pages set out the Risk Committee's report on its activities in respect of the year ended 31 March 2021. The Risk Committee operates within clearly defined terms of reference, which are available on the Company's website. The Risk Committee is comprised of all the Directors and it meets four times a year, coinciding with the quarterly Board meetings, and is available to convene ad-hoc should material matters arise.

In discharging its responsibilities, the duties of the Risk Committee comprise defining risk appetite for the Group and a robust assessment and monitoring of all matters relating to the risks to which the Group is exposed, as well as their management and oversight of mitigating actions. In particular, we consider risk exposure and controls, stress and scenario planning, regulatory compliance, portfolio company controls, tax policies and matters, and the three lines of defence.

Simon Holden
Risk Committee Chair
25 May 2021

Main Duties and General Approach

The Risk Committee's main duties are, as set out in its Terms of Reference, to consider, and where necessary make recommendations to the Board, on the following:

- the Company's implementation of an effective governance structure and control framework which covers key risk areas with appropriate reporting;
- the Group's risk appetite, taking account of the current economic, political and business environment, as well as any short-term shocks or longer-term trends (such as climate change) which might affect portfolio performance;
- risk limits and tolerances, and risk management;
- ongoing regulatory compliance;
- the Group's risk profile, challenging the assessment and measurement of key risks whilst monitoring the actions taken to manage and mitigate them;
- scenario assumptions to determine whether proposed mitigation is sufficient to manage the business risk profile within the Board's appetite; and
- the Investment Manager's advice on material changes to investment strategy, the treasury policy, the tax policy, the hedging policy and the risk policy.

Statement of the Chairman of the Risk Committee

The Company has a risk management framework covering all aspects of the Group's business. The Company is an Alternative Investment Fund ("AIF") and the Investment Manager (as Alternative Investment Fund Manager) is responsible for risk management and has thus implemented systems and controls to manage and monitor risk. The Board places reliance on the Investment Manager's systems and controls and through its Risk Committee, monitors, reviews and challenges their effectiveness.

The risk management framework utilises a cascade approach, with three 'lines of defence', to identify both imminently emerging risks as well as longer-term 'horizon risks', and effectively safeguard and protect the interests of the Company and its shareholders. The Investment Manager implements mitigation strategies, which are regularly reported against and assessed by the Risk Committee:

- The first line is the development of systems to implement effective controls across the day-to-day management of risk. These are set out in documents such as the Company's and the Investment Manager's Policies and Controls Manuals. The Company must generally be satisfied that the Investment Manager has an appropriate risk management framework in place to ensure risk is effectively anticipated, controlled, reported and overseen. InfraRed, as the Company's Investment Manager and the Operator of HICL's portfolio, is responsible for the identification, classification, assessment and management of risk both within the existing portfolio and in evaluating new investment opportunities.
- The second line is that of oversight and engagement from the Risk Committee, who scrutinise and challenge InfraRed's risk management. At each quarterly meeting, the Risk Committee conducts an in-depth review of the most material risks faced by the Group, including those that have been previously identified, those that have recently emerged, and longer-term factors to which the Company may need to adapt in the longer term ('horizon risks') such as climate change. Each key risk is assessed quantitatively (based on potential valuation and cash flow impact) and qualitatively (reputational impacts). Mitigation strategies are proposed by the Investment Manager, with progress being monitored by the Risk Committee. The Risk Committee also ensures that all relevant policies are up to date and that delegated authorities are observed.
- The third and final defence is third-party assurance which is utilised on an as-needed basis to provide independent scrutiny of the Company's risk management framework, an audit of key controls and specialist guidance. The results are reported to each of the Risk Committee and the Audit Committee as appropriate.

Routine Business

The Committee considered and noted compliance with the Approved Investment Parameters ("AIPs"), which are a component of HICL's risk management processes.

The AIPs operate within the Investment Policy as designated thresholds that are pre-agreed with the Risk Committee and approved by the Board in coordination with the Investment Manager. These set the perimeter of HICL's risk appetite as it relates to portfolio construction and are adjusted from time-to-time as this evolves, considering both the Company's investment strategy and operating environment.

The Committee's routine quarterly agenda covers, inter alia, a summary of key risks faced by the Group (including changes to the potential impact or timing of known risks as well as a consideration of emerging and longer-term risks), a review of HICL's risk management policies and updates on relevant fund or portfolio company matters as required.

The Committee considered, at each meeting, various regulatory compliance reports from the Investment Manager and from Aztec, the Company's Administrator. The Committee also received compliance reports from the Depositary. No significant action points or notable comments arose in respect of these regular reviews.

The Committee concludes each meeting with an assessment of whether HICL is compliant with its stated risk appetite and, at each meeting during the year, confirmed that this was the case.

3.7
Risk Committee Report (continued)

Significant Activity in the Period

Climate-related risks

The Board and the Risk Committee are alert to the potential for the physical and transitional consequences of climate change to impact HICL's investment strategy and portfolio. During the period, the Investment Manager completed a detailed, portfolio-wide climate change impact assessment, as set out in Section 2.6 – Sustainability Report. The results from this study will improve the ability of the Risk Committee to understand the potential consequences of climate change on HICL's underlying investments, to allow the Investment Manager to provide focused mitigation strategies and to instruct the Company's acquisition screening and portfolio construction activities.

Stress testing and scenario analysis

A rolling programme of stress testing and scenario analysis for HICL was presented to the Risk Committee at each of its meetings throughout the year. In response to the impact of Covid-19 on certain portfolio companies and the uncertainty surrounding the timing and speed of recovery from the pandemic, the Investment Manager enhanced the frequency and scope of the stress testing cycle for portfolio performance risks.

Risk reporting

During the year, a review of the risk reporting framework was conducted by the Investment Manager. Based on feedback from Risk Committee members, several refinements were made to the quarterly reports. As a result, the Risk Committee is now provided with enhanced clarity and visibility over the most material risks to the Group, their progression with time and the mitigation plan for each risk. Furthermore, through a new report on 'horizon risks', the Risk Committee is better placed to plan its longer-term priorities and strategies to adapt to future risk factors.

Key risks

The key risks faced by the Group and associated mitigants are set out in Section 3.5 – Risk & Risk Management. The year to 31 March 2021 was characterised by assessing and responding to risks arising from the Covid-19 whilst maintaining a focus on key controls and monitoring the broader risk landscape beyond the pandemic.

During the year, the Risk Committee devoted time to consider several key risks, providing timely updates to the Board and shareholders as necessary, including:

- ▲ **Health & Safety:** The Risk Committee received quarterly reporting from the Investment Manager in relation to health & safety matters. The safe working practices of our contractors and the avoidance of injuries are always of paramount concern and are closely monitored across the portfolio at all times.
- ▲ **Covid-19:** The Risk Committee has been kept appraised of the ongoing impact of Covid-19 on the portfolio, our business partners, and end users as well as the potential future risks associated with the pandemic.
  - *Direct impact on the portfolio:* The availability of our social infrastructure to the public sector and / or end users has not been significantly impacted by Covid-19. However, government-imposed restrictions on movement have reduced the usage of HICL's GDP-linked demand-based assets, and there is risk associated with the assumed timing and level of recovery, particularly with respect to High Speed 1.
  - *Direct impact of the virus on the Investment Manager and other service providers:* The business continuity plans enacted by InfraRed and other service providers have successfully mitigated against disruption. The Risk Committee is therefore comfortable with the operational resilience of service providers and that controls relevant to the Company's business remain in place.
  - *Wider consequences of governmental action in response to the virus:* The Investment Manager has apprised the Risk Committee of a number of risks associated with the pandemic beyond the immediate impact on HICL's demand-based assets. These include financial and market risks such as lower than expected GDP growth or inflation as well as changes in asset usage caused by long-term behavioural changes.

HICL and its Investment Manager continue to take seriously their responsibilities as stewards of essential community assets and to demonstrate the benefits to society of private sector involvement in the responsible and sustainable operation of critical public infrastructure.

- **Construction defects:** The Risk Committee received regular updates from the Investment Manager on matters of building defects, including fire safety. The Risk Committee is supportive of the Investment Manager's focus on safety through thorough surveying and prioritising remediation works, which are expected to be borne by their respective construction contractors wherever possible.

  If unresolved, construction defects, including those relating to fire safety, may impact on asset availability and / or the ability for projects to make distributions to investors. The time frames around the release of distributions that have been held back may be delayed as a result. Furthermore, for certain projects there is a risk that increased defect remediation costs could adversely affect the valuation of the investment, either because the statutory limitations period has expired or the original construction contractor is insolvent.

- **Political and regulatory risk:** In response to the short-term economic shock created by the Covid-19 pandemic, most governments have significantly increased borrowing and spending in order to preserve jobs and limit the impact on the most vulnerable. As a result, the Investment Manager reported a heightened risk of increased taxation to the Risk Committee, and in March 2021, the UK Government announced an increase in corporation tax rates from 19% to 25% from 1 April 2023.

  Affinity Water has clarity on the parameters for its business plan for the next four years. In March 2021, the CMA published its Final Determination for those companies that challenged Ofwat's Final Determination. As described in Section 2.5 – Investment Manager's Report, certain elements of the CMA determination were beneficial to the assumptions used to value Affinity Water.

- **Counterparty risk:** The Investment Manager actively monitors the financial health of the portfolio's construction, operations and maintenance subcontractors, which is of particular importance in the current economic environment. In light of the significant reduction in international travel as a result of government measures to prevent the spread of Covid-19, the Investment Manager increased its focus on Eurostar as a key revenue counterparty of High Speed 1 and provided dedicated reporting to the Risk Committee.

- **Brexit:** Prior to the end of the Brexit transition period on 31 December 2020, the Investment Manager provided frequent status updates to the Risk Committee on the preparedness of the Group and its portfolio companies, including the contingency plans in place in the event that no trade deal between the UK and EU was agreed. The Risk Committee is pleased to report that no material issues have arisen as a result of Brexit but will continue to monitor for any future risks that may arise.

- **Public sector engagement:** The mobilisation of public sector resources for the transition of UK PPP facilities back to their clients is being monitored by the Investment Manager. The Risk Committee notes that the heightened risk of contractual or operational disputes in the run-up to 'handback' is most effectively mitigated by ensuring operational excellence and a constructive engagement with public sector stakeholders.

- **Financial / market risks:** Prior to the start of the financial year, the Risk Committee had been made aware by the Investment Manager of the risk that the UK Statistics Authority was seeking to reform the Retail Price Index measure of inflation. In response to the UK Government announcing the phasing out of RPI after 2030 and replacement with a consumer price index, the Group's forecast inflation rate has been aligned with CPIH from 1 April 2030, effectively crystalising this previously reported risk.

  The Risk Committee also received a report from the Investment Manager in relation to the risks relating to the transition from LIBOR to SONIA, which is scheduled to conclude at the end of the calendar year. The Risk Committee continues to provide oversight to the coordinated response, as described in Section 2.5 – Investment Manager's Report.

3.8
Strategic Report Disclosures

Investment Policy

HICL's Investment Policy is to ensure a diversified portfolio which has a number of similarly sized investments and is not dominated by any single investment. HICL will seek to acquire Infrastructure Equity with similar risk / reward characteristics to the current portfolio, which may include (but is not limited to):

- Public sector, government-backed or regulated revenues;
- Concessions which are predominantly "availability" based (i.e. the payments from the concession do not generally depend on the level of use of the project asset); and / or
- Companies in the regulated utilities sector.

HICL will also seek to enhance returns for shareholders by acquiring more diverse infrastructure investments. The Directors currently intend that HICL may invest in aggregate up to 35% of its total assets (at the time the relevant investment is made) in:

- Project Companies which have not yet completed the construction phases of their concessions but where prospective yield characteristics and associated risks are deemed appropriate to the investment objectives of HICL. This may include investment in companies which are in the process of bidding for concessions, to the extent that such companies form part of a more mature portfolio of investments which HICL considers appropriate to acquire;
- Project Companies with "demand-based" concessions where the Investment Manager considers that demand and stability of revenues are not yet established, and / or Project Companies which do not have public sector sponsored / awarded or government-backed concessions; and
- To a lesser extent (but counting towards the same aggregate 35% limit, and again at the time the relevant investment is made) in limited partnerships, other funds that make infrastructure investments and / or financial instruments and securities issued by companies that make infrastructure investments, or whose activities are similar or comparable.

Geographic focus

The Directors believe that attractive opportunities for HICL to enhance returns for investors are likely to arise outside as well as within the UK (where the majority of the projects in the current portfolio are based). HICL may therefore make investments in the European Union, Norway, Switzerland, the Americas and selected territories in Asia and Australasia. HICL may also make investments in other markets should suitable opportunities arise. HICL will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where it considers that contract structures and enforceability are reliable and where (to the extent applicable) public sector obligations carry what the Investment Manager believes to be a satisfactory credit rating and where financial markets are relatively mature.

Single investment limit and diversity of clients and suppliers

For each new acquisition made, HICL will ensure that such investment acquired does not have an acquisition value (or, if it is a further stake in an existing investment, the combined value of both the existing stake and the further stake acquired is not) greater than 20% of the total gross assets of HICL immediately post acquisition.

The total gross assets will be calculated based on the last published gross investment valuation of the portfolio plus acquisitions made since the date of such valuation at their cost of acquisition.

The purpose of this limit is to ensure the portfolio has a number of investments and is not dominated by any single investment.

In selecting new investments to acquire, the Investment Manager will seek to ensure that the portfolio of investments has a range of public sector clients and supply chain contractors, in order to avoid over-reliance on either a single client or a single contractor.

Restrictions under the Listing Rules

In accordance with the requirements of the Financial Conduct Authority, HICL has adopted the policies set out below:

a) HICL's primary objective is investing and managing its assets with a view to spreading or otherwise managing investment risk. HICL must, at all times, invest and manage its assets in a way which is in accordance with its Investment Policy;

b) HICL will not conduct a trading activity which is significant in the context of HICL as a whole. HICL will not cross-finance businesses forming part of HICL's investment portfolio; and

c) No more than 10%, in aggregate, of HICL's assets will be invested in other listed closed-ended investment funds.

The Listing Rules may be amended or replaced over time. To the extent that the above investment restrictions are no longer imposed under the Listing Rules, those investment restrictions shall cease to apply to HICL.

Risks and Uncertainties

The principal risks and uncertainties facing HICL can be found in HICL's March 2019 Prospectus which is available on the Company's website at www.hicl.com. An update on the key risks currently faced by the Company and associated mitigants are set out in Section 3.5 – Risk & Risk Management.

Environmental, Social and Community Matters

For a detailed explanation of HICL's approach to Environmental, Social and Governance / Responsible Investment, please see HICL's Sustainability Policy, which can be found on the Company's website at www.hicl.com. A comprehensive review of the year, including case studies from the portfolio, can be found in Section 2.6 – Sustainability Report.

Research and Development Activities
None

Section 172(1) Statement
The Directors discharge their duties under Section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders as a whole.

As a closed-ended investment company, HICL has no employees; however the Directors assess the impact of HICL's activities on other stakeholders, in particular public sector clients and the end users of the infrastructure investments, as well as the community as a whole, recognising that the investments of HICL are often key community assets. Details can be found in the Strategic Report, particularly in Section 2.6 – Sustainability Report.

Gender Diversity
At the year end, the Board of Directors comprised eight non-executives; five male and three female.

HICL has no employees.

Leverage
HICL is required under the Alternative Fund Manager's Directive ("AIFMD") to make available to investors information in relation to its leverage. Leverage is considered in terms of HICL's overall exposure to financial or synthetic gearing and includes any method by which its exposure is increased whether through borrowing of cash or securities, foreign currency holdings, leverage embedded in derivative positions or by any other means.

It is expressed as the ratio between the total exposure of HICL and its net asset value such that if its exposure was equal to its net asset value, leverage would be disclosed as 100%; a value above 100% means that HICL has leverage equal to the percentage amount above 100%. Exposure values are calculated by two methods, gross and commitment, as defined within the AIFMD. Exposure under the gross method represents the aggregate of all HICL's exposures other than cash balances held in base currency; the commitment method takes into account the effect of different treatment of certain cash and cash equivalent items and of offsetting instruments between eligible assets to reflect netting and hedging arrangements in line with regulatory requirements.

Maximum leverage levels have been set by the Board and InfraRed and are in accordance with the maximum borrowing allowed by HICL's Articles of Association.

The table below sets out the current maxima, and permitted limit and actual level of leverage for HICL as a percentage of its net asset value as at 31 March 2021.

Leverage	Gross Method	Commitment Method
Maximum limit	150%	150%
Actual level	111%	101%

Ian Russell
Chairman
25 May 2021

Birmingham Hospital, UK

04 Directors' Report

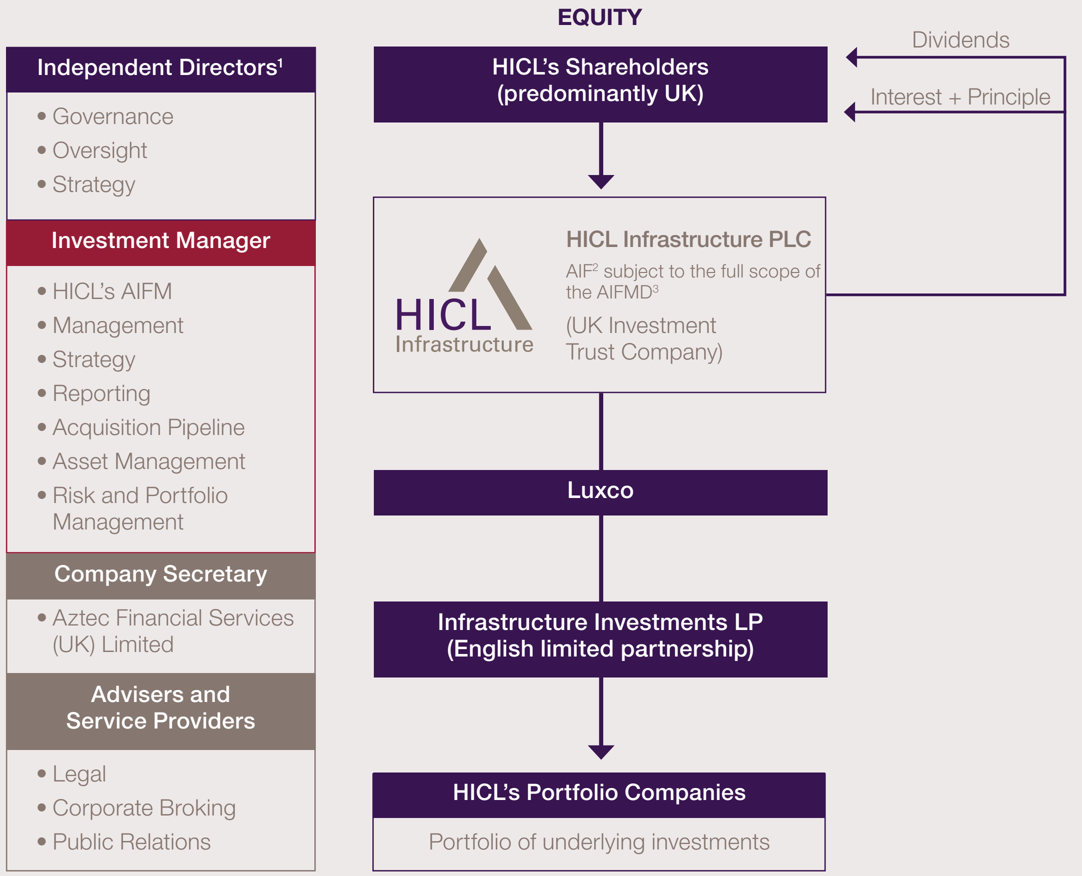
4.1
Board and Governance

Operational Structure

HICL Infrastructure PLC ("HICL", or the "Company" and, together with its subsidiaries, the "Group") is a registered investment company with an independent Board of Directors. Its shares have a premium listing on the Official List of the UK Listing Authority and trade on the main market of the London Stock Exchange.

HICL's portfolio comprises 116 infrastructure investments. Its strategy to protect and enhance the value of the existing portfolio, and to source appropriately-priced new investments, utilises the expertise of its Investment Manager, InfraRed Capital Partners Limited ("InfraRed"). HICL has a 31 March year end, announces its full year results in May and interim results in November. It also publishes two Interim Update Statements each year, normally in February and July.

Organisational Structure



[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

Group Structure

Investments are made via the Corporate Subsidiaries, which comprise a group structure involving a Luxembourg-domiciled investment company and an English limited partnership (the "Partnership"). HICL's assets are therefore held indirectly through the Corporate Subsidiaries and any subsidiaries are wholly owned by the general partner of the Partnership on behalf of the Partnership. InfraRed Capital Partners Limited ("InfraRed") has been appointed the Investment Manager of HICL and Operator of the Partnership. InfraRed has been appointed AIFM in accordance with the AIFM Directive, and also provides the registered office of HICL.

The Company invests in infrastructure investments indirectly via the Corporate Subsidiaries:

- Luxco, a société à responsabilité limitée established in Luxembourg, is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle, the General Partner, as its general partner. The General Partner is a wholly owned indirect subsidiary of InfraRed Partners LLP. The General Partner, on behalf of the Partnership, has appointed InfraRed as operator of the Partnership. Luxco invests the contributions it receives in capital contributions and partner loans to the Partnership, which acquires and holds the infrastructure investments.
- Luxco has an independent board, on which a HICL Board Director sits, and takes advice on administration matters from RSM Tax & Accounting Luxembourg.

Aztec Financial Services (UK) Limited is the Administrator to HICL and also provides company secretarial services.

HICL's infrastructure investments are registered in the name of the General Partner, the Partnership or wholly owned subsidiaries of the Partnership.

Each of the underlying investments is made by a portfolio company (not shown in the structure diagram on the previous page), which through its contractual structure ensures no cross-collateralisation of the liabilities (being, principally, the debt repayment obligations).

The Board and the Committees

The Board of HICL comprises eight independent, non-executive Directors whose role is to manage HICL in the interests of shareholders and other stakeholders. In particular, the Board approves and monitors adherence to the Investment Policy and Acquisition Strategy, determines risk appetite, sets policies, agrees levels of delegation to key service providers and monitors their activities and performance (including, specifically, that of the Investment Manager) against agreed objectives. The Board will take advice from the Investment Manager, where appropriate – for example on matters concerning the market, the portfolio and new acquisition opportunities.

The Board meets regularly – at least five times a year, each time for two consecutive days – for formal Board and Committee meetings. One of these Board meetings is devoted to considering the strategy of HICL, both in terms of potential acquisitions and the management of the current portfolio. There are also a number of ad hoc meetings dependent upon business needs. In addition, the Board has formed six committees (Audit, Management Engagement, Market Disclosure, Nomination, Remuneration and Risk) which manage risk and governance.

Management of the portfolio, as well as investment decisions within agreed parameters, is delegated to InfraRed as the Investment Manager, which reports regularly to the Board. At the quarterly Board and Committee meetings, the operating and financial performance of the portfolio, its valuation and the appropriateness of the risk and controls are reviewed.

