2022 ANNUAL LENDER PRESENTATION

26 JULY 2022

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HS1's CEO and CFO will commence the presentation shortly. Please note the following presentation protocol;

- This presentation will be recorded
- Please remain on mute during the presentation
- Questions will be addressed during the Q&A section at the end of the presentation
- Please address any questions directly to the 'HS1 (Q&A)' attendee by using the chat function, or raise your virtual hand, you will then be asked for your question. Please unmute yourself to ask your question, remembering to put yourself back on mute when finished. To unmute if using a phone, please press *6
- Questions will be taken post presentation via email
- The session will finish promptly at 15:00hrs

ANNUAL LENDER PRESENTATION

HS1 LIMITED

26 July 2022

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The Presentation has been prepared on the basis of our reasonable assumptions as at the time of this Presentation and information relating to base case projections provided by our key train operating partner, Eurostar International Limited. Our assumptions are inherently subject to significant uncertainties and contingencies which are impossible to predict and are beyond our control.

Agenda

Section	Presenter
Introduction	Dyan Crowther
Business and Industry update	Dyan Crowther
Financial and Regulatory update	Mark Farrer
Wrap up	Dyan Crowther
Questions	

Summary

HS1 delivered a successful year and has continued the momentum into the currently financial year. Results are broadly in line with plan and strong performance in the year provides us a solid basis to push for growth across the business

HS1 continues to operate and perform as a best in class railway infrastructure asset and is the green gateway to Europe, with average delay of 4.2 seconds in FY21/22

Eurostar ('EIL') continue to book a timetable but at lower levels than their operational paths. Domestic revenues are expected to be at the Underpin level for the medium term. Retail sales are growing as well

Protections in the concession are still effective. The second volume re-opener has been executed and DfT payments under the Domestic Underpin agreement continue to be made as expected

New economic, geopolitical and strike risks are being monitored by HS1 management. The risk to lenders is believed to be low at present

S&P rating was affirmed in May with the Outlook upgraded to Stable. The Fitch annual review is expected to be completed by the end of August

Business and Industry Update

HS1 Operating Highlights FY21/22

We delivered strong operational performance in a unique and challenging year. The asset remained available throughout the year and recovery is going well, allowing the focus to be on business growth

HS1: Core UK infrastructure

Safety

KPI

Plans continue to be implemented to drive further safety improvements. FWI of 0.064

Delay seconds

KPI

Average delay of 4.2 secs in FY 21/22, well inside the performance floor (no more than 5 min delay on 15% of trains per quarter)

Delivery against renewals

CP3 renewals are on track

6 projects completed in FY 21/22

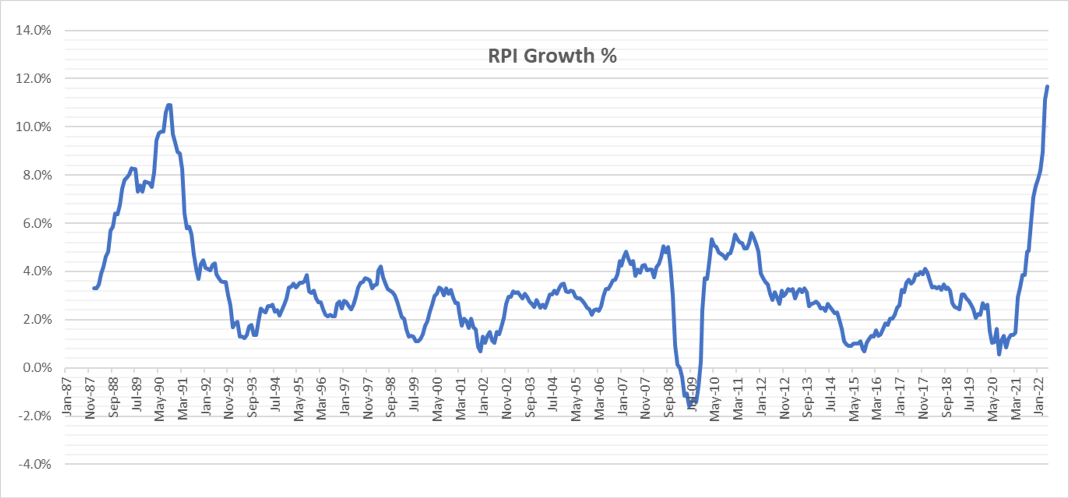
Productivity & Efficiency

Strong track record and started to look at how digitisation and technology can help us strive for further efficiencies for CP4

Macro-economic & Geopolitical Factors

HS1is not immune to macro-economic and geopolitical challenges facing the economy. However, there are significant protections in the concession which provide reasonable certainty

- Interest Rates & Inflation



- Power and traction electricity charges
- Border Controls
- Geopolitical tension – minimal direct impact but under constant review

Industry Update - International

International services have recovered considerably in the last year, however the number of services has not reached 2019 levels

- Greenspeed merger (Eurostar Group) between Thalys and Eurostar has been completed
- Border Controls – New European entry and exit system (“EES”)
- Travel restrictions - vaccinated travellers can move freely between the UK and France
- Eurostar have publicly ruled out return to Ashford and Ebbsfleet until 2023 at the earliest

“…data suggests business travel has returned to 70 per cent of 2019 levels, with 80 per cent of business passengers expecting to travel more or the same than in 2019, despite the trend towards flexible working.
Eurostar’s chief commercial officer, Francois Le Doze, said yesterday business travel has “returned faster than we expected”. “We are confident that this trend will continue after the summer period, with September traditionally marking a busy month for corporate travel”

CityAM: Eurostar sees faster than expected business travel rebound 18 July 2022

Industry Update - Domestic

HS1's domestic services are operating well but at a lower base than before the pandemic, this is broadly offset by the Underpin. There is significant uncertainty in the wider Rail industry as a whole, which HS1 is not directly impacted by but is engaging in

- UK Rail reform - Williams Shapps white paper
- GBR transition – GBR is now a legal entity. Currently out of scope for HS1, but monitoring and preparing for this
- South East Trains still under operator of last resort – underpin payments continuing. Expecting them to go to new national contract in time
- Government focused on cost control following the spending review. No short-term expectation of train paths above Underpin during CP3
- ORR has adopted regulation of stations as well as route