4.2
Board of Directors

Mr Ian Russell
Chairman of the Board
Chair of Nomination Committee

Background and experience
Ian Russell CBE (British), resident in the UK, is a qualified accountant. He was appointed to the Board on 1 May 2013. Ian 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 chairman of Scottish Futures Trust and National Museums Scotland.

Date of appointment*
Appointed to the Board on 1 May 2013

Other public company directorships (listed in London unless noted otherwise):**
None

Mr Frank Nelson
Senior Independent Director
Chair of Management Engagement Committee

Background and experience
Frank Nelson (British), resident in the UK, 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.

Date of appointment*
Appointed to the Board 1 June 2014

Other public company directorships (listed in London unless noted otherwise):**
Eurocell PLC
Van Elle Holdings PLC

Ms Rita Akushie

Background and experience
Rita Akushie (British) 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.

Date of appointment
Appointed to the Board on 1 January 2020

Other public company directorships (listed in London unless noted otherwise):**
None

Mr Mike Bane
Chair of Remuneration Committee

Background and experience
Mike Bane (British) is a chartered accountant and retired from public practice in June 2018. Mike has been a Guernsey resident for over 20 years. He has more than 35 years of audit and advisory experience in the asset management industry including in relation to infrastructure investment companies. He led EY's services to the asset management industry in the Channel Islands and was a member of EY's EMEIA Wealth and Asset Management Board. Prior to EY, Mike was at PwC, in both London and Guernsey. Mike was President of the Guernsey Society of Chartered and Certified Accountants from 2015 to 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.

Date of appointment*
Appointed to the Board on 1 July 2018

Other public company directorships (listed in London unless noted otherwise):**
Apax Global Alpha Limited

* Assuming a continuation of the years of service as a Director of HICL Infrastructure Company Limited
** Certain of the Directors maintain additional directorships that are also listed but not actively traded on various exchanges. Details may be obtained from the Company Secretary

Ms Frances Davies

Background and experience
Frances Davies (British) 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. Frances is also on Aviva's With-Profits Committee and the committee of the Hermes Property Unit Trust. Previously she served as Head of Global Institutional Business at Gartmore Investment Management where she was responsible for Gartmore's relationships with pension funds and other institutions within the UK, Europe and the US. Previously she held roles at Morgan Grenfell Asset Management and SG Warburg. Ms Davies graduated with a MA in Philosophy, Politics and Economics and a M.Phil in Management Studies, both from Oxford University.

Date of appointment
Appointed to the Board on 1 April 2019

Other public company directorships (listed in London unless noted otherwise)**:
JPMorgan Smaller Companies Investment Trust plc

Mrs Sally-Ann (Susie) Farnon
Chair of the Audit Committee

Background and experience
Sally-Ann Farnon (known as Susie) (British), resident in Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales, having qualified as an accountant in 1983, and is a non-executive director of a number of property and investment companies. She was appointed to the Board on 1 May 2013. Susie was a Banking and Finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants and 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.

Date of appointment*
Appointed to the Board on 1 May 2013

Other public company directorships (listed in London unless noted otherwise)**:
Apax Global Alpha Limited
Bailiwick Investments Limited (TISE)
BH Global Limited
Real Estate Credit Investments Limited

Mr Simon Holden
Chair of the Risk Committee

Background and experience
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.

Date of appointment*
Appointed to the Board 1 July 2016

Other public company directorships (listed in London unless noted otherwise)**:
Hipgnosis Songs Fund Limited
JPMorgan Global Core Real Assets Limited
Chrysalis Investments Limited
Trian Investors 1 Limited (traded on the Specialist Funds Segment of the LSE)

Mr Kenneth D. Reid

Background and experience
Kenneth D. Reid (British), resident in Singapore, has more than 30 years of international experience in the sectors of construction, development and infrastructure investment. Working initially with Kier Group, and then from 1990 with Bilfinger Berger AG, he has been a project leader and senior management executive responsible for businesses and projects across all continents. From 2007 to 2010, Ken served as a member of the Group Executive Board of Bilfinger Berger AG. He graduated in Civil Engineering from Heriot-Watt University with First Class Honours (BSc), and subsequently from 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.

Date of appointment*
Appointed to the Board 1 September 2016

Other public company directorships (listed in London unless noted otherwise)**:
None

4.3
The Investment Manager

InfraRed Capital Partners Limited ("InfraRed") is the Investment Manager to HICL. In addition, InfraRed is the Operator of the Partnership by the General Partner, on behalf of the Partnership. Under the terms of the Limited Partnership Agreement, the Operator has full discretion to acquire, dispose of or manage the assets of the Partnership, subject to investment guidelines set out by the Board.

InfraRed is part of the InfraRed Group, a privately-owned property and infrastructure investment business, managing a range of infrastructure and property funds and investments. InfraRed's infrastructure investment team has a strong record of delivering attractive returns for its investors, which include pension funds, insurance companies, funds of funds, asset managers and high net worth investors domiciled in the UK, Europe, North America, Middle East and Asia.

Since 1990, the InfraRed Group (including predecessor organisations) has launched 21 investment funds investing in infrastructure and property, including HICL.

In July 2020, InfraRed was acquired by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"), with InfraRed continuing to operate as a distinct business under SLC Management, Sun Life's alternative asset management business. The Sun Life acquisition has provided further support to InfraRed in its role as Investment Manager to HICL. Sun Life is a leading international financial services organisation providing insurance, wealth and asset management solutions to individual and corporate clients. As of 31 March 2021, Sun Life had total assets under management of C$1,304bn. For more information please visit www.sunlife.com.

The InfraRed Group currently manages eight infrastructure funds (including HICL) and six real estate funds. The InfraRed Group currently has a staff of around 190 employees and partners, based mainly in offices in London and with smaller offices in New York, Mexico City, Seoul and Sydney. Its infrastructure team comprises over 100 professional staff who have, on average, c. 12 years of relevant industry experience.

Within the infrastructure team, there are:

▲ a Management team with overall responsibility for the activities provided to HICL;

▲ an Origination and Execution team responsible for business development and sourcing new investments;

▲ an Asset Management team responsible for managing the portfolio of investments; and

▲ a Portfolio Management team responsible for financial reporting, cash flow management, debt, foreign exchange hedging and tax.

Six senior members of the InfraRed team make up InfraRed's Investment Committee on behalf of HICL. The Investment Committee has combined experience of over 145 years in making infrastructure investments and managing investments and projects.

Further details on the InfraRed Group can be found at www.ircp.com.

Under the terms of the Investment Management Agreement, InfraRed is entitled to a fixed management fee of £100,000 per annum, together with all reasonable out-of-pocket expenses. InfraRed will not receive any directors' or other fees from any project company.

InfraRed, in its capacity as Operator, and the General Partner are together entitled to annual fees calculated on the following basis and in the following order:

(i) 1.1 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments which have a value of up to (and including) £750m in aggregate;

(ii) 1.0 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments that is not accounted for under (i) which, together with the investments under (i) above, have an Adjusted Gross Asset Value of up to (and including) £1.5bn in aggregate;

(iii) 0.9 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments not accounted for under (i) or (ii) above which, together with investments under (i) and (ii) above have an Adjusted Gross Asset Value of up to (and including) £2.25bn;

(iv) 0.8 per cent. of the proportion of the Adjusted Gross Asset Value of HICL's investments not accounted for under (i), (ii) or (iii) above which, together with investments under (i), (ii) and (iii) above have an Adjusted Gross Asset Value of up to (and including) £3.0bn; and

(v) 0.65 per cent. of the proportion of the Adjusted Gross Asset Value of HICL that is not accounted for under (i), (ii), (iii) and (iv) above.

There are no acquisition or performance fees payable.

These fees are calculated and payable three monthly in arrears, and are based on the Adjusted Gross Asset Value of HICL's assets at the beginning of the period concerned, adjusted on a time basis for acquisitions and disposals during the period.

The Investment Management Agreement may be terminated by either party giving the other party thirty six (36) months' written notice (or, at HICL's option, making a payment in lieu of such notice). InfraRed's appointment as Operator has corresponding termination provisions, and if InfraRed's appointment as Investment Manager is terminated it may unilaterally terminate its appointment as operator, and vice versa.

4.4
Corporate Governance Statement

Introduction

The Board recognises the importance of a strong corporate governance culture that meets the requirements of the UK Governance framework, including the UK Listing Authority as well as other relevant bodies such as the Association of Investment Companies ("AIC") of which HICL is a member. The Board has put in place a framework for corporate governance which it believes is appropriate for an investment company. All Directors contribute to the Board discussions and debates. The Board believes in providing as much transparency for investors and other stakeholders as is reasonably possible within the boundaries of client and commercial confidentiality.

AIFM Directive

The Alternative Investment Fund Managers Directive seeks to regulate alternative investment fund managers ("AIFM") and imposes obligations on Managers who manage alternative investment funds ("AIF") in the EU or who market shares in such funds to EU investors. HICL is categorised as an externally managed AIF for the purposes of the AIFM Directive. In order to maintain compliance with the AIFM Directive, HICL complies with various organisational, operational and transparency obligations, including the pre-investment disclosure information required by Article 23 of AIFM Directive.

Non-Mainstream Pooled Investments

HICL conducts its affairs as an investment trust. On this basis, the Ordinary Shares should qualify as an "excluded security" and therefore be excluded from the FCA's restrictions in COBS 4.12 of the FCA Handbook that apply to non-mainstream pooled investment products.

The AIC Code of Corporate Governance

As a member of the AIC, the Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (the "AIC Code"), a framework of best practice in respect of the governance of investment companies. The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. HICL has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk[1]). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Board

The Board consists of eight non-executive Directors. In accordance with Provision 10 of the AIC Code all of the non-executives are independent of the Investment Manager. The Chairman, Ian Russell, met the independence criteria of the AIC Code Provision 11 upon appointment and has continued to meet this condition throughout his term of service. Although not a requirement of the AIC Code, in accordance with guidance in Provision 11, the Board has a Senior Independent Director, Frank Nelson. Frank met the independence criteria of the AIC Code Provision 11 upon appointment and has continued to meet this condition throughout his term of service. Being non-executive Directors, none of the Directors have a service contract with the Company.

The Articles of Incorporation provide that each of the Directors shall retire at each annual general meeting in accordance with Provision 23 of the AIC Code. All eight Directors intend to retire and offer themselves for re-election at the forthcoming Annual General Meeting in July 2021.

The Board believes that the composition of the Board and its Committees reflects a suitable mix of skills and experience and that the Board, as a whole, and its Committees functioned effectively during the last 12 months. An external review was commissioned in 2020, and is discussed on the following page under Performance Evaluation.

The Board is scheduled to meet at least five times a year and between these formal meetings there is regular contact with the Investment Manager, the Secretary and the Company's Joint Brokers. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company that should be brought to the attention of the Directors. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The attendance record of Directors for the year to 31 March 2021 is set out below:

	Formal Board Meetings	Audit Committee	Management Engagement Committee	Market Disclosure Committee	Nomination Committee	Remuneration Committee	Risk Committee
Mr I Russell	5(c)	8*	1	2	3(c)**	2	4
Mr F Nelson	5	8	1(c)	2	4	2	4
Mr M Bane	5	8	1	2	5	2(c)	4
Ms R Akushie	5	8	1	2	5	2	4
Ms F Davies	5	7	1	2	4	2	4
Mrs S Farnon	5	8(c)	1	2	5	2	4
Mr S Holden	5	8	1	2	5	2	4(c)
Mr K Reid	5	8	1	2	5	2	4

(c) denotes the Chair of each respective Committee
* Mr Russell is not a member of the Audit Committee, but is invited to attend
** Mr Russell did not attend Nomination Committee meetings focused on recruiting his successor, which were chaired by Mr Nelson

[1] www.theaic.co.uk/system/files/policy-technical/AIC2019AICCodeofCorporateGovernanceFeb19.pdf

4.4
Corporate Governance Statement (continued)

During the period to 31 March 2021 a further 13 ad-hoc and committee meetings of the Board took place.

In addition to the statutory matters discussed at each quarterly Board meeting, the principal focus is on the reports provided by the Investment Manager, as well as those put forward by HICL's brokers and financial public relations ("PR") Agent. These are all standing agenda items.

Papers are sent to Directors electronically, normally at least a week in advance of the Board meetings by the Company Secretary. Board papers include:

- ▲ a review of the infrastructure market detailing key developments;
- ▲ investment activity in the period and the pipeline of potential new investment opportunities;
- ▲ a review of portfolio performance in the period with material issues identified and discussed;
- ▲ a review of any Health & Safety matters in the period;
- ▲ a detailed financial review, including detailed management accounts, valuation and treasury matters; and
- ▲ reports from HICL's brokers and from the financial PR company.

Matters relating to the Company's risk management and internal control systems (including associated stress tests), are considered by the Risk Committee (which, in turn, reports any significant matters / findings to the Board) and these are set out in more detail in Section 3.7 – Risk Committee Report.

The Board regularly requests further information on topics of interest to allow informed decisions to be taken.

On a semi-annual basis, the Board, through the Audit Committee, also considers the interim and annual reports as well as the detailed valuation of the investment portfolio prepared by the Investment Manager and the third-party expert opinion on the proposed valuation. On at least an annual basis, the Board considers more detailed analysis of HICL's Budget and Business Plan for the prospective year.

Performance Evaluation

While an internal evaluation is conducted most years, in the year to 31 March 2021 an external review was commissioned through Lintstock as part of the triannual independent review. The Board's composition in terms of range of skills and experience represented was rated very highly by the Lintstock Board Evaluation Report as was the management of Board meetings. The report noted the Board had been effective in adjusting its focus in response to the Covid-19 pandemic, and the effectiveness with which the Company's risk management arrangements coped with Covid-19 was rated very highly. The clarity of the Manager's remit in relation to investor stewardship and ESG factors was also rated highly, as was the extent to which sustainability is integrated into the investment strategy.

In the period between external performance evaluations, the Board conducts its own internal evaluation, considering the performance, tenure and independence of each Director. The annual self-evaluation is completed by the Chairman and takes the form of one-to-one interviews with each Director holding office in the year. The Chairman then presents summary of the conclusions to the Board. Comments on the Chairman are collated by the Senior Independent Director who then provides feedback to the Chairman.

The independence of each Director has been considered and each has been confirmed as being independent of the Company and its Managers. The Board believes that the composition of the Board and its Committees reflects a suitable mix of skills and experience, and that the Board, as a whole, and its Committees functioned effectively during the last 12 months and since the launch of the Company.

Delegation of Responsibilities

The Board has delegated the day-to-day administration of the Company to Aztec Financial Services (UK) Limited in its capacity as Company Secretary and Administrator.

HICL delegates the majority of the day-to-day activities required to deliver the business model, including responsibility for the majority of HICL's risk and portfolio management, to the Investment Manager, InfraRed, subject to the overall oversight and supervision of the Directors. InfraRed also operates and manages the Partnership and its assets in accordance with and subject to the Investment Policy, investment guidelines and approved investment parameters that are adopted by the Directors from time to time in conjunction with (and with the agreement of) InfraRed.

The strategies and policies which govern the delegated activities have been set by the Board in accordance with section 172 of the Companies Act 2016.

Conflict of interest

The Board consists of eight non-executive Directors, all of whom are independent of the Investment Manager. None of the Directors sit on boards of other entities managed by the Investment Manager.

Each Director is required to inform the Board of any potential or actual conflicts of interest prior to any Board discussion.

It is expected that further investments for HICL will be sourced by InfraRed and it is likely that some of these will be investments that have been originated and developed by, and may be acquired from InfraRed or from a fund managed by, InfraRed. In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between HICL, InfraRed or funds managed by InfraRed (the "Rules of Engagement"). If HICL invests in funds managed or operated by InfraRed, HICL shall bear any management or similar fees charged in relation to such fund provided, however, that the value of HICL's investments in such funds shall not be counted towards the valuation of HICL's investments for the purposes of calculating the management fees payable to InfraRed.

It is possible that in future HICL may seek to purchase certain investments from funds managed or operated by InfraRed once those investments have matured and to the extent that the investments suit HICL's investment objectives and strategy. If such acquisitions are made, appropriate procedures from the Rules of Engagement will be put in place to manage the conflict.

Key features of the Rules of Engagement are described in HICL's March 2019 Prospectus, available on the website at www.hicl.com.

Risk Management and Internal Controls

The Board is responsible for HICL's system of internal control and for reviewing its effectiveness. To help achieve this end, the Board has a designated Risk Committee. It follows a process designed to meet the particular needs of HICL in managing the risks to which it is exposed.

At each Board meeting, the Board also monitors HICL's investment performance in comparison to its stated objectives and it reviews HICL's activities since the last Board meeting to ensure adherence to approved investment guidelines. The pipeline of new potential opportunities is considered and the prices paid for new or incremental investments during the quarter are also reviewed.

The Investment Manager prepares management accounts and updates business forecasts on a quarterly basis, which allow the Board to assess HICL's activities and review its performance.

The Board has reviewed the need for an internal audit function and it has decided that the systems and procedures employed by the Investment Manager and the Secretary, including their own internal review processes, and the work carried out by HICL's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards HICL's assets, is maintained. An internal audit function specific to HICL is therefore considered unnecessary albeit, from time to time, independent assurance assignments may be commissioned by the Board.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and rely on the operating controls established by both the Company Administrator and the Investment Manager.

The Board and the Investment Manager have agreed clearly defined investment criteria, return targets, risk appetite and exposure limits. Reports on these performance measures, coupled with cash projections and investment valuations, are submitted to the Board and the relevant committees at each quarterly meeting

Relations with Shareholders

The Board welcomes the views of shareholders and places great importance on communication with HICL's shareholders.

HICL reports its full year results to shareholders in May and interim results in November as well as publishing two Interim Update Statements each year, normally in February and July. HICL also holds an AGM in July.

Results of Extraordinary and Annual General Meetings are announced by the Company promptly after the relevant meeting. Additionally, other notices and information are provided to shareholders on an ongoing basis through the Company's website in order to assist in keeping shareholders informed. The Secretary and Registrar monitor the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the AGM.

Senior members of the Investment Manager make themselves available to meet with principal shareholders and key sector analysts. Feedback from these meetings is provided to the Board on a regular basis.

Shareholders may contact any of the Directors via the Company Secretary – including any in his or her capacity as chairman of one of HICL's committees, as appropriate – whose contact details are on HICL's website.

During the year Mr I Russell (Chairman) held individual meetings with certain large institutional shareholders, facilitated by HICL's brokers. The Board's intention is to continue to foster an open, two-way communication with its shareholders.

4.4 Corporate Governance Statement (continued)

Committees of the Board

As well as regular Board meetings, the following committees met during the course of the year (as set out in the table below): Audit, Management Engagement, Market Disclosure, Nomination, Remuneration and Risk. The formal terms of reference for each Committee have been approved by the Board of HICL and are available on the Investor Relations section of HICL's website

For efficiency and as all Directors are non-executive, all committees (apart from the Audit Committee) comprise all the Directors of the Board.

The respective reports of the Remuneration Committee, the Risk Committee and the Audit Committee are set out in Sections 4.6, 3.7 and 4.5, respectively, of this Annual Report.

The Chairman and members of each committee as at 31 March 2021 were as follows:

	Audit Committee	Management Engagement Committee	Market Disclosure Committee	Nomination Committee	Remuneration Committee	Risk Committee
Chairman	Mrs S Farnon	Mr F Nelson		Mr I Russell	Mr M Bane	Mr S Holden
Members	Ms R Akushie Mr M Bane Ms F Davies Mr S Holden Mr F Nelson Mr K Reid	Ms R Akushie Mr M Bane Ms F Davies Mrs S Farnon Mr S Holden Mr K Reid Mr I Russell	Ms R Akushie Mr M Bane Ms F Davies Mrs S Farnon Mr S Holden Mr F Nelson Mr K Reid Mr I Russell	Ms R Akushie Mr M Bane Ms F Davies Mrs S Farnon Mr S Holden Mr F Nelson Mr K Reid	Ms R Akushie Ms F Davies Mrs S Farnon Mr S Holden Mr F Nelson Mr K Reid Mr I Russell	Ms R Akushie Mr M Bane Ms F Davies Mrs S Farnon Mr F Nelson Mr K Reid Mr I Russell
By invitation	Mr I Russell					

Nomination Committee

The full terms of reference for the Nomination Committee are available from HICL's website.

The Board believes that its composition with respect to the balance of skills, gender, experience and knowledge, coupled with the mixed length of service, provides for a sound base from which the interests of investors will be served to a high standard. There is a good spread of skills on the Board and an appropriate level of knowledge of regulatory requirements and regulations, generally, as well as a number of Directors with accounting qualifications and a good understanding of investment companies.

Succession planning for key roles, including the Chair and the Chair of the Audit Committee, as well as the mix of skills and experience on the Board more generally with respect to Director recruitment, are explicitly considered and discussed by the Nomination Committee.

Other than in exceptional circumstances, it is the policy of the Board that Directors, including the Chair, will not serve more than nine years on the Board, including time spent on the Board of HICL Infrastructure Company Limited. As a general rule, a Director who has served more than nine years will not be considered independent.

HICL has adopted a Diversity Policy (see Section 4.7 – Report of the Directors), which the Nomination Committee takes regard of in all decision making.

The Nomination Committee had five meetings in the year to 31 March 2021.

Management Engagement Committee ("MEC")

The full terms of reference for the MEC are available from HICL's website.

The MEC of the Board is responsible for reviewing all major service providers to HICL, which includes the Investment Manager. The terms of reference of this Committee are approved by the Board of HICL and are available on HICL's website.

The MEC met once in the year to 31 March 2021 to review the performance of the key service providers including the Investment Manager. No material weaknesses were identified; the recommendation to the Board was that the current arrangements are appropriate and that the Investment Manager provides good quality services and advice to HICL.

The MEC meeting for the financial year occurred in February 2021, when a review of key service providers was undertaken. Overall, the feedback on performance throughout the year was that key services had been delivered to a very high standard and the Committee resolved that the continued appointment of all providers be recommended to the Board for approval, which was duly granted.

Market Disclosure Committee

The full terms of reference for the Market Disclosure Committee are available from HICL's website.

The Committee has responsibility for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules.

The Market Disclosure Committee met twice in the year to 31 March 2021.

4.5 Audit Committee Report

The following pages set out the Audit Committee's Report on how it has discharged its duties in accordance with the 2019 AIC Code of Corporate Governance and its activities in respect of the year ended 31 March 2021 for HICL Infrastructure PLC (the "Company").

The Audit Committee has been in operation throughout the year and operates within clearly defined terms of reference, which are available to view on HICL's website. The Committee, which comprises all the Directors except for Mr Ian Russell, met formally seven times during the year to 31 March 2021. In addition to the four quarterly meetings which align with the Company's reporting cycle, three Audit Committee meetings were held to review and challenge the Investment Manager's semi-annual valuation assumptions, judgements and resulting valuations of the Company's underlying portfolio of infrastructure assets.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual and Interim Reports, the semi-annual valuations of HICL's investment portfolio, the system of internal controls, and the terms of appointment, independence, remuneration and quality of the external auditor, KPMG LLP ("KPMG" or the "external auditor"). It is also the formal forum through which KPMG reports to the Board of Directors and meets at least four times each year. The objectivity of the external auditor is reviewed by the Audit Committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services, and resulting fees paid, in accordance with the Company's Non-Audit Services policy.

We have reviewed the independence, objectivity and effectiveness of KPMG and recommended to the Board that KPMG be appointed as external auditor of the Company in respect of the coming financial year.

I, or another member of the Audit Committee, will continue to be available at each AGM to respond to any questions from shareholders regarding our activities.

Susie Farnon
Audit Committee Chair
25 May 2021

Responsibilities

The main duties of the Audit Committee are:

- giving full consideration and recommending to the Board for approval the contents of the half-yearly and annual financial statements, considering whether these reports are fair, balanced and understandable, and reviewing the external auditor's report thereon;
- reviewing the valuation of the Company's investment portfolio prepared by the Investment Manager, receiving an independent review of the valuation from a third-party expert and making a recommendation to the Board on the valuation of the Company's portfolio of infrastructure assets;
- reviewing, and challenging as appropriate, the going concern assumption, noting those matters that have informed the Board's assessment, and the viability statement, accompanying commentary and stress scenarios prepared by the Investment Manager to support the statement;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the scope, results, quality, cost effectiveness, independence and objectivity of the external auditor;
- reviewing and recommending to the Board for approval the audit, audit-related and non-audit fees payable to the external auditor and the terms of their engagement, in accordance with the Company's Non-Audit Services policy;
- reviewing and approving the external auditor's plan for the following financial year, including a review of appropriateness of proposed materiality levels;
- reviewing the Company's procedures for the prevention, detection and reporting of fraud, including the procedures for handling allegations from whistleblowers; and
- ensuring the standards and adequacy of the internal control systems.

The external auditor and the third-party valuation expert are invited to attend the Audit Committee meetings at which the Annual and Interim Reports are considered, and at which they can meet with the Audit Committee without representatives of the Investment Manager being present. The Audit Committee has direct access to KPMG and to key senior staff of the Investment Manager, and it reports its findings and recommendations to the Board, which retains the ultimate responsibility for the Company's financial statements.

Financial Reporting

Significant Areas of Focus

The table below details the key areas of focus by the Audit Committee during the current year, which were discussed and debated with the Investment Manager and KPMG. Consistent with prior years, the Audit Committee determined that the key risk of material misstatement of the Company's financial statements related to the valuation of its underlying investments in infrastructure assets, in particular regarding forecast assumptions used and discount rates applied.

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4.5
Audit Committee Report (continued)

Significant Issue	Audit Committee Actions
Valuation of investments	
The total carrying value of 'Investments at fair value through profit or loss' at 31 March 2021 was £2,950.3m (2020: £2,837.9m). See Note 14 to the financial statements. The fair value of the Company's investment is based on the Net Asset Value of IILP and the sundry assets and liabilities of its direct Corporate Subsidiary. IILP's Net Asset Value is based on the fair value of the underlying investments in its portfolio of infrastructure assets. Other than the A13 Senior Secured Bonds (which are listed and therefore valued based on the quoted market price), market quotations are not available for the Company's underlying investments, so their valuation is undertaken using a discounted cash flow methodology. This methodology requires a series of material judgements to be made as further explained in Notes 3 and 4 of the financial statements.	The Audit Committee discussed the valuation process and methodology with the Investment Manager in August, October and November 2020 as part of its review of the September 2020 Interim Report, and in February, March, April and May 2021 as part of its review of the March 2021 Annual Report. The Investment Manager carries out valuations semi-annually and provides detailed valuation reports to the Audit Committee. The Audit Committee also receives a half-year and year-end valuation report and opinion from a third-party valuation expert. The Audit Committee considered and challenged the valuation assumptions, judgements and methodology, especially in light of Covid-19, and the valuation of the demand-based assets, in particular, were given close scrutiny. The Audit Committee met with KPMG seven times during the year. In July 2020, the Audit Committee reviewed and agreed KPMG's initial audit plan, while in February and April 2021 the Audit Committee discussed, in particular, the audit approach to the valuation as well as in May 2021 following the conclusion of the audit. KPMG explained the results of their audit and confirmed that the results of KPMG's audit testing were satisfactory.
Valuation of investments – key forecast assumptions	
The key forecast assumptions are considered to be future inflation rates, interest rates, rates of gross domestic product and tax rates. These assumptions are explained in further detail in Section 3.2 – Valuation of the Portfolio and in Note 4 of the financial statements.	The Audit Committee considered in detail and provided robust challenge to the economic assumptions that are subject to judgement and that may have a material impact on the valuation. In addition, the Audit Committee considered the impact (both actual and potential) of the Covid-19 pandemic on these key economic assumptions as well as on the investments' underlying cash flows, in particular for those investments with demand risk. The Audit Committee reviewed the Investment Manager's valuation reports, in conjunction with a report and opinion on the valuation from a third-party valuation expert. The Investment Manager confirmed to the Audit Committee that the economic assumptions were consistent with those used for acquisitions, and the third-party valuation expert confirmed that the economic assumptions were within an acceptable range. The Investment Manager provided sensitivities showing the impact of changing these assumptions, which have been considered by the Audit Committee and the external auditor. The external auditor challenged, with support of their internal valuation specialist, discount rates and macro-economic assumptions applied in the valuation by benchmarking these to independent market data, including recent market transactions, and using their specialist's experience in valuing similar investments. They further assessed the reasonableness of the Company's assumptions by comparing these to the assumptions used by comparator companies. The Audit Committee concluded that the Investment Manager's valuation process was robust, that a consistent valuation methodology had been applied throughout the year and that the key forecast assumptions applied were appropriate.

Significant Issue	Audit Committee Actions
Valuation of investments – discount rates	
The discount rates used to determine the valuation are selected and recommended by the Investment Manager. The discount rate is applied to the expected future cash flows from each investment's financial forecasts to arrive at a valuation (discounted cash flow valuation). The resulting valuation is therefore sensitive to the discount rate selected. The Investment Manager is experienced and active in the area of valuing these investments and adopts discount rates reflecting their current and extensive experience of the market. The Investment Manager sets out the discount rate assumptions and the sensitivity of the valuation of the investments to this discount rate in Section 3.2 – Valuation of the Portfolio and in Note 4 of the financial statements.	The Audit Committee challenged the Investment Manager on their material judgements and also compared this to feedback from the third-party valuation expert. The Investment Manager highlighted to the Audit Committee the forecast impact on cash flows of a number of stress scenarios alongside its assessment of the risk to these cash flows. The Audit Committee was satisfied that the range of discount rates was appropriate for the valuation carried out by the Investment Manager.
Going concern and viability statement	
The financial statements have been prepared on a going concern basis, with the assessment period of five years unchanged in the viability statement. See Note 2(a) for details.	The Investment Manager provided a paper explaining the rationale for the going concern basis of preparation, which has been considered by the Audit Committee and the external auditor. The Audit Committee met with the Investment Manager to discuss the rationale and challenge key assumptions applied, as part of its review of the March 2021 Annual Report. The Audit Committee also reviewed the Company's viability statement and accompanying commentary, as well as projections and sensitivities, including the risks associated with the Covid-19 pandemic, prepared by the Investment Manager to support the statement. The Audit Committee concluded that the Investment Manager's judgement applied to the going concern basis of preparation and the Company's viability statement was appropriate.
Fair, balanced and understandable	
The 2019 AIC Code of Corporate Governance requires the Board to present a fair, balanced and understandable assessment of the Company's position and prospects. To report the relevant financial performance and position to stakeholders, the Company prepares pro forma summary financial information on the basis that HICL consolidates the results of the Corporate Subsidiaries, known as the "Investment Basis", as well as reporting in accordance with IFRS.	The Audit Committee reviewed the March 2021 Annual Report to ensure that, when taken as a whole, it presents a fair, balanced and understandable assessment of the Company's position and prospects. The Audit Committee received a draft version of the March 2021 Annual Report for their review and comment, as well as commentary from the Investment Manager to aid their assessment of the March 2021 Annual Report being fair, balanced and understandable. As such, the Audit Committee was able to provide positive confirmation to the Board, for it to fulfil its obligations under the 2019 AIC Code of Corporate Governance.

4.5 Audit Committee Report (continued)

Accounting Policies and Practices

The Audit Committee reviewed the appropriateness of, and was satisfied with, the Company's accounting policies.

The Audit Committee received reports from the Investment Manager in relation to key accounting judgements and estimates, such as valuation assumptions, semi-annual valuation report, going concern and the Company's long-term viability.

The Directors exercised judgement in determining whether the Company and the Corporate Subsidiaries meet the IFRS 10 definition of an investment entity. By virtue of the Company and Corporate Subsidiaries' status as investment entities, all investments (including the Corporate Subsidiaries) are accounted for at fair value through profit or loss. Further detail is contained within Note 2(a) of the financial statements.

There were no new standards or interpretations effective during the current year that had a material effect on the Company's financial statements.

Financial Reporting Regulators

The Audit Committee received updates from the Investment Manager in relation to the Financial Reporting Council ("FRC") publications, including updated guidance on Covid-19, judgements and estimates and the expanded disclosure requirements on going concern.

The Company's 31 March 2020 Annual Report and Accounts were selected for review by the Financial Reporting Council as part of its review of corporate reporting for the year. The review was closed with no comments.

The FRC noted that its review provides no assurance that the Report and Accounts are correct in all material respects, and that the FRC's role is not to verify the information provided, but to consider compliance with reporting requirements. The FRC's review is based on a review of the Report and Accounts and does not benefit from detailed knowledge of the business, or an understanding of the underlying transactions entered into.

The Audit Committee is monitoring the current consultation on "Restoring trust in audit and corporate governance" by the Department for Business, Energy & Industrial Strategy and are supportive of the stated aims to strengthen the UK's framework for major companies and the way in which they are audited.

Internal Controls

The Audit Committee reviewed the Company's statement on internal controls in relation to accounting records, the valuation process and accounts preparation, prior to endorsement by the Board.

The Management Engagement Committee reviews the adequacy and effectiveness of the Investment Manager's internal controls as part of its annual review of the Investment Manager's performance. Further, each quarter, the Board review and debate a detailed self-assessment internal control report prepared by the Investment Manager – see Section 3.5 – Risk & Risk Management for further detail.

Internal Audit

In line with FRC guidance, the Audit Committee keeps under review the need for an internal audit function. The Audit Committee is satisfied that the systems of internal control of the Company, the Investment Manager and the Administrator are adequate to fulfil the Board 's obligation in this regard and that currently an internal audit function is not necessary. Additionally, HICL's Depositary provides daily cash flow monitoring, asset ownership verification and oversight services to the Company.

External Auditor

The Audit Committee notes the requirements of the UK Corporate Governance Code and in particular the requirement to put the external audit out to tender at least every 10 years. The external audit was most recently tendered for the years commencing after 31 March 2015. As reported in the Annual Report for the year ended 31 March 2015, KPMG was re-appointed as auditor at the completion of the tender process and it is expected that the audit will be tendered within the next four years.

Non-audit Services

The Audit Committee is responsible for reviewing KPMG's independence and performance. It establishes policies for the provision of non-audit services by the external auditor and reviews the terms under which the external auditor may be appointed to perform non-audit services, and the scope and results of the audit, including KPMG's effectiveness. In order to safeguard the independence and objectivity of the external auditor, the Audit Committee ensures that any advisory and / or consulting services provided by the external auditor do not conflict with their statutory audit responsibilities.

Permitted audit and audit-related services include the statutory audit of HICL and of its subsidiaries, the Company's interim review and other permitted audit-related services. The Audit Committee has pre-approved these services up to £20,000, which are reported after the event to the Audit Committee. Non-Audit services above this limit require prior approval from the Committee. The Company's Audit Committee Terms of Reference including the Non-Audit Services policy can be found on the website at: www.hicl.com.

The Audit Committee reviews the scope and results of the audit, its effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. In the year fees were:

	March 2021 £m	March 2020 £m
Audit services		
Audit of the Company and intermediate holding entities	0.4	0.4
Audit of HICL's project subsidiaries and other audit-related services	0.6	0.4
	1.0	0.8
Non-audit services		
Interim review of the Company	0.1	0.1
Other non-audit services	–	–
	0.1	0.1
Total	**1.1**	**0.9**

Non-audit services in the above table consisted of audit-related assurance services for the Company's Interim Report. In total, they represented 10% (2020: 13%) of total audit fees.

The Audit Committee considers KPMG to be independent of the Company and that the provision of permitted non-audit services in line with HICL's policy is not a threat to the objectivity and independence of the conduct of the audit. KPMG confirmed their compliance with their standard independence and objectivity procedures to the Audit Committee.

Assessment of Independence and Effectiveness

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considered:

- changes in audit personnel in the audit plan for the current year;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor and its member network firms.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- the external auditor's UK Transparency Report 2020;
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the Investment Manager evaluating the performance of the audit team; and
- the FRC's annual report on audit quality inspections.

The Audit Committee is satisfied with KPMG's effectiveness and independence as auditor, having considered the degree of diligence and professional scepticism demonstrated by them.

4.6 Directors' Remuneration Report

The Remuneration Committee's Report is set out on pages 102 to 105. The report includes the Directors' Remuneration Policy, an explanation of the Committee's structure and responsibilities, a report on its activities in the year ended 31 March 2021 and relevant required reporting on remuneration and shareholdings.

This report is prepared in accordance with the Listing Rules of the FCA, the relevant sections of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, (as amended by the Large and Medium-sized Companies and Groups (Accounts and Reports) Amendment Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019).Those aspects of the report that are required to be audited are labelled as such.

Shareholders will recall that a triennial review of remuneration, which included engaging an independent external consultant and an independent external advisor, was carried out in the year to 31 March 2020, but that it was decided to defer the increases from that review for at least one year because of the uncertainties and challenges created by the Covid-19 pandemic. The main work of the Committee during the current year has been to re-assess those conclusions. After further consultation with the independent external parties, the Committee considers that it is now appropriate to implement the original increases. Accordingly, those increases, together with an increase in the existing fee cap, have been recommended to the Board for shareholder approval.

There have been no changes to the Directors' Remuneration Policy.

This Directors' Remuneration Report was adopted by the Board and signed on its behalf by:

Mike Bane
Remuneration Committee Chair
25 May 2021

Directors' Remuneration Policy

The Directors' Remuneration Policy is determined by the Remuneration Committee. In accordance with the provisions of the AIC Code of Corporate Governance (the "AIC Code"), Directors' remuneration is designed to reflect their duties and time commitments. Remuneration is set at a reasonable level to attract and retain Directors of the necessary quality and experience to implement effective governance and oversight of the Company, to support strategy and to promote long-term sustainable success. The specific additional responsibilities of the Chairman, Senior Independent Director, and the chairs of the various committees of the Board are taken into account. The policy aims to be fair and reasonable compared to equivalent investment trusts, investment companies and other similar-sized financial companies. The effects of inflation are also considered. Reasonable travel and associated expenses are reimbursed.

HICL's articles of association limit the aggregate fees payable to the Board to a total of £500,000 per annum (or such amount as HICL's shareholders, in a general meeting, shall determine from time-to-time) excluding reimbursable expenses. Within that limit it is the responsibility of the Remuneration Committee, as a Committee of the Board, to determine Directors' remuneration in conjunction with the Chairman of the Board, and in his case, by the Remuneration Committee only. Relevant comparative information is considered in forming these recommendations and any views expressed by shareholders on fees or on this policy are taken into consideration. The Remuneration Committee will seek the views of an independent external remuneration consultant at least every three years to assist its review of remuneration.

Directors' fees are fixed and are payable in cash, quarterly in arrears. As all Directors are non-executive, they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, performance-related or otherwise. Directors do not have service contracts and there is no provision for compensation for loss of office. Each new Director is provided with a letter of appointment. Additional fees are payable at the discretion of the Remuneration Committee where Directors are involved in duties beyond those normally expected, for example, in relation to the issue of a prospectus.

This policy and the level of Directors' fees is reviewed annually by the Remuneration Committee and applies with effect from 1 April of each year, subject to shareholder approval.

Committee structure and responsibilities

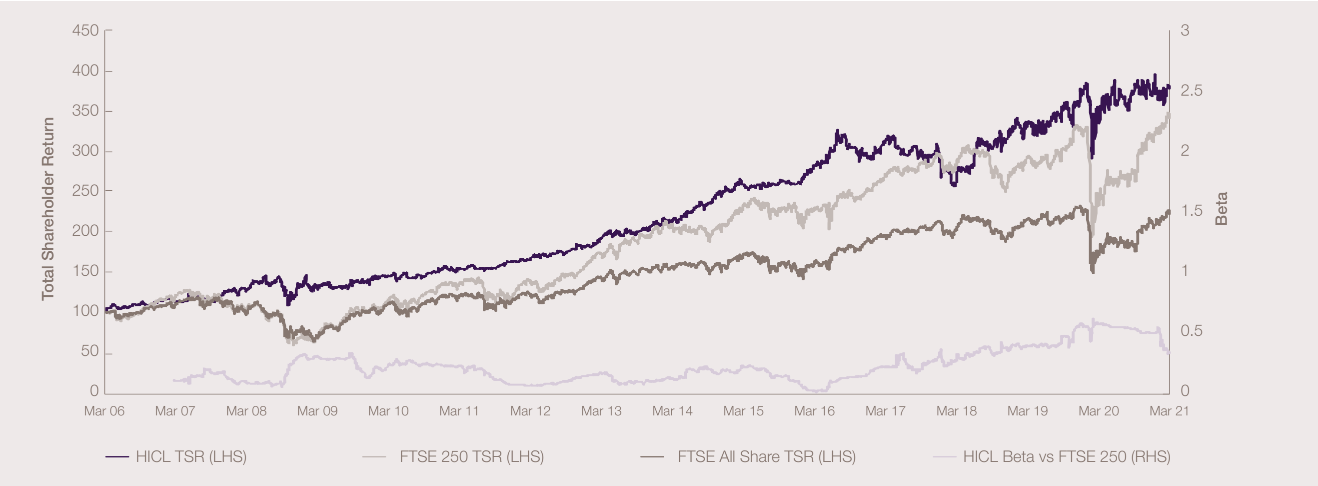
The Remuneration Committee is composed of all the Directors including the Chairman of the Company, as he was deemed to be independent at the time of his appointment. This membership is deemed appropriate on the basis that all Directors are independent and have the requisite experience and knowledge of the Company to appropriately determine remuneration. Further, the membership of eight Independent Directors ensures that no single Director has undue influence on the outcome of their own remuneration. The Committee operates in accordance with the Directors' Remuneration Policy and with Principles P, Q and R of the 2019 AIC / Code.

Performance Graph

In setting the Directors' remuneration, consideration is given to the size and relative performance of the Company. The graph below highlights the comparative Total Shareholder Return (share price and dividends) ("TSR") for an investment in the Company and its predecessor, HICL Guernsey, for the 15-year period from inception at the end of March 2006 until 31 March 2021 compared with an investment in the FTSE 250 Index over the same period. During that period the TSR was 8.9% p.a. compared with the FTSE 250 Index which was 8.2% p.a.

The table below is shown to enable shareholders to assess the relative importance of spend on remuneration. It compares remuneration against dividends paid and share buybacks of the Company in the year ended 31 March 2021.

Actual Expenditure	YE 2021	YE 2020
Aggregate Directors' Remuneration	£448,500	£410,250
Aggregate Dividends paid to shareholders	£158,272,480	£148,367,207
Aggregate cost of Ordinary Shares repurchased	£0	£0



Review of Remuneration

The Remuneration Committee completed its triennial independent review of Board remuneration last financial year (year ended 31 March 2020). In support of this review the Board appointed Trust Associates, an independent remuneration consultancy with deep experience of investment company fee structures, and sought advice from Longwater Partners, a reputable independent search consultancy specialising in boardroom advisory and executive search.

The review supported an increase in fees for all Board roles, commensurate with the increase in time commitments associated with the increased size, breadth and complexity of the Company and its operating environment since the previous review in 2017.

In particular a greater increase for the Board's Chair was supported by both consultants, reflecting the growth in the specific demands of the role.

In this Report a year ago, the Committee set out for shareholders its decision to defer the recommended increases to the following year because of the challenges and uncertainties created by the Covid-19 pandemic. Over the year the Company has demonstrated its resilience in the face of the unprecedented impact of Covid-19 and, whilst uncertainty remains, the range of possible outcomes for HICL has narrowed significantly. Accordingly, and after further consultation with both Trust Associates and Longwater Partners, the Committee has decided to adopt the increase in fees set out in the table below, applicable from 1 April 2021:

Role (YE 2021)[1]	Total Fees Proposed (YE 2022)	Fees Approved (YE 2021)[2]
Chairman	£100,000	£78,000
Senior Independent Director	£67,000	£60,000
Audit Committee Chair	£66,000	£59,000
Risk Committee Chair	£64,000	£54,500
Director (including Luxembourg subsidiary companies)	£60,000	£53,000
Director	£53,000	£47,000
Total[3]	**£516,000**	**£445,500**

[1] The fees approved / proposed relate to the roles performed and not to individuals per se
[2] Approved at the AGM on 14 July 2020
[3] This total considers, in relation to the above role classifications, three individuals performing the role of 'Director' in both YE 2021 and YE 2022

4.6 Directors' Remuneration Report (continued)

The premium to the Directors' base fee for the Senior Independent Director, Audit Committee Chair and Risk Committee Chair is calibrated to recognise the additional responsibility specific to the performance of each role, as well as the greater interaction required with external parties, including the Investment Manager. An additional £7,000 annual fee (previously £6,000) is paid to the Director who represents the Company on the board of the Luxembourg subsidiary.

The proposed Directors' remuneration is broadly consistent with the recommendations made by Trust Associates, with departures in two main respects:

- The remuneration of the Chairman of the Board is proposed to be increased beyond Trust Associates' recommendation of £95,000 p.a. to £100,000 p.a. This further increase takes into account the feedback received from the search consultant whilst also reflecting, in the assessment of the Remuneration Committee, the significantly increased demands of the Chairman's role; and
- It is proposed that the remuneration of the Chair of the Risk Committee be increased to close the gap to the Chair of the Audit Committee, reflecting the comparable responsibilities and time commitments for these important governance roles.

Statement of Implementation of Remuneration Policy in the Current Financial Year

The Board has adopted the director remuneration proposal as recommended by the Remuneration Committee and will seek shareholder approval for the Directors' Remuneration Policy and this report, including the proposed remuneration, at the AGM in July 2021 with a view to implementing it, back-dated to 1 April 2021.

The total fees paid to Directors in the year were within the annual fee cap of £500,000, contained in the Remuneration Policy approved by shareholders at the AGM on 14 July 2020.

In line with the proposed Directors' remuneration, the Remuneration Committee recommends that the annual fee cap be increased to £700,000 p.a.. This allows for the proposed increases, provides a degree of headroom for any additional fees associated with non-routine business and caters for a temporary increase in the number of Directors as the Company's succession plan is executed over the course of this financial year.

Directors' remuneration – audited

Total Remuneration paid / due in year	Year ended 31 March 2021	Year ended 31 March 2020
Mr I Russell*	£78,000	£78,000
Mr F Nelson	£60,000	£60,000
Ms R Akushie***	£47,000	£11,750
Mr M Bane**	£53,000	£53,000
Mrs F Davies	£47,000	£47,000
Mrs S Farnon	£59,000	£59,000
Mr S Holden	£54,500	£54,500
Mr K Reid	£47,000	£47,000
Total	**£445,500**	£410,250

* The chairman was the highest paid Director
** Includes £6,000 in respect of Luxembourg subsidiary
*** Ms Akushie was appointed on 1 January 2020

Statement of Directors shareholdings – audited

The Directors of the Company on 31 March 2021, and their interests in the shares of the Company, are shown in the table below.

All of the holdings of the Directors and their families are beneficial. No changes to these holdings had been notified up to the date of this report.

Number of Ordinary Shares	31 March 2021	31 March 2020
Mr I Russell	95,979	95,979
Mr F Nelson	51,568	51,568
Ms R Akushie	0	0
Mr M Bane	14,394	7,535
Mrs F Davies	0	0
Mrs S Farnon	59,931	59,931
Mr S Holden	27,694	27,694
Mr K Reid	10,975	10,484
Total	**260,541**	**253,191**

Statement of shareholder voting

At the last AGM held on 14 July 2020, the resolutions relating to the Directors' Remuneration Report for the year ended 31 March 2020 and the Directors' Remuneration Policy were approved.

In total the numbers of shares voted was: 779,242,034 including 316 proxy forms. The percentage of votes cast was 42%. The results of the votes on resolutions relating to remuneration are summarised in the table below:

	In Favour			Discretion			Against			Withheld	
Resolution	Votes	%	Items	Votes	%	Items	Votes	%	Items	Votes	Items
9- Remuneration Report	778,503,686	99.92	302	0	0.00	0	623,708	0.08	17	114,640	9
10- Remuneration Policy	778,513,932	99.92	301	6,525	0.01	1	613,462	0.08	17	114,640	9

4.7
Report of the Directors

The Directors present their Annual Report on the affairs of HICL, together with the financial statements and auditor's report, for the year to 31 March 2021. The Corporate Governance Statement forms part of this report.

Details of significant events since the balance sheet date are contained in Note 20 to the financial statements.

An indication of likely future developments in the business of HICL and details of research and development activities are included in the Strategic Report.

Information about the use of financial instruments by HICL and its subsidiaries is given in Note 2 to the financial statements.

Principal Activity

HICL is a registered investment company under section 833 of the Companies Act 2006, incorporated in the UK. Its shares have a premium listing on the Official List of the UK Listing Authority and trade on the main market of the London Stock Exchange.

Investment Trust Status

The Company has been approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010. The Company had to meet relevant eligibility conditions to obtain approval as an ITC, and must adhere to ongoing requirements to maintain its ITC status including, but not limited to, retaining no more than 15% of its annual income. The Company has conducted its affairs to ensure it complies with these requirements.

Results

HICL's results for the year are summarised in Section 3.1 – Financial Review and are set out in detail in the financial statements.

Distributions and Share Capital

HICL declared three quarterly interim distributions, totalling 6.18p per share, for the year ended 31 March 2021 as follows:

Amount	Declared	Record date	Paid / to be paid
2.06p	17/02/2021	05/03/2021	31/03/2021
2.06p	18/11/2020	27/11/2020	31/12/2020
2.06p	15/07/2020	07/09/2020	30/09/2020

The fourth quarterly interim distribution, of 2.07p per share, for the year ended 31 March 2021 was declared by HICL on 19 May 2021, and is due to be paid on 30 June 2021.

HICL has one class of share capital, Ordinary Shares, of which there were 1,863,642,769 in issue as at 1 April 2020. This number increased to 1,936,813,501 as at 31 March 2021 as a result of tap issuance during the year. Shareholders may reinvest their dividends via a Dividend Reinvestment Plan ("DRIP"), the details of which can obtained by emailing shares@linkgroup.co.uk

Dividend History

Interim dividend	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017
3 month period ending 30 June	2.06	2.06	2.01	1.96	1.91
3 month period ending 30 September	2.06	2.06	2.01	1.96	1.91
3 month period ending 31 December	2.06	2.06	2.01	1.96	1.91
3 month period ending 31 March	2.07	2.07	2.02	1.97	1.92
Paid / declared	**8.25p**	**8.25p**	**8.05p**	**7.85p**	**7.65p**

Directors

The Directors who held office during the year to 31 March 2021 were:

Director	Role(s)	Years of Service*
Mr I Russell	Chairman of the Board, Chair of Nomination Committee	7 years 11 months
Mr F Nelson	Senior Independent Director, Chair of Management Engagement Committee	6 years 10 months
Ms R Akushie	Director	1 year 3 months
Mr M Bane	Chair of the Remuneration Committee	2 year 9 months
Ms F Davies	Director	2 year 0 months
Mrs S Farnon	Chair of the Audit Committee	7 years 11 months
Mr S Holden	Chair of the Risk Committee	4 years 9 months
Mr K Reid	Director	4 years 7 months

*Assuming a continuation of the years of service as a Director of HICL Infrastructure Company Limited

Directors' Indemnities
HICL has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Employees
HICL has no employees.

Diversity Policy
The Board believes that a diversity of viewpoints and personal experiences, along with broad professional expertise, lead to better decisions, are critical to innovation and provide a competitive advantage in HICL's marketplace. When recruiting new Directors, the Board searches for candidates from a diverse range of backgrounds and communities to attract the widest breadth of talent, skills and outlook. The Board's policy is to appoint individuals on merit, based on their skills, experience and expertise.

HICL has achieved the key targets of the Hampton-Alexander Review and the Parker Review, that 33% of the Board of Directors should be women by the end of 2020 and at least one Director is from an ethnic minority by 2024. As at 31 March 2021, 37% (three) of the Board of Directors were women and 12% (one) was from an ethnic minority.

HICL is an investment company and as such does not have a senior management team. Day-to-day management of HICL is delegated to InfraRed Capital Partners ("InfraRed"), HICL's Investment Manager. InfraRed's diversity policy and statistics are published at: https://www.ircp.com/corporate-life

Corporate Governance
Section 4.4 – Corporate Governance Statement outlines the code of corporate governance against which HICL reports and its compliance, or otherwise, with the individual principles. It includes detail on the various committees of the Board, their composition and their terms of reference.

Annual General Meeting ("AGM")
HICL's AGM is held in July each year. The forthcoming meeting is scheduled for July 2021.

Investment Manager and Operator
InfraRed Capital Partners Limited (the "Investment Manager" or "InfraRed") acts as Investment Manager to HICL and acts as Operator of the limited partnership which holds and manages HICL's investments. A summary of the contract between HICL, its subsidiaries and InfraRed in respect of services provided is set out in Note 18 to the financial statements.

Further information on the Investment Manager, including fee arrangements with HICL can be found in Section 4.3 – The Investment Manager.

The Investment Management Agreement was entered into in March 2019 and was reviewed and approved by the Board in connection with the change in domicile of HICL from Guernsey to the United Kingdom and shareholders had an opportunity to vote on the Investment Management Agreement as part of those proposals.

The Board assesses InfraRed's performance as Investment Manager annually through the Management Engagement Committee. For more information, see Section 4.4 – Corporate Governance Statement.

The Directors are of the opinion that the continued appointment of InfraRed as HICL's investment manager is in the best interests of the shareholders of HICL.

AIFMD Disclosures
In accordance with the Alternative Investment Fund Managers Directive:

- information in relation to HICL's leverage can be found in the Strategic Report;
- remuneration of InfraRed as HICL's AIFM can be found below in AIFM Remuneration;
- a summary of the activities of HICL can be found in Section 2.5 – Investment Manager's Report;
- a full list of the risks facing HICL can be found in HICL's March 2019 Prospectus, available from the Company's website (see also Section 3.7 – Risk Committee Report; and
- none of HICL's assets are subject to special arrangements arising from their illiquid nature.

AIFM Remuneration
The AIFMD Remuneration Code requires InfraRed in its capacity as AIFM of HICL, to make relevant remuneration disclosures available to investors.

InfraRed assesses its list of AIFMD Code Staff. AIFMD Code Staff are notified of their status and the associated implications.

InfraRed has established a remuneration policy. A summary of InfraRed's remuneration policy is contained in the annual report and accounts of InfraRed Capital Partners (Management) LLP, which are available from Companies House.

The aggregate total remuneration paid by the group which contains InfraRed for the year ended 31 March 2021 was £37,882,650. This was paid to 188 beneficiaries and was divided into fixed remuneration of £19,716,044 and variable remuneration of £16,166,606. The aggregate total remuneration paid by the group which contains InfraRed to AIFMD Code Staff in the year was £6,949,809 and the number of senior management and risk takers was 14.

The Investment Manager fees charged to the Company were £0.1m (disclosed as Investment Manager fees in Note 7), of which the full balance remained payable at 31 March 2021. InfraRed is also the Operator of IILP, the Corporate Subsidiary through which HICL holds its investments. The total Operator fees were £28.6m of which £7.1m remained payable at 31 March 2021.

4.7 Report of the Directors (continued)

Brokers, Administrator and Company Secretary
HICL's joint corporate brokers at 31 March 2021 are Investec Bank plc and RBC Capital Markets.

The Administrator and Company Secretary is Aztec Financial Services (UK) Limited.

Disclosure of Information to Auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which HICL's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that HICL's auditor is aware of that information.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report. The Strategic Report includes information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2008.

Auditor
In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of HICL is to be proposed at the forthcoming Annual General Meeting.

Substantial Interests in Share Capital
As at 31 March 2021, HICL is aware of or has received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 3% or more of HICL's shares to which voting rights are attached (at the date of notification):

	Number of Shares Held	Percentage Held
Investec Wealth & Wealth Management	118,393,999	6.1%
Rathbones	108,804,501	5.6%
Brewin Dolphin	108,126,159	5.6%
Baillie Gifford	72,175,045	3.7%
Insight Investment	61,066,765	3.2%

Payment of Suppliers
It is the policy of HICL to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. Although no specific code or standard is followed, suppliers of goods and services are generally paid within 30 days of the date of any invoice.

Greenhouse Gas Emissions (GHG) Reporting
See Section 2.6 – Sustainability Report.

Political Contributions
HICL made no political donations during the period.

Sustainability
The Board is committed to sustainability leadership in the sector. To minimise the environmental impact of HICL's corporate affairs, all reporting to the Board and its various committees is now paperless. In addition, the Investment Manager has offset all emissions associated with Directors' travel with an accredited scheme and will continue to do so going forward. For more information, see Section 2.6 – Sustainability Report.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in Section 2.2 – HICL's Business Model & Strategy. The financial position of the Company, its cash flow and liquidity position are described in Sections 2.5 – Investment Manager's Report and 3.1 – Financial Review. In addition, Notes 1 to 4 of the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors have assessed going concern by considering areas of financial risk, the Company's access to credit facilities and by reviewing cash flow forecasts with a number of stress scenarios. They also considered the Company's considerable financial resources, including investments in a significant number of project assets and access to credit facilities (details of which are set out in Section 3.1 – Financial Review and Note 16 to the financial statements). The majority of these project assets operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. As explained in the Investment Manager's Report, these infrastructure projects include several demand-based assets that have been impacted by Covid-19, and a large number of availability assets that have no exposure to economic growth. The financing for these projects is non-recourse to the Company.

Based on this analysis, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approving these financial statements. Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Share Repurchases
No shares have been bought back in the year. The latest authority to purchase shares for cancellation was granted to the Directors on 14 July 2020.

Treasury Shares
Section 724 of the UK 2006 Companies Act allows companies to hold shares acquired by market purchase as treasury shares, rather than having to cancel them. Issued shares may be held in treasury and may be subsequently cancelled or sold for cash in the market. This gives HICL the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing HICL with additional flexibility in the management of its capital base.

While there are currently no shares held in treasury, the Board would only authorise the resale of such shares from treasury at prices at or above the prevailing net asset value per share (plus costs of the relevant sale). If such a measure were to be implemented, this would result in a positive overall effect on HICL's net asset value. In the interests of all shareholders the Board will keep the matter of treasury shares under review.

4.8
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. In addition the financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of HICL and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- assess HICL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate HICL or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain HICL's transactions and disclose with reasonable accuracy at any time the financial position of HICL and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of HICL and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on HICL's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of HICL; and
- the Strategic Report / Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess HICL's position and performance, business model and strategy.

By order of the Board

Authorised signatory

Aztec Financial Services (UK) Limited
Company Secretary
25 May 2021

Registered Office:
Aztec Financial Services (UK) Limited:
Forum 4, Solent Business Park, Parkway South, Whiteley, Fareham, PO15 7AD


Home Office, UK

05
Financial Statements

5.1 Independent Auditor's Report to the Members of HICL Infrastructure PLC

KPMG

Independent auditor's report

to the members of HICL Infrastructure PLC

1. Our opinion is unmodified

We have audited the financial statements of HICL Infrastructure PLC ("the Company") for the year ended 31 March 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Shareholders' Equity, Cash Flow Statement and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

— give a true and fair view of the state of Company's affairs as at 31 March 2021 and of its profit for the year then ended;

— have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretation as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRSs as adopted by the EU); and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 26 February 2019. The period of total uninterrupted engagement, including HICL Infrastructure Company Limited the previous Guernsey listed entity, is for fifteen years ended 31 March 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£28m (2020:£29m) 0.95% (2020: 1.02%) of Company net asset value	
Key audit matters		**vs 2020**
Recurring risks	Valuation of investment at fair value through profit and loss	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2020), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters

	The risk	Our response
Valuation of investments at fair value through profit and loss (£2,950.3 million; 2020: £2,837.9m) *Refer to:* *Audit Committee Report on page 97* *Accounting policy on pages 123* *Financial disclosures on pages 126 and 137*	**Forecast based valuation:** The Company's investment in its immediate subsidiary is carried at fair value through profit and loss and represents a significant proportion of the Company's net assets. The carrying amount is calculated by assessing the fair value of the immediate subsidiary which reflects its net asset value incorporating the fair value of the underlying infrastructure projects and holding companies. The fair value of infrastructure investments is determined using the income approach whereby the long term forecasted cash flows of each individual infrastructure asset are discounted at a rate which reflects these risk profiles. In addition, inherent in these long term forecasted cash flows are key macro-economic assumptions such as inflation, tax, GDP growth and deposit rates. The valuation risk represents both a risk of fraud and error associated with estimating the timing and amounts of long term forecasted cash flows alongside the selection and application of appropriate assumptions. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation for the infrastructure investments. This valuation of assets involves estimation by management and is prone to management bias, there is a risk that the valuation might be fraudulently manipulated to overstate investment value. In the current year the macro-economic assumptions impacting all investments and specifically the forecasted cash flows of demand based investments continue to be impacted by the economic disruption caused by Covid-19. This is particularly relevant to certain of the demand-based assets where timing of recovery is dependent upon government restrictions. This results in a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 4) disclose the sensitivity of the Fair Value of the investments to key assumptions used by the group.	Our procedures included: — **Control design and observation:** review and test of the design, implementation and operating effectiveness of the controls in operation around the reconciliation of changes to the relevant project cash flow~~s~~ model~~s~~; — **Historical comparisons:** comparing the prior year forecasts to current year actual distributions to consider historical accuracy of forecasting. We assessed the valuation movements for each investment focusing on changes since prior reporting date, challenging any significant variances; — **Our sector experience**: obtaining and assessing responses from underlying project entities to identify significant matters identified for the projects and whether these have a material impact on the forecasted distributions. Similarly we held discussions with the investment managers and identified specific operational issues relating to the projects, we assessed and challenged the impact of these issues on the forecasted distributions; — gaining an understanding of and challenging any significant adjustments to forecasted distributions, including adjustments related to Covid-19; — testing evidence to support all significant acquisitions and disposal during the year; — **Benchmarking valuation assumptions:** with support from KPMG valuation specialists, we reviewed and challenged the Company's assumed discount rates and macro-economic assumptions applied in the valuation model by benchmarking against independent market data and market transactions and using our valuation specialist's experience in valuing similar investments; — In the current year the Company has made assumptions on discount rates and macro-economic assumptions in light of Covid-19 and its impact on demand based assets. We have gained an understanding of the methodology used and with input from the KPMG valuation specialists have assessed the reasonableness of this methodology and assumptions applied; — **Assessing valuer's credentials:** we assessed the objectivity, capabilities and competence of the third party valuation expert engaged by the Company to challenge the reasonableness of the Company's investment valuations. We considered the methodology applied by the valuation expert in performing their work. We obtained and assessed the valuation expert's findings, held discussions with them and considered the impact, if any, on our audit work; and — **Assessing transparency:** we considered the Company's disclosures in relation to the use of estimates and judgements regarding the fair value of investments and the Company's investment valuation policies. Additionally we have assessed the transparency provided by the disclosures with regards to outlining sensitivities in investment values in relations to economic assumptions applied to assess the impact of Covid-19. **Our results** As a result of our work we found the valuation of the investments at fair value through profit and loss and related sensitivity disclosures to be acceptable. (2020: Acceptable)

5.1
Independent Auditor's Report to the Members of HICL Infrastructure PLC (continued)

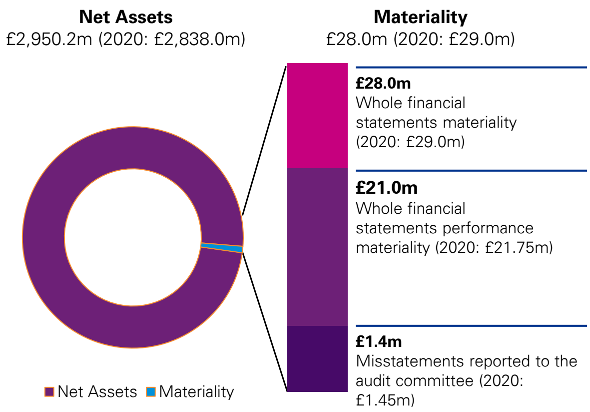
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £28.0m (2020: £29.0), determined with reference to a benchmark of net assets £2,950.2m, of which it represents 0.95% (2020: 1.02%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2020 : 75%) of materiality for the financial statements as a whole, which equates to £21.0m (2020 : £21.8m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.4m (2020: £1.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources were:

— Impact of economic downturn due to Covid-19 pandemic and its impact on the Company's distribution income and cash flows; and

— The possibility that the Company will be required to inject capital to support any distressed investments.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and facilities (a reverse stress test).

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;

— we have nothing material to add or draw attention to in relation to the directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in the Directors' Report to be acceptable; and

— the related statement under the Listing Rules set out on page 84 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

KPMG

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the audit committee, as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's policy and channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering the investment manager's fee arrangement and how closely it is linked to the valuation of the Company's assets.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit or investment valuation targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that the Company may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because of the simplistic nature of income, which principally comprises dividend income. We deemed that there is limited opportunity or incentive to manipulate income recognition.

We have identified a fraud risk associated with the valuation of investments, further detail in respect of this fraud risk is set out in the key audit matter disclosures section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

5.1
Independent Auditor's Report to the Members of HICL Infrastructure PLC (continued)

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation viability statement page 79 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

— the risk and risk management disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 79 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

KPMG

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 109, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
25 May 2021

5.2
Income Statement

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 Total £m	Year ended 31 March 2020 Total £m
Investment income	6	154.8	51.6
Total income		**154.8**	**51.6**
Fund expenses	7	(2.9)	(2.1)
Profit before tax		**151.9**	**49.5**
Profit for the year	11	**151.9**	**49.5**
Earnings per share – basic and diluted (pence)	11	**7.9**	**2.7**

All results are derived from continuing operations. There is no other comprehensive income or expense and consequently a statement of other comprehensive income has not been prepared.

The accompanying Notes are an integral part of these financial statements.

5.2
Balance Sheet

As at 31 March 2021

	Note	31 March 2021 £m	31 March 2020 £m
Non-current assets			
Investments at fair value through profit or loss	4, 14	2,950.3	2,837.9
Total non-current assets		**2,950.3**	**2,837.9**
Current assets			
Trade and other receivables		0.2	0.1
Cash and cash equivalents		0.4	0.6
Total current assets		**0.6**	**0.7**
Total assets		**2,950.9**	**2,838.6**
Current liabilities			
Trade and other payables		(0.7)	(0.6)
Total current liabilities		**(0.7)**	**(0.6)**
Total liabilities		**(0.7)**	**(0.6)**
Net assets		**2,950.2**	**2,838.0**
Equity			
Share capital	17	0.2	0.2
Share premium	17	1,055.3	936.7
Distributable reserves	17	1,996.4	1,999.3
Other reserves	17	(101.7)	(98.2)
Total equity	13	**2,950.2**	**2,838.0**
Net assets per Ordinary Share (pence)	13	**152.3**	**152.3**

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 25 May 2021, and signed on its behalf by:

I Russell
Director

S Farnon
Director

Company registered number: 11738373

05 / FINANCIAL STATEMENTS

5.2 Statement of Changes in Shareholders' Equity

For the year ended 31 March 2021

	Note	Share capital and share premium £m	Distributable reserves £m	Other reserves £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2020		936.9	**1,999.3**	(98.2)	2,838.0
Profit for the year		**–**	**155.4**	**(3.5)**[1]	**151.9**
Distributions paid to Company shareholders	12	–	(158.3)	–	(158.3)
Issues of Ordinary Shares	17	120.0	–	–	120.0
Costs of issues of Ordinary Shares	17	(1.4)	–	–	(1.4)
Shareholders' equity as at 31 March 2021		**1,055.5**	**1,996.4**	**(101.7)**	**2,950.2**

[1] Other reserves comprises unrealised net loss on revaluation of investment (see Note 6)

For the year ended 31 March 2020

	Note	Share capital and share premium £m	Distributable reserves £m	Other reserves £m	Total shareholders' equity £m
Shareholders' equity as at 31 March 2019		0.1	**2,000.0**	-	2,000.1
Profit for the year		**–**	**147.7**	**(98.2)**[1]	**49.5**
Distributions paid to Company shareholders	12	–	(148.4)	–	(148.4)
Redemption of preference shares	17	(0.1)	–	–	(0.1)
Issue of Ordinary Shares under the Scheme	17	821.7	–	–	821.7
Issues of Ordinary Shares	17	117.1	–	–	117.1
Costs of issue of Ordinary Shares under the Scheme	17	(0.7)	–	–	(0.7)
Costs of issues of Ordinary Shares issued for cash	17	(1.2)	–	–	(1.2)
Shareholders' equity as at 31 March 2021		**936.9**	**1,999.3**	**(98.2)**	**2,838.0**

[1] Other reserves comprises unrealised net loss on revaluation of investment (see Note 6)

The accompanying Notes are an integral part of these financial statements.

5.2
Cash Flow Statement

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Cash flows from operating activities			
Profit before tax		151.9	49.5
Adjustments for:			
Investment income		(154.8)	(51.6)
Operating cash flows before movements in working capital		(2.9)	(2.1)
Changes in working capital:			
Increase in receivables		(0.1)	(0.1)
Increase in payables		0.1	0.6
Cash flow from operations		**(2.9)**	**(1.6)**
Investment income received		160.8	148.4
Net cash from operating activities		**157.9**	**146.8**
Cash flows from investing activities			
Investment in subsidiary		(118.4)	(113.0)
Net cash used investing activities		**(118.4)**	**(113.0)**
Cash flows from financing activities			
Net proceeds from issue of share capital	17	118.6	115.2
Distributions paid to Company shareholders	12	(158.3)	(148.4)
Net cash used in financing activities		**(39.7)**	**(33.2)**
Net (decrease) / increase in cash and cash equivalents		**(0.2)**	**0.6**
Cash and cash equivalents at beginning of year		**0.6**	–
Cash and cash equivalents at end of year		**0.4**	**0.6**

The accompanying Notes are an integral part of these financial statements.

5.3
Notes to the Financial Statements

For the year ended 31 March 2021

1. REPORTING ENTITY

HICL Infrastructure PLC (the "Company" or "HICL UK") is a public limited company incorporated, domiciled and registered in England in the UK. The financial statements as at and for the year ended 31 March 2021 comprise the financial statements for the Company only, as explained in Note 2.

At 31 March 2021 the Company had two corporate level subsidiaries (31 March 2020: two) being, HICL Infrastructure S.a.r.l. 2 ("Luxco 2") and Infrastructure Investments Limited Partnership ("IILP") (each a "Corporate Subsidiary" and together "Corporate Subsidiaries").

The Company and its Corporate Subsidiaries invest in infrastructure projects in the United Kingdom, North America and Europe.

2. KEY ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements were approved and authorised for issue by the Board of Directors on 25 May 2021.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in compliance with International Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations as adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union (IFRS as adopted by the EU). The financial statements have been prepared using the historical cost basis, except for financial instruments and subsidiaries classified at fair value through profit or loss which are stated at fair values.

The financial statements are presented in Pounds Sterling, which is the Company's functional currency.

The preparation of these financial statements, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, requires the Directors and advisers to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or the period of the revision and future periods if the revision affects both current and future periods. Note 3 shows the critical accounting judgements, estimates and assumptions which have been applied in the preparation of these financial statements.

Investment Entities

The Company has applied IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other entities' in these financial statements, which require investment entities to measure certain subsidiaries, including those that are themselves investment entities, at fair value through the income statement, rather than consolidating their results.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity as defined in IFRS 10:

1. It obtains funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. It commits to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. It measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporate Subsidiaries carry out investment activities and incur overheads and borrowings on behalf of the Company. They are considered investment entities themselves and are therefore measured at fair value in these financial statements.

2. KEY ACCOUNTING POLICIES (CONTINUED)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in Section 2.2 – HICL's Business Model & Strategy. The financial position of the Company, its cash flows, and liquidity position are described in Section 3.1 – Financial Review. In addition, Notes 1 to 4 of the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors have assessed going concern by considering areas of financial risk, the Company's access to a Revolving Credit Facility via a Corporate Subsidiary and Letter of Credit Facility (details of which are set out in Section 3.1 – Financial Review) and by reviewing cash flow forecasts with a number of stress scenarios, including actual and potential downside impacts from Covid-19. They also considered the Company's considerable financial resources, including investments in a significant number of project assets. The majority of these project assets operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. As explained in Section 2.5 – Investment Manager's Report, these infrastructure projects include several demand-based assets that are impacted by Covid-19, and a large number of availability assets that have no exposure to economic growth. The financing for these projects is non-recourse to the Company.

Based on this analysis, the Directors have concluded that the Company has adequate resources to meet its liabilities as they fall for a period of at least 12 months from the date of approving these financial statements ("the going concern period"). Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Standards adopted during the year

The Company adopted the following standards, amendments and interpretations which became effected during the year, none of which had a material impact on the financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020)
- Definition of a Business (Amendments to IFRS 3) (effective date 1 January 2020)

Standards issued but not yet effective

The Company has not identified any standards or interpretations which were in issue but not yet effective at the date of these financial statements that would have a material impact on the Company.

(b) Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are de-recognised when the contractual rights to the cash flows from the instrument expire or the asset or liability is transferred and the transfer qualifies for de-recognition in accordance with IFRS 9 'Financial Instruments: Recognition and measurement'.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise the Company's investment in equity and debt of its direct Corporate Subsidiary, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value including directly attributable transaction costs, except for financial instruments measured at fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Investments in equity and debt securities

Investments in the equity and loanstock of entities engaged in infrastructure activities, which are not classified as subsidiaries of the Company or which are subsidiaries not consolidated in the Company's results, are designated at fair value through profit or loss since the Company manages these investments and makes purchase and sale decisions based on their fair value.

5.3
Notes to the Financial Statements (continued)

2. KEY ACCOUNTING POLICIES (CONTINUED)

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses for financial assets. Interest income or expenses, foreign exchange gains and losses and impairment are recognised in the Income Statement. Any gain or loss on derecognition is recognised in the Income Statement.

(ii) Fair values
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The fair value of the Company's investment is based on the Net Asset Value of IILP and the sundry assets and liabilities of its direct Corporate Subsidiary. IILP's Net Asset Value is based on the fair value of the underlying investments in its portfolio of infrastructure assets, since IILP manages these investments and makes purchase and sale decisions based on their fair value.

Fair values of the underlying investments are determined using the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the appropriate discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions. Further detail on methods and assumptions used in estimating the fair values of financial instruments is included in Note 4.

(c) Investment income
Investment income comprises interest income, dividend income and gains / (losses) on investments, which comprise the change in fair value of the Company's direct subsidiary. Interest income is recognised in the Income Statement using the effective interest method. Dividend income is recognised when the Company's entitlement to receive payment is established.

(d) Share capital and share premium
Ordinary Shares are classified as equity. Costs associated with the establishment of the Company or directly attributable to the issue of new shares are recognised as a deduction from the share premium account.

(e) Cash and cash equivalents
Cash and cash equivalents held by the Company comprise cash balances, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Cash equivalents, including demand deposits, are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Income tax
Income tax represents the sum of the tax currently payable and deferred tax. Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(g) Foreign exchange gains and losses
Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the re-translation of unsettled monetary assets and liabilities are recognised immediately in the Income Statement.

(h) Expenses
All expenses are accounted for on an accruals basis. The Company's investment management fee, administration fees and all other expenses are charged through the Income Statement.

(i) Dividends payable
Dividends payable to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the Annual General Meeting.

2. KEY ACCOUNTING POLICIES (CONTINUED)

(j) Segmental reporting

The Chief Operating Decision Maker (the "CODM") has been determined to be the Board, who are of the opinion that the Company is engaged in a single segment of business, being investment in infrastructure, which is currently predominately in private finance initiatives and public private partnership companies. The Company has no single major customer.

The internal financial information used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company presents the business as a single segment comprising the portfolio of investments in infrastructure assets.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the disclosure or to the carrying amounts of assets and liabilities are outlined below.

Judgements

The Directors have exercised judgement in determining whether the Company and the Corporate Subsidiaries meet the IFRS 10 definition of an investment entity. By virtue of the Company's status as an investment entity (see Note 2(a)) and the exemption provided by IAS 28 and IFRS 11 as well as the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

The Directors have satisfied themselves that PPP, or similar, investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

Estimates and assumptions

The Company recognises its investment in Luxco 2, a Corporate Subsidiary, at fair value which includes the fair value of IILP and each of the individual project companies and holding companies in which the Company holds an indirect investment. Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate except for those investments that have an observable market price in an active market. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks and the evidence of recent transactions.

The weighted average discount rate applied in the March 2021 valuation was 6.8% (2020: 7.2%). The discount rate is considered to be the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the Investments at fair value through profit or loss. In addition, in light of Covid-19, cash flow assumptions on the demand-based assets are also a significant input for the March 2021 valuation.

The other estimates that are likely to have a material effect on the measurement of fair value are inflation rates, deposit rates, gross domestic product and tax rates, which are further discussed in Note 4.

4. FINANCIAL INSTRUMENTS

Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. HICL uses the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

Where applicable, further information about the assumptions used in determining fair value is disclosed in the Notes specific to that asset or liability.

5.3 Notes to the Financial Statements (continued)

4. FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial instruments

	31 March 2021 £m	31 March 2020 £m
Financial assets		
Investments at fair value through profit or loss	2,950.3	2,837.9
Financial assets at fair value through profit or loss	**2,950.3**	2,837.9
Trade and other receivables	0.2	0.1
Cash and cash equivalents	0.4	0.6
Financial assets – loans and receivables	**0.6**	**0.7**
Financial liabilities		
Trade and other payables	(0.7)	(0.6)
Financial liabilities – payables	**(0.7)**	**(0.6)**

The Directors believe that the carrying values of all financial instruments are approximately equal to their fair values.

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

				31 March 2021
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments at fair value through profit or loss (Note 14)	–	–	**2,950.3**	**2,950.3**

				31 March 2020
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments at fair value through profit or loss (Note 14)	–	–	**2,837.9**	**2,837.9**

There were no transfers between Level 1, 2 or 3 during the year. A reconciliation of the movement in Level 3 assets is disclosed in Note 14.

Level 3

Valuation methodology

The Company records the fair value of its direct Corporate Subsidiary based on the Net Asset Value of IILP and the sundry assets and liabilities of its direct Corporate Subsidiary. IILP's Net Asset Value is based on the aggregate fair value of each of the individual project companies and holding companies in which the Company holds an indirect investment, along with the working capital of intermediate holding companies. Detailed below are the valuation methodologies applied in valuing those indirect investments.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation of all the underlying investments. All equity investments are valued using a discounted cash flow methodology except for the A13 investment in listed senior bonds which is valued based on the quoted market price at the balance sheet date. The valuation techniques and methodologies have been applied consistently with those used in the prior year. This valuation uses key assumptions which are benchmarked from an assessment of recent comparable market transactions in order to arrive at a fair market value. Valuations are performed on a six monthly basis every September and March for all investments.

For the valuation of the underlying infrastructure investments, the Directors have also obtained an independent opinion from a third-party expert with experience in valuing these types of investments, supporting the reasonableness of the valuation.

4. FINANCIAL INSTRUMENTS (CONTINUED)

Investments – The key valuation assumptions and sensitivities for the valuation

The following economic assumptions were used in the discounted cash flow valuations:

		31 March 2021	31 March 2020
Inflation Rates	UK (RPI and RPIx)[1] CPIH[2]	2.75% p.a. to 2030, 2.0% thereafter 2.0% p.a.	2.75% p.a. 2.0% p.a.
	Eurozone (CPI)	2.0% p.a.	2.0% p.a.
	Canada (CPI)	2.0% p.a.	2.0% p.a.
	USA (CPI)	2.0% p.a.	2.0% p.a.
Interest Rates	UK	0.25% p.a. to March 2025, 1.25% p.a. thereafter	0.5% p.a. to March 2023, 1.5% p.a. thereafter
	Eurozone	0.0% p.a. to March 2025, 0.25% p.a. thereafter	0.0% p.a. to March 2023, 1.0% p.a. thereafter
	Canada	0.5% p.a. to March 2024, 2.25% p.a. thereafter	1.0% p.a. to March 2023, 2.25% p.a. thereafter
	USA	0.5% p.a. to March 2024, 2.25% p.a. thereafter	1.0% p.a. to March 2023, 2.25% p.a. thereafter
Foreign Exchange Rates	CAD / GBP	0.58	0.57
	EUR / GBP	0.85	0.89
	USD / GBP	0.73	0.81
Tax Rates	UK[3]	19% to 2023, 25% thereafter	19%
	Eurozone	Ireland 12.5% France 26.5% in 2021, 25% thereafter Netherlands 25%	Ireland 12.5% France 25% – 33.3% Netherlands 21.7% – 25%
	USA	21% Federal & 4.6% Colorado State	21% Federal & 4.6% Colorado State
	Canada	23% and 27%	26% and 27%
GDP Growth	UK	(10.5%) in 2020, 5.0% in 2021, 5.5% in 2022, 2.0% p.a. thereafter	(5.5%) in 2020, 4.0% in 2021, 2.0% p.a. thereafter
	Eurozone	(9.0%) in 2020, 5.5% in 2021, 4.0% in 2022, 1.8% p.a. thereafter	(5.0%) in 2020, 4.0% in 2021, 1.8% p.a. thereafter
	USA	(3.5%) in 2020, 5.5% in 2021, 4.0% in 2022, 2.5% p.a. thereafter	(3.5%) in 2020, 3.0% in 2021, 2.5% p.a. thereafter

1 Retail Price Index and Retail Price Index excluding mortgage interest payments. On 25 November 2020, the UK Government and UK Statistics Authority announced the RPI would be aligned with CPI from 2030. As such, RPI-linked project companies have been aligned to CPI from this date
2 Consumer Prices Index including owner occupiers' housing costs
3 On 5 March 2021, the UK Chancellor of the Exchequer announced an increase to UK Corporation Tax rates from 19% to 25% with effect from 1 April 2023. This assumption represents market expectations of the future UK tax change

Discount rates

Judgement is used in arriving at the appropriate discount rate for each investment, based on the Investment Manager's experience and knowledge of the market, taking into account intelligence gained from bidding activities, discussions with financial advisers knowledgeable in these markets and publicly available information on relevant transactions. Where there is an absence of market activity, comparators and historic data are used to inform the appropriate discount rate.

The discount rates used for valuing each infrastructure investment vary on a project-by-project basis, taking into account risks associated with the financing of an investment such as investment risks (e.g. liquidity, currency risks, market appetite) and any risks to the investment's earnings (e.g. predictability and covenant of the revenues and service delivery challenges), all of which may be differentiated by the phase of the investment's life (e.g. in-construction or in-operation).

When there are limited transactions or information available, and as a second method and sense check, a 'bottom-up' approach is taken based on the appropriate long-term government bond yields and an appropriate risk premium. The risk premium considers risks and opportunities associated with the project earnings (e.g. predictability and covenant of the revenues and service delivery challenges), all of which may be differentiated by project phase, jurisdiction and market participants' appetite for these risks.

5.3
Notes to the Financial Statements (continued)

4. FINANCIAL INSTRUMENTS (CONTINUED)

The discount rates used for valuing the projects in the portfolio are as follows:

Year ended	Range	Weighted average
31 March 2021	**0.9%[1] to 8.7%**	**6.8%**
31 March 2020	2.7%[1] to 9.3%	7.2%

[1] The 0.9% (31 March 2020: 2.7%) discount rate relates to the A13 senior bonds. The rate is the implied rate from the quoted market price of the bonds at the Balance Sheet date; excluding this, the discount range is from 5.8% to 8.7% (31 March 2020: 6.2% – 9.3%)

A change to the weighted average discount rate by plus or minus 0.5% has the following effect on the Investments at fair value through profit or loss and NAV per Ordinary Share:

Discount rates	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
31 March 2021	**+£162.1m**	**£2,950.3m**	**-£147.1m**
31 March 2020	+£153.2m	£2,837.9m	-£139.3m
Implied change in NAV per Ordinary Share[1] – 31 March 2021	**+8.4 pence**	**152.3 pence**	**-7.6 pence**
(31 March 2020)	+8.2 pence	152.3 pence	-7.5 pence

[1] Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

The magnitude of sensitivities considered for the current year are unchanged from the previous year and are considered to be a plausible and reasonably possible change in the current year, based on historic movements. This is in the context that the sensitivities assess the impact from long-term changes in the key valuation assumptions, which are unlikely to be significantly impacted by current near-term volatility.

Inflation rates

All PPP projects in the portfolio have contractual income streams with public sector clients, which are rebased every year for inflation. UK projects tend to use either Retail Price Index ("RPI") or RPI excluding mortgage payments ("RPIx") while non-UK projects use Consumer Price Index ("CPI"), and revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management and operating subcontracts have similar indexation arrangements. On 25 November 2020, the UK Government and UK Statistics Authority announced the RPI would be aligned with CPI from 2030. As such, RPI-linked project companies have been aligned to CPI from this date.

A change to the inflation rate by plus or minus 0.5% for all future periods, which is deemed to be a plausible and possible change in the current year based on historic movements, has the following effect on the Investments at fair value through profit or loss and NAV per Ordinary Share:

Inflation rates	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
31 March 2021	**-£140.8m**	**£2,950.3m**	**+£155.1m**
31 March 2020	-£125.8m	£2.837.9m	+£140.9m
Implied change in NAV per Ordinary Share[1,2] – 31 March 2021	**-7.3 pence**	**152.3 pence**	**+8.0 pence**
(31 March 2020)	-6.7 pence	152.3 pence	+7.6 pence

[1] Analysis is based on the Company's 35 largest investments, which are considered representative of the wider portfolio, pro-rata for the whole portfolio
[2] Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

Interest rates

Each portfolio company's interest costs are either inflation-linked or fixed rate. This is achieved through fixed-rate or inflation-linked bonds, or bank debt which is hedged with an interest rate swap. The portfolio's sensitivity to interest rates primarily relates to the cash deposits required as part of the investments' senior debt funding, though a small number of projects are sensitive to interest rates as future refinancing is required.

Each PPP project and demand-based asset in the portfolio has cash held in bank deposits, which is a requirement of their senior debt financing. As at 31 March 2021 cash deposits for the portfolio were earning interest at a rate of 0.2% (31 March 2020: 0.7%) per annum on average.

4. FINANCIAL INSTRUMENTS (CONTINUED)

A change to the interest rate and / or deposit rate by plus or minus 0.5% for all future periods, which is deemed to be a plausible and possible change in the current year based on historic movements, has the following effect on the Investments at fair value through profit or loss and NAV per Ordinary Share:

Interest rates	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
31 March 2021	**-£18.2m**	**£2,950.3m**	**+£21.4m**
31 March 2020	-£19.0m	£2.837.9m	+£22.4m
Implied change in NAV per Ordinary Share[1,2] – 31 March 2021 (31 March 2020)	**-0.9 pence** -1.0 pence	**152.3 pence** 152.3 pence	**+1.1 pence** +1.2 pence

[1] Analysis is based on the Company's 35 largest investments, pro-rata for the whole portfolio
[2] Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

Gross Domestic Product ("GDP") growth rates

The portfolio has four projects where revenues are positively correlated to changes in GDP. These projects are A63 Motorway, M1-A1 Road, Northwest Parkway and High Speed 1 which together comprise 18% of the Investments at fair value through profit or loss. At times of higher economic activity, there will be greater traffic volumes using these roads and railways generating increased revenues for the projects than compared to periods of lower economic activity.

Detailed, asset-specific adjustments have been made to the cash flows of the GDP-sensitive investments to reflect the near-term impact of Covid-19 – see Section 3.2 – Valuation of the Portfolio for detail.

A change to the GDP growth rate by plus or minus 0.5% for all future periods, which is deemed to be a plausible and possible change in the current year based on historic movements, has the following effect on the Investments at fair value through profit or loss and NAV per Ordinary Share:

GDP growth rates	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
31 March 2021	**-£89.1m**	**£2,950.3m**	**+£85.4m**
31 March 2020	-£81.2m	£2.837.9m	+£80.3m
Implied change in NAV per Ordinary Share[1] – 31 March 2021 (31 March 2020)	**-4.6 pence** -4.4 pence	**152.3 pence** 152.3 pence	**+4.4 pence** +4.3 pence

[1] Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

Tax rates

The profits of each project company are subject to corporation tax in the country in which the project is located.

A change to the tax rate by plus or minus 5.0% for all future periods, which is deemed to be a plausible and possible change in the current year based on historic movements, has the following effect on the Investments at fair value through profit or loss and NAV per Ordinary Share:

Tax rates	-5% p.a. change	Investments at fair value through profit or loss	+5% p.a. change
31 March 2021	**+£102.0m**	**£2,950.3m**	**-£102.9m**
31 March 2020	+£102.5m	£2.837.9m	-£102.0m
Implied change in NAV per Ordinary Share[1,2] – 31 March 2021 (31 March 2020)	**+4.6 pence** +5.5 pence	**152.3 pence** 152.3 pence	**-4.7 pence** -5.5 pence

[1] Analysis is based on the Company's 35 largest investments, pro-rata for the whole portfolio
[2] Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

On 5 March 2021, the UK Chancellor of the Exchequer announced an increase to UK Corporation Tax rates from 19% to 25% with effect from 1 April 2023. This assumption represents the market expectations of the future UK tax change.

5.3
Notes to the Financial Statements (continued)

4. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management

The Corporate Group is exposed to market risk (which includes currency risk, interest rate risk and inflation risk), credit risk and liquidity risk arising from the financial instruments it holds through a Corporate Subsidiary as disclosed below.

Market risk

Returns from HICL's investments are affected by the price at which they are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets. HICL has six demand-based assets in the portfolio representing 19% of the portfolio value at March 2021. Over the course of the year, the Covid-19 pandemic has resulted in reduced usage of these facilities, impacting on revenues and therefore their valuation.

As mentioned above, four of these demand-based assets are sensitive to GDP which means their valuations are more significantly affected by the Covid-19 pandemic. This impact has been assessed and has resulted in adjustments in three areas: short-term traffic reduction, longer-term recovery and discount rates, using a variety of information sources including actual traffic figures, management assessments, consensus GDP forecasts and sensitivity analysis.

Financial risk management

The objective of the Corporate Group's financial risk management is to manage and control the risk exposures of its investment portfolio. The Board of Directors has overall responsibility for overseeing the management of risks, including financial risks, however the review and management of financial risks are delegated to the Investment Manager and the Operator which has documented procedures designed to identify, monitor and manage the financial risks to which the Corporate Group is exposed. This Note presents information about the Corporate Group's exposure to financial risks, its objectives, policies and processes for managing risk and the Corporate Group's management of its financial resources.

The Corporate Group owns a portfolio of investments predominantly in the subordinated loanstock and equity of project finance companies. These companies are structured at the outset to minimise financial risks where possible, and the Investment Manager and Operator primarily focus their risk management on the direct financial risks of acquiring and holding the portfolio but continue to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the boards of the project companies and the receipt of regular financial and operational performance reports.

Interest rate risk

The Corporate Group invests indirectly in subordinated loanstock of infrastructure project companies, usually with fixed interest rate coupons. Where floating rate debt is owned, the primary risk is that the Corporate Group's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecasted both over the near future (five-year time horizon) and the long term (over whole period of projects' concessions) to analyse the cash flow returns from investments. Forecasts are used to monitor the impact of changes in borrowing rates against cash flow returns from investments as increases in borrowing rates will reduce net interest margins. The Company itself does not have any borrowings and so is not directly exposed to interest rate risk.

The Corporate Group's policy is to ensure that interest rates are sufficiently hedged, when entering into material medium / long-term borrowings, typically via a Corporate Subsidiary, to protect the Corporate Group and Corporate Subsidiary's net interest margins from significant fluctuations in interest rates. This may include engaging in interest rate swaps or other interest rate derivative contracts.

The Corporate Group has an indirect exposure to changes in interest rates through its investment in infrastructure project companies, which are financed by senior debt and mezzanine debt. Financing of project companies is generally either through floating rate debt, fixed-rate bonds or index-linked bonds. Where senior debt is floating rate, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors. Floating rate debt is hedged using fixed floating interest rate swaps. The sensitivity of Investments at fair value through profit or loss to interest rates is shown above within Note 4.

Inflation risk

The infrastructure project companies in which the Corporate Group invests are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of mismatch between income and costs due to movements in inflation indexes. The Corporate Group's overall cash flows vary with inflation, although they are not directly correlated as not all flows are indexed. The effects of these inflation changes do not always immediately flow through to the Corporate Group's cash flows, particularly where a project's loanstock debt carries a fixed coupon and the inflation changes flow through by way of changes to dividends in future periods. On 25 November 2020, the UK Government and UK Statistics Authority announced the RPI would be aligned with CPI from 2030. As such, RPI-linked project companies have been aligned to CPI from this date. The sensitivity of Investments at fair value through profit or loss to inflation is also shown above within Note 4.

4. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

The Corporate Group monitors its foreign exchange exposures using its near-term and long-term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection against the effect of exchange rate fluctuations on the level of Sterling distributions that the Corporate Group expects to receive over the medium term, where considered appropriate. This may involve the use of forward exchange and other currency hedging contracts at Corporate Subsidiary level, as well as the use of Euro, Canadian dollar, US dollar and other currency denominated borrowings via a Corporate Subsidiary. At 31 March 2021, the Corporate Group, via a Corporate Subsidiary, hedged its currency exposure through Euro, Canadian dollar and US dollar forward contracts. This has reduced the volatility in the NAV from foreign exchange movements.

The hedging policy is designed to provide confidence in the near-term yield and to limit NAV per share sensitivity to no more than 2% for a 10% foreign exchange movement.

A change to foreign currency / Sterling exchange rates by plus or minus 5.0%, which is deemed to be a plausible and possible change in the current year based on historic movements, has the following effect on the Net Asset Value and NAV per Ordinary Share:

Foreign exchange	-5.0% change	Net Asset Value	+5.0% change
31 March 2021	**-£17.2m**	**£2,950.3m**	**+£17.2m**
31 March 2020	-£7.8m	£2,837.9m	+£7.8m
Implied change in NAV per Ordinary Share[1] – 31 March 2021 (31 March 2020)	**-0.9 pence** -0.4 pence	**152.3 pence** 152.3 pence	**+0.9 pence** +0.4 pence

1 Net Asset Value per Ordinary Share based on 1,936.8 million Ordinary Shares as at 31 March 2021

Credit risk

Credit risk is the risk that a counterparty of the Corporate Group will be unable or unwilling to meet a commitment that it has entered into with the Corporate Group.

The Corporate Group's key direct counterparties are the project companies in which it makes investments. The Corporate Group's near-term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecasts are project company cash flow models which are regularly updated by project companies and provided to the Operator, for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. The majority of the Corporate Group's investment and subsidiary entities receive revenue from government departments and public sector or local authority clients. Therefore, a significant portion of the Corporate Group's investments' revenue is with counterparties of good financial standing.

The Corporate Group is also reliant on each project's subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Operator has a subcontractor counterparty monitoring procedure in place.

The credit standing of subcontractors is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is ongoing and period end positions are reported to the Board on a quarterly basis. The Corporate Group's largest credit risk exposure to a project at 31 March 2021 was to the Affinity Water project (8% of investments at fair value) and the largest subcontractor counterparty risk exposure was to subsidiaries of Bouygues, which provided facilities management services in respect of 15% of the investments at fair value.

The Corporate Group is subject to credit risk on its loans, receivables, cash and deposits. The Corporate Group's cash and deposits are held with well-known banks. The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies. For those assets that are not past due, it is believed that the risk of default is small and capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the investment.

The Corporate Group's maximum exposure to credit risk over financial assets is the carrying value of those assets in the Balance Sheet. The Corporate Group does not hold any collateral as security.

Liquidity risk

Liquidity risk is the risk that the Corporate Group will not be able to meet its financial obligations as they fall due. The Corporate Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meets its liabilities when due. The Corporate Group ensures it maintains adequate reserves and its Corporate Subsidiaries have sufficient banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Corporate Group's investments are predominantly funded by share capital.

5.3 Notes to the Financial Statements (continued)

4. FINANCIAL INSTRUMENTS (CONTINUED)

The Corporate Group's investments are generally in private companies whose securities are not traded in an active market so could take time to realise. There is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Corporate Group's investments have third-party borrowings which rank senior to the Corporate Group's own investments into the companies. This senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Corporate Group.

The Corporate Group's investments may include obligations to make future investments. These obligations will typically be supported by standby letters of credit, issued by the Corporate Group's bankers in favour of the senior lenders to the investment companies. Such investment obligations are met from the Corporate Group's cash resources when they fall due. At 31 March 2021, the Company's investment obligations totalled £73.8m (2020: £77.0m) (see Note 20) which were supported by letters of credit totalling £75.8m (2020: £79.1m) as set out in the Capital management section below.

Unconsolidated subsidiaries are subject to contractual agreements that may impose temporary restrictions on their ability to distribute cash. Such restrictions are not deemed significant in the context of the Corporate Group's overall liquidity.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

31 March 2021	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m
Trade and other payables	0.7	–	–	–
Total	**0.7**	**–**	**–**	**–**

31 March 2020	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m
Trade and other payables	0.6	–	–	–
Total	**0.6**	**–**	**–**	**–**

Capital management

The Corporate Group has a Revolving Credit Facility ("RCF") and a Letter of Credit Facility ("LCF") at Corporate Subsidiary level (see Note 16 for details), which had in aggregate cash drawings of £26.9m (2020: £Nil) and letter of credit commitments of £75.8m (2020: £79.1m) at the year end of which £18.6m was drawn on the RCF and £57.2m on the LCF. Further equity raisings are considered when debt drawings are at an appropriate level. The proceeds from the share issues are used to repay debt and to fund future investment commitments.

HICL makes prudent use of its available leverage. Under the Articles, the Corporate Group's outstanding borrowings, including any financial guarantees to support outstanding subscription obligations but excluding internal company borrowings of the Corporate Group's underlying investments, are limited to 50% of the Adjusted Gross Asset Value, being the Directors' Valuation plus cash balances of the Company and its Corporate Subsidiaries at any time.

The ratio of debt to Adjusted Gross Asset Value at the end of the year was as follows:

	31 March 2021 £m	31 March 2020 £m
Outstanding drawings		
Bank borrowings	26.9	–
Letter of credits drawn	75.8	79.1
	102.7	**79.1**
Adjusted Gross Asset Value		
Directors' Valuation (Note 14)	3,011.9	2,888.5
Cash and cash equivalents	31.4	28.7
	3,043.3	**2,917.2**
Borrowing ratio	**3.4%**	**2.7%**

4. FINANCIAL INSTRUMENTS (CONTINUED)

From time to time the Company issues its own shares to the market; the timing of these issuances depends on market prices.

To assist in the narrowing of any discount to the Net Asset Value at which the Ordinary Shares may trade, from time to time the Company may, at the sole discretion of the Directors:

- make market purchases of up to 14.99% per annum of its issued Ordinary Shares; and
- make tender offers for the Ordinary Shares.

There were no changes in HICL's approach to capital management during the year.

5. GEOGRAPHICAL ANALYSIS

The tables below provide an analysis based on the geographical location of the Company's underlying investments.

Investment Income	UK	Eurozone	North America	Total
31 March 2021	**£85.6m**	**£43.1m**	**£26.1m**	**£154.8m**
% of Total investment income	**55%**	**28%**	**17%**	**100%**
31 March 2020	£28.7m	£19.4m	£3.5m	£51.6m
% of Total investment income	56%	37%	7%	100%

Investments at fair value through profit and loss	UK	Eurozone	North America	Total
31 March 2021	**£2,184.7m**	**£536.4m**	**£229.2m**	**£2,950.3m**
% of Total Investments	**74%**	**18%**	**8%**	**100%**
31 March 2020	£2,158.0m	£470.5m	£209.4m	£2,837.9m
% of Total investments	76%	17%	7%	100%

6. INVESTMENT INCOME

	Year ended 31 March 2021 Total £m	Year ended 31 March 2020 Total £m
Dividends and interest received	158.3	149.8
Net loss on revaluation of investment (Note 14)	(3.5)	(98.2)
Total	**154.8**	**51.6**

7. FUND EXPENSES

	Year ended 31 March 2021 Total £m	Year ended 31 March 2020 Total £m
Fees to auditor	0.4	0.4
Investment Manager fees (Note 18)	0.1	0.1
Directors' fees (Note 18)	0.5	0.5
Professional fees	1.9	1.1
Total	**2.9**	**2.1**

Fees to auditor comprise £0.3m audit fees and £0.1m fees to KPMG LLP in respect of their interim review of the Company's accounts (31 March 2020: £0.3m audit fees and £0.1m interim review fees).

5.3
Notes to the Financial Statements (continued)

8. EMPLOYEES

The Company had no employees during the year (31 March 2020: Nil).

9. NET FINANCE INCOME

In the year ended 31 March 2021, the Company had de minimus net finance income consisting of interest earned on bank deposits offset by some bank charges.

10. INCOME TAX

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Current taxes		
Current year	–	–
	–	–

The effective rate of corporation tax in the UK for a large company is 19%. The tax charge in the year was lower than the standard and effective tax rate due to differences explained below.

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Profit before tax		
Profit before tax multiplied by the UK corporation tax rate of 19%	28.9	9.4
Effect of:		
Non-deductible capital losses	0.7	18.7
Non-taxable dividend income	(7.1)	(12.9)
Dividends designated as interest distributions	(23.1)	(15.6)
Other	0.6	0.4
	–	–

The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010. This allows certain capital profits of the Company to be exempt from UK tax. Additionally, the Company may designate dividends wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

Tax payable by investments

The financial statements do not include directly the tax charges for any of the Company's intermediate holding companies or 116 investments as these are held at fair value. All of these investments and intermediate holding companies are subject to taxes in the countries in which they operate.

11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	Year ended 31 March 2021	Year ended 31 March 2020
Profit attributable to equity holders of the Company	£151.9m	£49.5m
Weighted average number of Ordinary Shares in issue	1,914.0m	1,813.6m
Total basic and diluted earnings per Ordinary Share	**7.9 pence**	**2.7 pence**

12. DIVIDENDS

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Amounts paid and recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend for the year ended 31 March 2020 of 2.07p	38.6	36.2
First quarterly interim dividend for the year ended 31 March 2021 of 2.06p per share	39.9	36.9
Second quarterly interim dividend for the year ended 31 March 2021 of 2.06p per share	39.9	36.9
Third quarterly interim dividend for the year ended 31 March 2021 of 2.06p per share	39.9	38.4
	158.3	**148.4**

Amounts not recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend for the year ended 31 March 2021 of 2.07p	40.1	38.6

The fourth quarterly interim dividend for the year ended 31 March 2020 of £38.6m, representing 2.07 pence per share, was paid on 30 June 2020.

The Company has elected to distribute a percentage of the dividends paid to shareholders as an interest distribution for tax purposes.

The first quarterly interim dividend for the year ended 31 March 2021 of £39.9m, representing 2.06 pence per share, was paid on 30 September 2020 and had an interest streaming percentage of 56%.

The second quarterly interim dividend for the year ended 31 March 2021 of £39.9m, representing 2.06 pence per share, was paid on 31 December 2020 and had a streaming percentage of 59%.

The third quarterly interim dividend for the year ended 31 March 2021 of £39.9m, representing 2.06 pence per share, was paid on 31 March 2021 and had a streaming percentage of 84%.

The fourth quarterly interim dividend for the year ended 31 March 2021 of £40.1m, representing 2.07 pence per share, is payable on 30 June 2021 and has an interest streaming percentage of 98%.

Quarterly interest streaming fluctuates due to a number of factors, including forecast annual effective interest received from underlying projects (which moves with acquisitions and disposals) and FX hedging gains / losses.

The distributable reserves of the Company are £1,996.4m at 31 March 2021 (31 March 2020: £1,999.3m).

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Interim dividends for the year		
3 months ended 31 March 2020	2.07p	2.02p
3 months ended 30 June 2020	2.06p	2.06p
3 months ended 30 September 2020	2.06p	2.06p
3 months ended 31 December 2020	2.06p	2.06p
Total	**8.25p**	**8.2p**
Proposed dividend		
3 months ended 31 March 2021	2.07p	2.07p

5.3
Notes to the Financial Statements (continued)

13. NET ASSETS PER ORDINARY SHARE

	31 March 2021	31 March 2020
Shareholders' equity at 31 March	£2,950.2m	£2,838.0m
Less: fourth interim dividend	(£40.1m)	(£38.6m)
	£2,910.1m	£2,799.4m
Number of Ordinary Shares at 31 March	1,936.8m	1,863.6m
Net assets per Ordinary Share after deducting fourth interim dividend	150.3p	150.2p
Add fourth interim dividend	2.07p	2.07p
Net assets per Ordinary Share at 31 March	**152.3p**	**152.3p**

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2021 £m	31 March 2020 £m
Opening balance	**2,837.9**	–
Transfer of investments from HICL Guernsey (HICL Guernsey NAV at 31 March 2019)	–	2,821.7
Additions to investments in the year	118.4	113.0
Cash received from investments	(160.8)	(148.4)
Loss on revaluation of investment (Note 6)	(3.5)	(98.2)
Investment income (Note 6)	158.3	149.8
Carrying amount at year end	**2,950.3**	**2,837.9**
Carrying amount at year end	**152.3p**	**152.3p**

Investments at fair value through profit or loss comprise the Company's debt and equity investments in its single wholly owned Corporate Subsidiary, measured at fair value on the basis explained in Note 2(b)(ii).

Investments in the year reflect funds paid to the Company's direct Corporate Subsidiary, following the issuance of equity to shareholders. The transfer of investments from HICL Guernsey (HICL Guernsey NAV at 31 March 2019) reflects the fair value of the assets acquired by the Company in the scheme of reconstruction effected on 1 April 2019.

Refer to Note 3 for the valuation techniques and key model inputs used for determining investment fair values.

The Investment Manager has carried out fair market valuations of the portfolio companies as at 31 March 2021. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. The Directors have also engaged an independent third party with experience in valuing these types of investments to assess the appropriateness of the assumptions and valuations determined by the Investment Manager. This work included using independent market information, reviewing a selection of underlying data and determining an appropriate range. Based on this, the Directors received an independent opinion supporting the reasonableness of the valuation. All equity investments are valued using a discounted cash flow methodology except for the A13 investment in listed senior bonds which is valued based on quoted market price at the balance sheet date. The valuation techniques and methodologies have been applied consistently with the prior year. Discount rates (including the effective rate on A13) range from 0.9% to 8.7% (weighted average of 6.8%).

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Reconciliation of Directors' Valuation to Investments at fair value through profit or loss

The Directors' valuation shows the aggregate value at risk that the Company is exposed from its portfolio of investments. The valuation of the Company's underlying portfolio at 31 March 2021 reconciles to the Balance Sheet as follows:

	31 March 2021 £m	31 March 2020 £m
Directors' Valuation	3,011.9	2,888.5
Less: future commitments (Note 19)	(73.8)	(77.0)
Investments at fair value per Investment Basis	**2,938.1**	**2,811.5**
Net cash in Corporate Subsidiaries	6.4	28.1
Working capital in Corporate Subsidiaries	5.8	(1.7)
Investments at fair value through profit or loss	**2,950.3**	**2,837.9**

Investments held at fair value through profit or loss includes the net cash and working capital in Corporate Subsidiaries as they are not consolidated under IFRS 10.

Investments are generally restricted on their ability to transfer funds to HICL under the terms of their senior funding arrangements for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the project company;
- Investment company is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

5.3 Notes to the Financial Statements (continued)

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Details of percentage holdings in investments recognised at fair value through profit or loss were as follows (UK unless stated otherwise):

	31 March 2021			31 March 2020		
Project name	Equity	Subordinated Debt	Mezzanine Debt	Equity	Subordinated Debt	Mezzanine Debt
A13 Road[6]	–	–	–	–	–	–
A249 Road	50.00%	50.00%	–	50.00%	50.00%	–
A63 Motorway[4]	20.95%	20.95%	–	20.95%	20.95%	–
A9 Road[2]	20.00%	20.00%	–	20.00%	20.00%	–
A92 Road	50.00%	50.00%	–	50.00%	50.00%	–
Addiewell Prison	66.66%	66.66%	–	66.66%	66.66%	–
Affinity Water	33.20%	–	–	33.20%	–	–
Allenby & Connaught MoD	12.50%	12.50%	–	12.50%	12.50%	–
Bangor and Nendrum Schools	20.40%	25.50%	–	20.40%	25.50%	–
Barking and Dagenham Schools	100.00%	100.00%	–	100.00%	100.00%	–
Barnet Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Belfast	75.00%	75.00%	–	75.00%	75.00%	–
Birmingham & Solihull LIFT	60.00%	60.00%	–	60.00%	60.00%	–
Birmingham Hospitals	30.00%	30.00%	–	30.00%	30.00%	–
Bishop Auckland Hospital	36.00%	37.00%	100.00%	36.00%	37.00%	100.00%
Blackburn Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Blackpool Primary Care Facility	75.00%	75.00%	–	75.00%	75.00%	–
Blankenburg PPP	70.00%	70.00%	–	70.00%	70.00%	–
Boldon School	100.00%	100.00%	–	100.00%	100.00%	–
Bradford BSF Phase 1	29.20%	35.00%	–	29.20%	35.00%	–
Bradford BSF Phase 2	34.00%	34.00%	–	34.00%	34.00%	–
Breda Court[2]	85.00%	85.00%	–	85.00%	–	–
Brentwood Community Hospital	75.00%	75.00%	–	75.00%	75.00%	–
Brighton Hospital	50.00%	50.00%	–	50.00%	50.00%	–
Burbo OFTO	50.00%	50.00%	–	50.00%	50.00%	–
Central Middlesex Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Connect	–	–		33.50%	–	–
Conwy Schools	90.00%	90.00%	–	90.00%	90.00%	–
Cork School of Music[1]	75.50%	75.50%	–	75.50%	75.50%	–
Croydon Schools	100.00%	100.00%	–	100.00%	100.00%	–
Darlington Schools	50.00%	50.00%	–	50.00%	50.00%	–
Defence Sixth Form College	45.00%	45.00%	–	45.00%	45.00%	–
Derby Schools	100.00%	100.00%	–	100.00%	100.00%	–
Doncaster Mental Health Unit	50.00%	50.00%	–	50.00%	50.00%	–
Dorset Fire & Rescue	100.00%	100.00%	–	100.00%	100.00%	–
Durham & Cleveland Police Tactical Training Centre	100.00%	100.00%	–	100.00%	100.00%	–
Dutch High Speed Rail Link[2]	43.00%	43.00%	–	43.00%	43.00%	–
Ealing Care Homes	63.00%	63.00%	–	63.00%	63.00%	–
Ealing Schools	50.00%	50.00%	–	50.00%	50.00%	–
East Ayrshire Schools	25.50%	25.50%	–	25.50%	25.50%	–
Ecole Centrale Supelec[4]	85.00%	85.00%	–	85.00%	85.00%	–
Edinburgh Schools	100.00%	100.00%	–	100.00%	100.00%	–
Exeter Crown Court	100.00%	100.00%	–	100.00%	100.00%	–
Falkirk NPD Schools	29.30%	29.30%	–	29.30%	29.30%	–
Fife Schools[2]	30.00%	30.00%	–	30.00%	30.00%	–

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	31 March 2021			31 March 2020		
Project name	Equity	Subordinated Debt	Mezzanine Debt	Equity	Subordinated Debt	Mezzanine Debt
Galloper OFTO	49.00%	50.00%	–	49.00%	50.00%	–
Glasgow Hospital	25.00%	25.00%	–	25.00%	25.00%	–
Gloucestershire Fire & Rescue	75.00%	75.00%	–	75.00%	75.00%	–
Greater Manchester Police Authority	72.90%	72.90%	–	72.90%	72.90%	–
Haverstock School	50.00%	50.00%	–	50.00%	50.00%	–
Health & Safety Executive (HSE) Merseyside Headquarters	50.00%	50.00%	–	50.00%	50.00%	–
Helicopter Training Facility – AssetCo	86.60%	62.20%	100.00%	86.60%	7.20%	100.00%
Helicopter Training Facility – OpCo	23.50%	–	–	23.50%	74.10%	–
Hinchingbrooke Hospital	75.00%	75.00%	–	75.00%	75.00%	–
Home Office Headquarters	100.00%	100.00%	–	100.00%	100.00%	–
High Speed Rail 1	21.80%	21.80%	–	21.80%	21.80%	–
Irish Grouped Schools[1]	50.00%	50.00%	–	50.00%	50.00%	–
Ireland Primary Care Centres	60.00%	60.00%	–	60.00%	60.00%	–
Kent Schools	50.00%	50.00%	–	50.00%	50.00%	–
Kicking Horse Canyon P3[3]	50.00%	–	–	50.00%	–	–
Lewisham Hospital	100.00%	100.00%	–	100.00%	100.00%	–
M1–A1 Link Road	30.00%	30.00%	–	30.00%	30.00%	–
M80 Motorway	50.00%	50.00%	–	50.00%	50.00%	–
Manchester School	75.50%	75.50%	–	75.50%	75.50%	–
Medway LIFT	60.00%	60.00%	–	60.00%	60.00%	–
Medway Police	100.00%	100.00%	–	100.00%	100.00%	–
Metropolitan Police Specialist Training Centre	72.90%	72.90%	–	72.90%	72.90%	–
Miles Platting Social Housing	50.00%	33.30%	–	50.00%	33.30%	–
M17/M18 Road[1]	100.00%	100.00%	–	50.00%	50.00%	–
Newcastle Libraries	50.00%	50.00%	–	50.00%	50.00%	–
Newham Schools BSF	80.00%	80.00%	–	80.00%	80.00%	–
Newport Schools	100.00%	100.00%	–	100.00%	100.00%	–
Newton Abbot Hospital	100.00%	100.00%	–	100.00%	100.00%	–
North Ayrshire Schools	25.50%	25.50%	–	25.50%	25.50%	–
North Tyneside Schools	50.00%	50.00%	–	50.00%	50.00%	–
Northwest Anthony Henday P3[3]	50.00%	50.00%	–	50.00%	50.00%	–
Northwest Parkway[5]	33.33%	–	–	33.33%	–	–
Northwood MoD Headquarters	50.00%	50.00%	–	50.00%	50.00%	–
Norwich Schools	75.00%	75.00%	–	75.00%	75.00%	–
Nuffield Hospital	25.00%	25.00%	–	25.00%	25.00%	–
Oldham Library	75.00%	75.00%	–	75.00%	75.00%	–
Oldham Schools	75.00%	75.00%	–	75.00%	75.00%	–
Oxford Churchill Oncology	40.00%	40.00%	–	40.00%	40.00%	–
Oxford John Radcliffe Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Paris–Sud University[4]	85.00%	85.00%	–	85.00%	85.00%	–
PSBP North East Batch Schools	90.00%	90.00%	–	90.00%	90.00%	–
Perth and Kinross Schools	100.00%	100.00%	–	100.00%	100.00%	–
Pinderfields and Pontefract Hospitals	100.00%	100.00%	–	100.00%	100.00%	–
Queen Alexandra Hospital Portsmouth	100.00%	100.00%	–	100.00%	100.00%	–
Queen's (Romford) Hospital	66.70%	66.70%	–	66.70%	66.70%	–
Racebank OFTO	49.00%	50.00%	–	49.00%	50.00%	–

5.3
Notes to the Financial Statements (continued)

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	31 March 2021			31 March 2020		
Project name	Equity	Subordinated Debt	Mezzanine Debt	Equity	Subordinated Debt	Mezzanine Debt
RD901 Road [4]	90.00%	90.00%	–	90.00%	90.00%	–
Redbridge & Waltham Forest LIFT	60.00%	60.00%	–	60.00%	60.00%	–
Renfrewshire Schools	30.00%	30.00%	–	30.00%	30.00%	–
Royal Canadian Mounted Police 'E' Division Headquarters [3]	100.00%	100.00%	–	100.00%	100.00%	–
Royal School of Military Engineering	100.00%	–	–	26.00%	32.10%	–
Salford Hospital	50.00%	50.00%	–	50.00%	50.00%	–
Salford Schools	25.50%	25.50%	–	25.50%	25.50%	–
Salford & Wigan BSF Phase 1	80.00%	80.00%	–	80.00%	80.00%	–
Salford & Wigan BSF Phase 2	80.00%	80.00%	–	80.00%	80.00%	–
Sheffield BSF	59.00%	59.00%	–	59.00%	59.00%	–
Sheffield Hospital	75.00%	75.00%	–	75.00%	75.00%	–
Sheffield Schools	75.00%	75.00%	–	75.00%	75.00%	–
South Ayrshire Schools	100.00%	100.00%	–	100.00%	100.00%	–
Southmead Hospital	62.50%	62.50%	–	62.50%	62.50%	–
Staffordshire LIFT	60.00%	60.00%	–	60.00%	60.00%	–
Stoke Mandeville Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Sussex Custodial Services	100.00%	100.00%	–	100.00%	100.00%	–
Tameside General Hospital	50.00%	50.00%	–	50.00%	50.00%	–
Tyne & Wear Fire Stations	100.00%	–	–	100.00%	–	–
University of Bourgogne [4]	85.00%	85.00%	–	85.00%	85.00%	–
University of Sheffield Accommodation	50.00%	50.00%	–	50.00%	50.00%	–
Walney OFTO	29.00%	40.00%	–	–	–	–
West Lothian Schools	75.00%	75.00%	–	75.00%	75.00%	–
West Middlesex Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Willesden Hospital	100.00%	100.00%	–	100.00%	100.00%	–
Wooldale Centre for Learning	50.00%	50.00%	–	50.00%	50.00%	–
Zaanstad Prison [2]	100.00%	100.00%	–	100.00%	100.00%	–

[1] The project is located in Ireland
[2] The project is located in the Netherlands
[3] The project is located in Canada
[4] The project is located in France
[5] The project is located in the United States of America
[6] Senior debt investment

15. INVESTMENTS – ACQUISITIONS AND DISPOSALS

Acquisitions, via the Corporate Subsidiaries

The Company, via its Corporate Subsidiaries, made the following acquisitions during the year ended 31 March 2021:

- In May 2020, the Company, via its Corporate Subsidiaries, acquired 29% of the Walney Extension OFTO Project for £18m.
- In June 2020, the Company, via its Corporate Subsidiaries, acquired an incremental 74% of the Royal School of Military Engineering project for £85m.
- In July 2020, the Company, via its Corporate Subsidiaries, agreed to acquire the remaining 50% stake in the M17/M18 project for a total consideration of €41m.
- In March 2021 the Company, via its Corporate Subsidiaries, acquired additional loanstock of £10m within the Helicopter Training Facility – OpCo.

15. INVESTMENTS – ACQUISITIONS AND DISPOSALS (CONTINUED)

Disposals, via the Corporate Subsidiaries

The Company, via its Corporate Subsidiaries, made the following disposal during the year ended 31 March 2021:

- In March 2021, the Company, via its Corporate Subsidiaries, disposed of its full 50% stake in South East London Police Stations at a profit for proceeds of £28m.

16. LOANS AND BORROWINGS

The Corporate Group's multi-currency Revolving Credit Facility is held via a Corporate Subsidiary and is jointly provided by Crédit Agricole, HSBC, ING, Lloyds, National Australia Bank, Royal Bank of Scotland International, Santander and SMBC. In May 2021, Lloyds signed up for a further year to May 2023 aligning its commitment with the rest of the lender group.

The facility is available to be drawn in cash and letters of credit for future investment obligations.

All bank covenants were complied with during the year; the most significant of which were requirements to maintain a forward and historic interest cover ratio above 3:1 and gearing ratio not greater than 30%.

On 20 November 2020 the Company entered into a Multicurrency Letter of Credit Facility Agreement provided by ING and SMBC.

A Corporate Subsidiary, had cash borrowings outstanding of £26.9m on the Revolving Credit Facility at 31 March 2021 (2020: nil).
A Corporate Subsidiary had letters of credit utilised on the Revolving Credit Facility totalling £18.6m and £57.2m on the Letter of Credit Facility at 31 March 2021 (2020: £79.1m on Revolving Credit Facility). Both borrowing facilities are secured on the Company's investments and the bank accounts of the Corporate Subsidiaries.

A Corporate Subsidiary, had the following undrawn borrowing facilities at 31 March:

	2021 £m	2020 £m
Floating rate:		
Secured		
– expiring within one year	–	–
– expiring between 1 and 2 years	33.4	–
– expiring between 2 and 5 years	288.1	320.9
– expiring after 5 years	0.2	–
	321.7	**320.9**

17. SHARE CAPITAL AND RESERVES

Ordinary Shares	31 March 2021 m	31 March 2020 m
Authorised and issued at the beginning of the year	1,863.6	–
Issued during the year	–	1,791.1
Issued for cash	73.2	72.5
Authorised and issued at end of year – fully paid	**1,936.8**	**1,863.6**

5.3 Notes to the Financial Statements (continued)

17. SHARE CAPITAL AND RESERVES (CONTINUED)

The holders of the 1,936,813,501 Ordinary Shares (31 March 2020: 1,863,642,769) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

For the year ended 31 March 2020

On 1 April 2019, the Company issued 1,791,142,767 £0.0001 Ordinary Shares as part of a scheme (see note 14), which were distributed by the liquidator to HICL Guernsey shareholders on a one for one basis, at a premium of £821.7m.

In November 2019, 62.5 million new Ordinary Shares of 0.01p each were issued to various institutional investors at an issue price per share (before expenses) of 160.0p.

In January 2020, 10 million new Ordinary Shares of 0.01p each were issued to various institutional investors at an issue price per share (before expenses) of 171.4p.

On 1 April 2019, the Company redeemed the 50,000 £1 Redeemable shares at par. There are no remaining redeemable preference shares in issue.

For the year ended 31 March 2021

In July 2020, 73.2 million new Ordinary Shares of 0.01p each were issued to various institutional investors at an issue price per share (before expenses) of 164.0p.

Share capital and share premium	31 March 2021 £m	31 March 2020 £m
Opening balance	936.9	0.1
(Redemption) of redeemable preference shares	–	(0.1)
Issue of Ordinary Shares under the Scheme	–	821.7
Issue of Ordinary Shares	120.0	117.1
Costs of issue of Ordinary Shares under the Scheme	–	(0.7)
Costs of issue of Ordinary Shares	(1.4)	(1.2)
Balance at end of year	**1,055.5**	**936.9**

Share capital is £0.2m at 31 March 2021 (31 March 2020: £0.2m).

Distributable and Other reserves

Distributable reserves and Other reserves are detailed in the Statement of Changes in Equity. Other reserves represent the accumulated unrealised fair value gains / losses on the Company's investment in its subsidiary since acquisition on 1 April 2019.

18. RELATED PARTY TRANSACTIONS

On 1 July 2020, InfraRed Capital Partners Limited ("IRCP") was acquired by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"). IRCP has remained a distinct business under SLC Management, the alternatives asset manager of Sun Life. This transaction saw Sun Life take an 80% stake in IRCP with a put and call option for the IRCP owners' remaining equity interest, exercisable after four and five years respectively.

InfraRed Capital Partners Limited ("IRCP") was appointed under an Investment Management Agreement, dated 4 March 2019, as Investment Manager to and Alternative Investment Fund Manager ("AIFM") of HICL. The Investment Management Agreement may be terminated by either party to the agreement, being HICL or IRCP, giving three years' written notice or if IRCP's appointment as Operator (see below) is terminated. Under the Investment Management Agreement, IRCP is entitled to a fee of £0.1m per annum, payable half-yearly in arrears by the Company and is subject to review, from time to time.

The Investment Manager fees charged to the Company were £0.1m (disclosed as Investment Manager fees in Note 7); half of this balance remained payable at 31 March 2021.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

IRCP is also the Operator of IILP, the Corporate Subsidiary through which HICL holds its investments. IRCP has been appointed as the Operator by the General Partner of IILP, Infrastructure Investments General Partner Limited, a company within the same group as IRCP. The Operator and the General Partner may each terminate the appointment of the Operator by either party giving three years' written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Management Agreement is terminated in accordance with its terms. The General Partner's appointment does not have a fixed term; however if IRCP ceases to be the Operator, HICL has the option to buy the entire share capital of the General Partner and the IRCP Group has the option to sell the entire share capital of the General Partner to HICL, in both cases for nominal consideration. The Directors consider
the value of the option to be insignificant.

In the year to 31 March 2021, in aggregate IRCP and the General Partner were entitled to fees and / or profit share equal to: 1.1 per cent per annum of the adjusted gross asset value of all investments of HICL up to £750m, 1.0 per cent per annum for the incremental value in excess of £750m up to £1,500m, 0.9 per cent for the incremental value in excess of £1,500m, 0.8 per cent for the incremental value in excess of £2,250m and 0.65 per cent for the incremental value in excess of £3,000m.

The total Operator fees were £28.6m (2020: £28.4m) of which £7.1m (2020: £7.1m) remained payable at 31 March 2021.

The Directors of the Company, who are considered to be key management, received fees for their services. Their fees were £0.5m (2020: £0.5m) for the year ended 31 March 2021 (see Note 7). One Director also receives fees for serving as Director of the Luxembourg subsidiary – the annual fees are £6k (2020: £6k).

All of the above transactions were undertaken on an arm's length basis.

19. GUARANTEES AND OTHER COMMITMENTS

As at 31 March 2021, the Company, via a Corporate Subsidiary, had £73.8m commitments for future project investments (31 March 2020: £77.0m).

20. EVENTS AFTER THE BALANCE SHEET DATE

The fourth quarterly interim dividend for the year ended 31 March 2021 of 2.07 pence per share was approved by the Board on 19 May 2021 and is payable on 30 June 2021 to shareholders on the register as at 28 May 2021.

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS

Below is a list of the Company's subsidiaries and related undertakings – incorporated in the United Kingdom unless otherwise stated. Further, the following subsidiaries have not been consolidated in these financial statements, as a result of applying IFRS 10 and Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Academy Services Norwich Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Norwich Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Oldham Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Oldham Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Sheffield Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Academy Services Sheffield Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
ADAGIA B.V. BV	Strawinskylaan 1021, 1077 XX, Amsterdam, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison (Holdings) Limited	C/O Sodexo Remote Sites Limited 5th Floor, Exchange No.2, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	67%	67%	N/A[2]	N/A[2]	N/A[2]
Addiewell Prison Limited	C/O Sodexo Remote Sites Limited 5th Floor, Exchange No.2, 62 Market Street, Aberdeen, Scotland, AB11 5PJ	67%	67%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Acquisitions (HoldCo) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	–	375.9
Affinity Water Acquisitions (Investments) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire,United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	1.0	391.2
Affinity Water Acquisitions (MidCo) Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	–	375.6
Affinity Water Acquisitions Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	-11.0	332.5
Affinity Water Capital Funds Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	-0.3	189.2
Affinity Water East Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	3.3	65.7
Affinity Water Finance (2004) PLC	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Finance PLC	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Holdco Finance Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	33%	31 Mar '20	–	287.7
Affinity Water Holdings Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	–	287.7
Affinity Water Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	-21.7	187.0
Affinity Water Pension Trustees Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Programme Finance Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Shared Services Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	N/A[2]	N/A[2]	N/A[2]
Affinity Water Southeast Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	33%	37%	31 Mar '20	2.7	67.0
AGP (2) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
AGP Holdings (1) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Albion Healthcare (Doncaster) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Doncaster) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Oxford) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	25%	25%	N/A[2]	N/A[2]	N/A[2]
Albion Healthcare (Oxford) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	25%	25%	N/A[2]	N/A[2]	N/A[2]
Amalie Infrastructure Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	1.6	38.7
Amalie PFI (UK) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	3.2	47.7
Annes Gate Property Plc	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ashburton Services (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ashburton Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Finance plc	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Holdings Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Aspire Defence Limited	Aspire Business Centre, Ordnance Road, Tidworth, United Kingdom, SP9 7QD	13%	13%	N/A[2]	N/A[2]	N/A[2]
Atlandes	15, avenue Léonard de Vinci, CS60024, Cedex, Pessac, 33615, France	21%	21%	N/A[2]	N/A[2]	N/A[2]
Axiom Education (Edinburgh) Holdings Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	N/A[2]	N/A[2]	N/A[2]
Axiom Education (Edinburgh) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	31 Dec '19	1.6	-46.4
Axiom Education (Perth & Kinross) Holdings Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	N/A[2]	N/A[2]	N/A[2]
Axiom Education (Perth & Kinross) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	100%	100%	31 Dec '19	-0.7	-83.1
BAAK Blankenburg B.V. (Project Co)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	70%	70%	N/A[2]	N/A[2]	N/A[2]
Bangor & Nendrum Schools Services Holdings Limited	50 Bedford Street, Belfast, United Kingdom, BT2 7FW	26%	26%	N/A[2]	N/A[2]	N/A[2]
Bangor & Nendrum Schools Services Limited	50 Bedford Street, Belfast, United Kingdom, BT2 7FW	26%	26%	N/A[2]	N/A[2]	N/A[2]
BaSS LIFT Holdings Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Bee Invest 1 (Incorporated in France)	91 rue du Faubourg Saint-Honoré 75008 Paris	85%	85%	N/A[2]	N/A[2]	N/A[2]
Betjemen Holdings Jvco Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	22%	35%	31 Mar '20	–	336.4
Betjemen Holdings Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	22%	35%	31 Mar '20	–	165.2
Betjemen Holdings Midco Limited	5th Floor Kings Place 90 York Way, London, United Kingdom, N1 9AG	22%	35%	31 Mar '20	–	336.4
Birmingham and Solihull (Fundco 1) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull (Fundco 2) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Birmingham and Solihull (Fundco 3) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull (Fundco 4) Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull Local Improvement Finance Trust Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Birmingham and Solihull Local Improvement Finance Trust Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Blue Light Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Blue3 (Gloucestershire Fire) (Holdings) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Blue3 (Gloucestershire Fire) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
BNC IXAS SPC Holding B.V (Incorporated in Holland)	Ringwade 71, 3439 LM Nieuwegein, Netherlands	20%	80%	N/A[2]	N/A[2]	N/A[2]
BNC Pi2 Holding B.V. (Incorporated in Holland)	c/o BAM PPP Nederland B.V., Runnenburg 9, 3981 AZ Bunnik, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Boldon School (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Boldon School Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Bootle Accommodation Partnership Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Bootle Accommodation Partnership Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Brentwood Healthcare Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Brentwood Healthcare Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
By Education (Barking) Holdings Limited	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL	100%	100%	N/A[2]	N/A[2]	N/A[2]
By Education (Barking) Limited	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL	100%	100%	N/A[2]	N/A[2]	N/A[2]
ByCentral (Holdings) Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
ByCentral Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	31 Dec '19	-0.1	-54.9
ByWest (Holdings) Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
ByWest Limited	8 White Oak Square London Road, Swanley, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
CAE Aircrew Training Services Plc	Raf Benson, Wallingford, Oxfordshire, United Kingdom, OX10 6AA	22%	22%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Financing Plc	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Holdings Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester,United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Healthcare (Romford) Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	67%	67%	N/A[2]	N/A[2]	N/A[2]
Catalyst Higher Education (Sheffield) Holdings Limited	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester, United Kingdom, M1 4HB	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Catalyst Higher Education (Sheffield) plc	C/O Albany Spc Services Ltd 3rd Floor, 3-5 Charlotte Street, Manchester,United Kingdom, M1 4HB	50%	50%	N/A[2]	N/A[2]	N/A[2]
Central Blackpool PCC Holding Company Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Central Blackpool PCC Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Children's Ark Partnerships Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Children's Ark Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Citylink Telecommunications Holdings Limited	15 Canada Square, London, E14 5GL	34%	34%	N/A[2]	N/A[2]	N/A[2]
Citylink Telecommunications Limited	15 Canada Square, London, E14 5GL	29%	34%	N/A[2]	N/A[2]	N/A[2]
Claymore Road (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Claymore Road Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Connect M1-A1 Holdings Limited	6th Floor 350 Euston Road, Regents Place, London, United Kingdom, NW1 3AX	30%	30%	N/A[2]	N/A[2]	N/A[2]
Connect M1-A1 Limited	6th Floor 350 Euston Road, Regents Place, London, United Kingdom, NW1 3AX	30%	30%	31 Mar '20	2.0	45.3
Consort Healthcare (Birmingham) Funding plc	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Holdings Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Intermediate Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Birmingham) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	30%	30%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Funding Plc	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Holdings Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Intermediate Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Blackburn) Limited	8 White Oak Square, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Funding Plc	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Intermediate Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Mid Yorks) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Holdings Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Intermediate Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Salford) Plc	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Holdings Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]

5.3 Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Consort Healthcare (Tameside) Intermediate Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Consort Healthcare (Tameside) Plc	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	50%	50%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
Criterion Healthcare Plc	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	36%	36%	N/A[2]	N/A[2]	N/A[2]
CSES (Dorset) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
CSM PPP Services Holdings Limited (Incorporated in Ireland)	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	76%	100%	N/A[2]	N/A[2]	N/A[2]
CSM PPP Services Limited (Incorporated in Ireland)	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	76%	100%	N/A[2]	N/A[2]	N/A[2]
CVS Leasing Limited	Raf Benson, Wallingford, Oxfordshire, United Kingdom, OX10 6AA	87%	87%	N/A[2]	N/A[2]	N/A[2]
D3 - Société de la deviation de Troissereux (Incorporated in France)	21 rue Hippolyte Bayard, PAE du Haut-Villé, 60000 Beauvais, France	90%	90%	N/A[2]	N/A[2]	N/A[2]
Daiwater Investment Limited	The Hub, Tamblin Way, Hatfield, Hertfordshire, United Kingdom, AL10 9EZ	37%	37%	31 Mar '20	13.5	613.4
Derby School Solutions (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Derby School Solutions Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners BBE Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	50%	50%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners BBE Holdings Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	50%	50%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Galloper (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Galloper Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners RB (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners RB Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	49%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Walney Extension (Holdings) Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	29%	N/A[2]	N/A[2]	N/A[2]
Diamond Transmission Partners Walney Extension Limited	Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA	49%	29%	N/A[2]	N/A[2]	N/A[2]
Directroute (Tuam) Holdings Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	10%	31 Dec '19	2.7	-40.9
Directroute (Tuam) Limited	M17/M18 Operations Centre, Furzy Park, Athenry, Co Galway, Ireland	100%	10%	31 Dec '19	2.7	-40.9
Dorset Emergency Services PPP (Holdings) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston,United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ealing Care Alliance (Holdings) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	63%	63%	N/A[2]	N/A[2]	N/A[2]
Ealing Care Alliance Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	63%	63%	N/A[2]	N/A[2]	N/A[2]
Ealing Schools Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Ealing Schools Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Eastbury Park (Holdings) Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Eastbury Park Limited	8 White Oak Square, London Road, Swanley, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Education 4 Ayrshire Holdings Limited	2 Lochside View Edinburgh, United Kingdom, EH12 1LB	100%	100%	N/A[2]	N/A[2]	N/A[2]
Education 4 Ayrshire Limited	2 Lochside View Edinburgh, United Kingdom, EH12 1LB	100%	100%	N/A[2]	N/A[2]	N/A[2]
Egis Investment Partners France (Incorporated in France)	15, avenue du Centre, CS 20538 Guyancourt, 78286 Saint-Quentin-en-Yvelines Cedex – France	70%	70%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools (Holdings) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	30%	30%	N/A[2]	N/A[2]	N/A[2]
Emblem Schools Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	30%	30%	N/A[2]	N/A[2]	N/A[2]
Enterprise Civic Buildings (Holdings) Limited	Unit 18 Navigation Way, Ashton-On-Ribble, Preston,United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Civic Buildings Limited	Unit 18 Navigation Way, Ashton-On-Ribble, Preston,United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Education Conwy Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	90%	90%	N/A[2]	N/A[2]	N/A[2]
Enterprise Education Holdings Conwy Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	90%	90%	N/A[2]	N/A[2]	N/A[2]
Enterprise Healthcare (Holdings) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Enterprise Healthcare Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Euro IV PPP Platform Limited Partnership	1st Floor Connaught House, 1 Burlington Road, Dublin 4, Ireland	100%	100%	N/A[2]	N/A[2]	N/A[2]
European Healthcare Projects Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Falkirk Schools Gateway (Holdings)	Quartermile One, 15 Lauriston Place, Edinburgh, United Kingdom, EH3 9EP	29%	29%	31 Mar '20	5.0	-44.2
Falkirk Schools Gateway Limited	Quartermile One, 15 Lauriston Place, Edinburgh, United Kingdom, EH3 9EP	29%	29%	N/A[2]	N/A[2]	N/A[2]
FCC (East Ayrshire) Holdings Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
FCC (East Ayrshire) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans B.V	Hagenweg 3 c, 4131 LX, Vianen, Netherlands	85%	85%	N/A[2]	N/A[2]	N/A[2]
GGB inBalans Investco B.V	Hagenweg 3 c, 4131 LX, Vianen, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities (Holding) Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	25%	25%	N/A[2]	N/A[2]	N/A[2]
Glasgow Healthcare Facilities Limited	2nd Floor, 11 Thistle Street, Edinburgh, United Kingdom, EH2 1DF	25%	25%	31 Dec 19	1.6	-41.9
GO-PASS Mobility Services LLC	3701 Northwest Parkway, Broomfield, CO 80023	33%	33%	N/A[2]	N/A[2]	N/A[2]
Green Timbers GP Limited (Incorporated in Canada)	14200 Green Timbers Way, Mailstop 1006, Surrey BC V3T 6P3, Canada	100%	100%	31 Mar '20	5.8	34.3
Green Timbers Holdings Limited (Incorporated in Canada)	14200 Green Timbers Way, Mailstop 1006, Surrey BC V3T 6P3, Canada	100%	100%	N/A[2]	N/A[2]	N/A[2]
Green Timbers Limited Partnership (Incorporated in Canada)	14200 Green Timbers Way, Mailstop 1006, Surrey BC V3T 6P3, Canada	100%	100%	31 Mar '20	5.8	34.3

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Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
GT (NEPS) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	90%	N/A[2]	N/A[2]	N/A[2]
GT NEPS (Holdings) Limited	Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, United Kingdom, UB8 2AD	90%	90%	N/A[2]	N/A[2]	N/A[2]
H&D Support Services (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
H&D Support Services Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom,WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Hadfield Healthcare Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Hadfield Healthcare Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
HDM Schools Solution Limited	C/O Dla Piper Scotland Llp Fao Stuart Mcmillan Collins House, Rutland Square, Edinburgh, United Kingdom, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]
HDM Schools Solutions (Holding) Limited	C/O Dla Piper Scotland Llp Fao Stuart Mcmillan Collins House, Rutland Square, Edinburgh, United Kingdom, EH1 2AA	75%	75%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Holdings Limited	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Republic of Ireland	60%	60%	N/A[2]	N/A[2]	N/A[2]
Healthcare Centres PPP Limited	Suite 54 Morrison Chambers, 32 Nassau Street, Dublin 2, Republic of Ireland	60%	60%	N/A[2]	N/A[2]	N/A[2]
Helix Acquisition Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	N/A[2]	N/A[2]	N/A[2]
Helix Bufferco Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	N/A[2]	N/A[2]	N/A[2]
Helix Holdings Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	31 Mar '20	-33.6	-623.8
Helix MidCo Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	N/A[2]	N/A[2]	N/A[2]
HICL Infrastructure (Green Timbers) Inc (Incorporated in Canada)	14200 Green Timbers Way, Mailstop 1006, Surrey BC V3T 6P3, Canada	100%	100%	N/A[2]	N/A[2]	N/A[2]
HICL Infrastructure 2 SARL	6, rue Adolphe, L-1116, Luxembourg	100%	100%	31 Mar '21	37.0	1,191.0
HICL Infrastructure 3 SARL	6, rue Adolphe, L-1116, Luxembourg	100%	100%	N/A[2]	N/A[2]	N/A[2]
HICL Infrastructure Canada Inc. (Incorporated in Canada)	Suite 2600, Three Bentall Centre, PO BOX 49314, 595 Burrard Street, Vancouver BC V7X 1L3, Canada	100%	100%	31 Mar '20	3.7	30.0
High Speed One (HS1) Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	22%	N/A[2]	N/A[2]	N/A[2]
High Speed Rail Finance (1) PLC	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	N/A[2]	N/A[2]	N/A[2]
High Speed Rail Finance PLC	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	N/A[2]	N/A[2]	N/A[2]
Highway Management M80 Investment Management Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Highway Management Scotland (Holdings) Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Highway Management Scotland Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	31 Dec '19	-0.3	-44.2
Holdfast Training Services Limited	Building 29, Hq Rsme Brompton Barracks, Chatham, Kent, England, England, ME4 4UG	100%	26%	31 Mar '20	20.0	69.5
HS1 Limited	5th Floor, Kings Place, 90 York Way, London, United Kingdom, N1 9AG	22%	35%	31 Mar '20	95.0	530.4

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Information Resources (Oldham) Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Information Resources (Oldham) Investments	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Information Resources (Oldham) Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	N/A[2]	N/A[2]	N/A[2]
Infraspeed (Holdings) BV (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, Netherlands	43%	43%	31-Dec-20	8.7	29.9
Infraspeed BV (Incorporated in Holland)	2132 LS Hoofddorp, Taurusavenue 155, Netherlands	43%	43%	31-Dec-20	8.7	29.9
Infrastructure Investments (A63) Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	8.5	127.2
Infrastructure Investments (Affinity) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	90%	90%	31 Mar '20	-35.9	205.9
Infrastructure Investments (Australia) LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Bond) Holdings LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Bond) LLP	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Colorado) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	0.2	126.5
Infrastructure Investments (Defence) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Health) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (HSL ZUID) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	4.7	41.1
Infrastructure Investments (No 7) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (No 8) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (OFTO 1) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) GP Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments (Portal) Limited Partnership	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	3.1	49.3
Infrastructure Investments (Portsmouth) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	4.5	64.4
Infrastructure Investments (Roads) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Infrastructure Investments Betjeman (Holdco) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	-40.1	39.0
Infrastructure Investments Betjeman Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	62%	62%	31 Mar '20	-63.3	82.8
Infrastructure Investments Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	-22.8	512.1
Infrastructure Investments NWP (US) LLC	3701 Northwest Parkway, Broomfield, CO 80023, USA	100%	100%	31 Dec '20	-3.2	89.5

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Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Infrastructure Investments Trafalgar Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Mar '20	-17.5	959.2
Integrated Bradford Hold Co Two Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	34%	34%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford Holdco One Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	29%	29%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV One Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	29%	29%	N/A[2]	N/A[2]	N/A[2]
Integrated Bradford SPV Two Limited	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB	34%	34%	N/A[2]	N/A[2]	N/A[2]
Ivywood College Holdings Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ivywood College Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ivywood Colleges Parking Limited	7 Queens Road, Belfast, United Kingdom, BT3 9DT	75%	75%	N/A[2]	N/A[2]	N/A[2]
IXAS Zuid-Oost B.V (Incorporated in Holland)	Langbroekdreef 18, 1108 EB, Amsterdam	20%	20%	N/A[2]	N/A[2]	N/A[2]
Kajima Darlington Schools Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Darlington Schools Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Haverstock Holding Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Haverstock Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Newcastle Libraries Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima Newcastle Libraries Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima North Tyneside Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kajima North Tyneside Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kent Education Partnership (Holdings) Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kent Education Partnership Limited	Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1HN	50%	50%	N/A[2]	N/A[2]	N/A[2]
Kluster (Incorporated in France)	1 avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	31 Dec 20	0.0	50.3
Liaison Infrastructure Routiere Investissement (Incorporated in France)	91, rue du Faubourg Saint-Honoré, 75008 Paris	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP Equity) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP Subdebt) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester Housing (MP TopCo) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Manchester School Services Holdings Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	76%	76%	N/A[2]	N/A[2]	N/A[2]
Manchester School Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	76%	76%	N/A[2]	N/A[2]	N/A[2]
Medway Fundco (Canterbury Street) Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
Medway Fundco Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
Medway Fundco Two Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Metier Healthcare Limited	4 Estates Yard, Wellhouse Lane, Barnet, Hertfordshire, United Kingdom, EN5 3DG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Metier Holdings Limited	4 Estates Yard, Wellhouse Lane, Barnet, Hertfordshire, United Kingdom, EN5 3DG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Minerva Education and Training (Holdings) Limited	C/O Albany Spc Services Limited 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB	45%	45%	N/A[2]	N/A[2]	N/A[2]
Minerva Education and Training Limited	C/O Albany Spc Services Limited 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB	45%	45%	N/A[2]	N/A[2]	N/A[2]
New Intermediate Care Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
New Schools Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (Hold Co) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (Project Co) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newham Learning Partnership (PSP) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newham Transformation Partnership Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	80%	80%	N/A[2]	N/A[2]	N/A[2]
Newport School Solutions Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newport Schools Solutions (Holdings) Limited	Astral House, Imperial Way, Watford, Hertfordshire, United Kingdom, WD24 4WW	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newton Abbot Health Holdings Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Newton Abbot Health Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Northwest Connect General Partnership (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	31 Dec '20	4.5	-32.3
Northwest Connect Holdings Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	31 Dec '20	2.0	-37.8
Northwest Connect Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Northwest Connect Investment Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Northwest Parkway LLC	3701 Northwest Parkway, Broomfield, CO 80023, USA	33%	33%	N/A[2]	N/A[2]	N/A[2]
NWP Holdco LLC	3701 Northwest Parkway, Broomfield, CO 80023, USA	33%	33%	31 Dec '20	-9.5	268.6
Ochre Solutions (Holdings) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	40%	40%	N/A[2]	N/A[2]	N/A[2]
Ochre Solutions Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	40%	40%	31 Dec 19	-2.6	-73.8
Paradigm (Sheffield BSF) Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	59%	59%	N/A[2]	N/A[2]	N/A[2]
Paradigm (Sheffield BSF) Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	59%	59%	N/A[2]	N/A[2]	N/A[2]
PFF (Dorset) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Pi2 B.V (Incorporated in Holland)	c/o BAM PPP Nederland B.V., Runnenburg 9, 3981 AZ Bunnik, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]
Pi2 Holding B.V (Incorporated in Holland)	c/o BAM PPP Nederland B.V., Runnenburg 9, 3981 AZ Bunnik, Netherlands	100%	100%	N/A[2]	N/A[2]	N/A[2]

5.3
Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
PIP Infrastructure Investments (Southmead) Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	25%	25%	N/A[2]	N/A[2]	N/A[2]
Playton- Saclay	1 Avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	31 Mar '20	–	37.8
PPP Services (North Ayrshire) Holdings Limited	Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
PPP Services (North Ayrshire) Limited	Infrastructure Managers Limited, 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF	26%	26%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 1 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 2 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Fundco No 3 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prima 200 Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	60%	60%	N/A[2]	N/A[2]	N/A[2]
Prime Infrastructure Investments Limited	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	50%	50%	N/A[2]	N/A[2]	N/A[2]
Prime LIFT Investments	5 The Triangle, Wildwood Drive, Worcester, Worcestershire, United Kingdom, WR5 2QX	100%	100%	N/A[2]	N/A[2]	N/A[2]
Prisma 21 (Incorporated in France)	1 avenue Eugène Freyssinet, 78280 Guyancourt, France	85%	85%	N/A[2]	N/A[2]	N/A[2]
Prospect Healthcare (Hinchingbrooke) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	75%	75%	N/A[2]	N/A[2]	N/A[2]
Prospect Healthcare (Hinchingbrooke) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	75%	75%	N/A[2]	N/A[2]	N/A[2]
Ravensbourne Health Services Holdings Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
Ravensbourne Health Services Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH Medway Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
RBLH RWF Investment Company Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Redwood Partnership Ventures 2 Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	75%	31 Dec 19	-3.8	30.9
Redwood Partnership Ventures 3 Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Redwood Partnership Ventures Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	31 Dec 19	1.7	-38.9
Renaissance Miles Platting Holding Company Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
Renaissance Miles Platting Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	50%	50%	N/A[2]	N/A[2]	N/A[2]
RL Investment Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Road Infrastructure (Ireland) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
RSP (Holdings) Limited	Precision House, Mcneil Drive, Motherwell, United Kingdom, ML1 4UR	30%	30%	N/A[2]	N/A[2]	N/A[2]
RWF Health and Community Developers (Tranche 1) Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
RWF Health and Community Developers Limited	55 Station Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 1QL	60%	60%	N/A[2]	N/A[2]	N/A[2]
S&W (Hold Co Two) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W (Hold Co) One Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co One) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (Project Co Two) Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP One) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP Three) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP (PSP Two) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
S&W TLP Education Partnership Limited	Second Floor, 46 Charles Street, Cardiff, United Kingdom, CF10 2GE	80%	80%	N/A[2]	N/A[2]	N/A[2]
Salford Schools Solutions Holdings Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	26%	26%	N/A[2]	N/A[2]	N/A[2]
Salford Schools Solutions Limited	Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ	26%	26%	N/A[2]	N/A[2]	N/A[2]
Schools Capital Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	51%	51%	N/A[2]	N/A[2]	N/A[2]
Schools Investment Company (Irl) Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Schools Public / Private Partnership (Ireland) Limited	Suite 54, Morrison Chambers, 32 Nassau Street, Dublin 2, Ireland	50%	50%	N/A[2]	N/A[2]	N/A[2]
Services Support (Cleveland) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Services Support (Cleveland) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	100%	100%	N/A[2]	N/A[2]	N/A[2]
Services Support (Gravesend) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Gravesend) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Manchester) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	73%	73%	N/A[2]	N/A[2]	N/A[2]
Services Support (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG	73%	73%	31 Dec '19	N/A[2]	N/A[2]
Services Support (SEL) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Services Support (SEL) Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sheffield Limited Education Partnership Limited (LEP)	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sheffield Schools Topco Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	75%	50%	N/A[2]	N/A[2]	N/A[2]

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Notes to the Financial Statements (continued)

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Sheppey Route (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N	50%	50%	31 Dec '19	1.6	-41.9
Sheppey Route Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	50%	50%	N/A[2]	N/A[2]	N/A[2]
Sussex Custodial Services (Holdings) Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
Sussex Custodial Services Limited	Unit 18 Riversway Business Village Navigation Way, Ashton-On-Ribble, Preston, United Kingdom, PR2 2YP	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Oxford John Radcliffe) Holdings Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Oxford John Radcliffe) Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	31 Dec '19	-19.4	-90.3
The Hospital Company (QAH Portsmouth) Holdings Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (QAH Portsmouth) Limited	2 Hunting Gate, Hitchin, Hertfordshire, United Kingdom, SG4 0TJ	100%	100%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Southmead) Limited	8 White Oak Square, London Road, Swanley, England, BR8 7AG	63%	63%	N/A[2]	N/A[2]	N/A[2]
The Hospital Company (Southmead) Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, United Kingdom, BR8 7AG	63%	63%	N/A[2]	N/A[2]	N/A[2]
The Renfrewshire Schools Partnership Limited	Precision House, Mcneil Drive, Motherwell, United Kingdom, ML1 4UR	30%	30%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Finance Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway General Partnership (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Holdings Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
Transpark Highway Investment Inc. (Incorporated in Canada)	1321 Blanshard St., Suite 301, Victoria BC, V8W 0B6, Canada	50%	50%	N/A[2]	N/A[2]	N/A[2]
TW Accommodation Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
TW Accommodation Services (Holdings) Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Holdco Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
UK GDN Investments Topco Ltd	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]
Willcare (MIM) Limited	128 Buckingham Palace Road, London, United Kingdom, SW1W 9SA	100%	100%	N/A[2]	N/A[2]	N/A[2]
Willcare Holdings Limited	128 Buckingham Palace Road, London, United Kingdom, SW1W 9SA	100%	100%	N/A[2]	N/A[2]	N/A[2]
Wooldale Partnerships Holdings Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]
Wooldale Partnerships Limited	10 St. Giles Square, London, United Kingdom, WC2H 8AP	50%	50%	N/A[2]	N/A[2]	N/A[2]

21. RELATED UNDERTAKINGS (CONTINUED)

Entity	Registered address	Shareholding 31-Mar 2021	Shareholding 31-Mar 2020	Year end	Profit / (Loss) £m	Aggregate Capital & Reserves £m
Yorker Holdings PKR Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	31 Dec 19	-1.0	-86.2
Zealburg Holdings Limited	Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL	100%	100%	N/A[2]	N/A[2]	N/A[2]

[1] Denotes a direct shareholding
[2] In line with Companies Act requirements, no disclosure has been made where capital and reserves and profit or loss amounts are not considered to be material

Glossary

Item	Definition
Acquisition Strategy	This identifies the scope for current acquisitions, further details can be found in Section 2.2 – HICL's Business Model & Strategy
AIPs	Approved Investment Parameters
AIF	Alternative investment fund
AIFM	Alternative investment fund manager
AIFMD	The Alternative Investment Fund Managers Directive seeks to regulate alternative investment fund managers ("AIFM") and imposes obligations on Managers who manage alternative investment funds ("AIF") in the EU or who market shares in such funds to EU investors
AIC	The Association of Investment Companies is a United Kingdom trade association for the closed-ended investment company industry
AIC Code	The 2019 AIC Code of Corporate Governance
AMP7	The UK water industry regulatory period from 2020 to 2025
Corporate assets	These are assets that provide services or access to essential assets for corporate counterparties. The relationship between the infrastructure asset owner and the corporate counterparty is usually contractual, with prices set through a commercial negotiation or a market-clearing price. See Section 2.3 – The Infrastructure Market
Corporate Group	Refers to HICL and its Corporate Subsidiaries
Corporate Subsidiaries	The Luxembourg subsidiaries and the English limited partnership (the "Partnership"), being HICL Infrastructure 1 S.a.r.l, HICL Infrastructure 2 S.a.r.l and Infrastructure Investments Limited Partnership until 12 March 2020, and HICL Infrastructure 2 S.a.r.l and Infrastructure Investments Limited Partnership thereafter
Demand-based assets	Infrastructure assets with revenues linked to the usage of the underlying assets. See Section 2.3 – The Infrastructure Market
Directors' Valuation	Fair market valuation of HICL's investments, further details can be found in Section 3.2 – Valuation of the Portfolio
ESG	Environmental, Social and Governance
EPS	Earnings per share
FATCA	The Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act
FCA	UK Financial Conduct Authority
FM	Facilities Management
IFRS Basis	Basis on which HICL prepares its IFRS financial statements. HICL applies IFRS 10 and Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) and therefore does not consolidate any of its subsidiaries, including those that are themselves investment entities
HICL	HICL Infrastructure Company Limited prior to 31 March 2019 and HICL Infrastructure PLC from 1 April 2019
InfraRed	InfraRed Capital Partners and its Group, more details of which can be found at www.ircp.com
Investment Manager	InfraRed Capital Partners Limited acting in its capacity as Investment Manager to HICL pursuant to the Investment Advisory Agreement
Investment Basis	Pro forma financial information on the basis that HICL consolidates the results of the Corporate Subsidiaries

Item	Definition
Investment Policy	HICL's Investment Policy has not materially changed since IPO and can be found on the website at https://www.hicl.com/about-us/strategy-investment-policy/
IPO	Initial Public Offering, the act of offering the stock of a company on a public stock exchange for the first time. HICL completed its IPO in March 2006
Lifecycle	Concerns the replacement of material parts of an asset to maintain it over its concession life
Market capitalisation	A measure of the size of a company calculated by multiplying the number of shares in issue by the price of the shares
NAV	Net Asset Value, being the value of the investment company's assets, less any liabilities it has. The NAV per share is the NAV divided by the number of shares in issue. The difference between the NAV per share and the share price is known as the discount or premium
Ofwat	The Water Services Regulation Authority
Ongoing charges	A measure of the regular, recurring costs of running an investment company, expressed as a percentage of NAV
Operating company	A company that owns and operates infrastructure assets
Partnership	Infrastructure Investments Limited Partnership
Portfolio company	Project Companies and Operating Companies to HICL that own or operate infrastructure assets, in which HICL has an investment
PPP project	Public-Private Partnership projects involving long-term contracts between a public sector client and a private company for the delivery of a service or facility for the use by the general public, public bodies, authorities or agencies usually in return for an availability payment. See Section 2.3 – The Infrastructure Market
PR19	Ofwat's final methodology for the 2019 Price Review, covering the regulatory period from 2020 to 2025 ("AMP7")
PRI	Principles for Responsible Investment
Project company	An infrastructure project or concession with a defined expiry date, including a special purpose company (or other entity) formed with the specific purpose of undertaking an infrastructure project
Regulated assets	Infrastructure assets with monopolistic characteristics and which are subject to regulatory price controls. See Section 2.3 – The Infrastructure Market
Revolving Credit Facility	An acquisition facility provided by lenders, held via a Corporate Subsidiary and expiring in May 2023. See Section 3.1 – Financial Review and Note 16 to the financial statements
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
Total Shareholder Return	Return based on interim dividends paid plus movement in the period, divided by opening NAV per share
UN SDG	United Nations' Sustainable Development Goals

Directors & Advisers

Directors
Ian Russell, CBE (Chairman)
Rita Akushie
Mike Bane
Frances Davies
Susie Farnon
Simon Holden
Frank Nelson
Kenneth D. Reid

Registered Office
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Registrar
Link Asset Services
The Registry
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Helpline: 0871 664 0300

Administrator to Company, Company Secretary
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Joint Corporate Brokers
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RBC Capital Markets
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London
EC4R 3BF

Company
HICL Infrastructure PLC incorporated in England and Wales under the Companies Act 2006 with registered no. 11738373 and registered as an investment company under Section 833 of the Companies Act 2006.

Investment Manager and Operator
InfraRed Capital Partners Limited is an English limited company registered in England & Wales under number 03364976 and authorised and regulated by the Financial Conduct Authority (authorisation number 195766). InfraRed is a part of SLC Management which is the institutional alternatives and traditional asset management business of Sun Life.

Company Secretary and Administrator
Aztec Financial Services (UK) Limited

Shareholders' Funds
£3.0bn as at 31 March 2021

Market Capitalisation
£3.2bn as at 31 March 2021

Investment Manager and Operator Fees
1.1% per annum of the Adjusted Gross Asset Value[1] of the portfolio up to £750m

1.0% from £750m up to £1.5bn

0.9% from £1.5bn up to £2.25bn

0.8% from £2.25bn to £3.0bn

0.65% above £3.0bn

plus £0.1m per annum investment management fee

No fee on new acquisitions

No performance fee

Fees relating to shareholder matters from underlying project companies are paid to the Group (and not to the Investment Manager).

ISA, NISA, PEP and SIPP Status
The shares are eligible for inclusion in NISAs, ISAs and PEPs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market, and they are permissible assets for SIPPs.

NMPI Status
HICL conducts its affairs as an investment trust. On this basis, the Ordinary Shares should qualify as an "excluded security" and therefore be excluded from the FCA's restrictions in COBS 4.12 of the FCA Handbook that apply to non-mainstream pooled investment products.

AIFMD Status
HICL is a UK domiciled and tax-resident public limited company, which will operate its affairs as a UK Investment Trust Company, and an Alternative Investment Fund under the AIFM Directive. HICL has appointed InfraRed Capital Partners Limited as its investment manager and AIFM under the Investment Management Agreement.

FATCA
HICL has registered for FATCA and has GIIN number E6TB47.99999.SL.826

Investment Policy
HICL's Investment Policy is set out in Section 3.8 – Strategic Report Disclosures of the Company's 2021 Annual Report and can be found in full on the website at www.hicl.com

ISIN and SEDOL
ISIN: GB00BJLP1Y77

SEDOL: BJLP1Y7

Website
www.hicl.com

[1] Adjusted Gross Asset Value means fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations

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HICL Infrastructure

Delivering Real Value.

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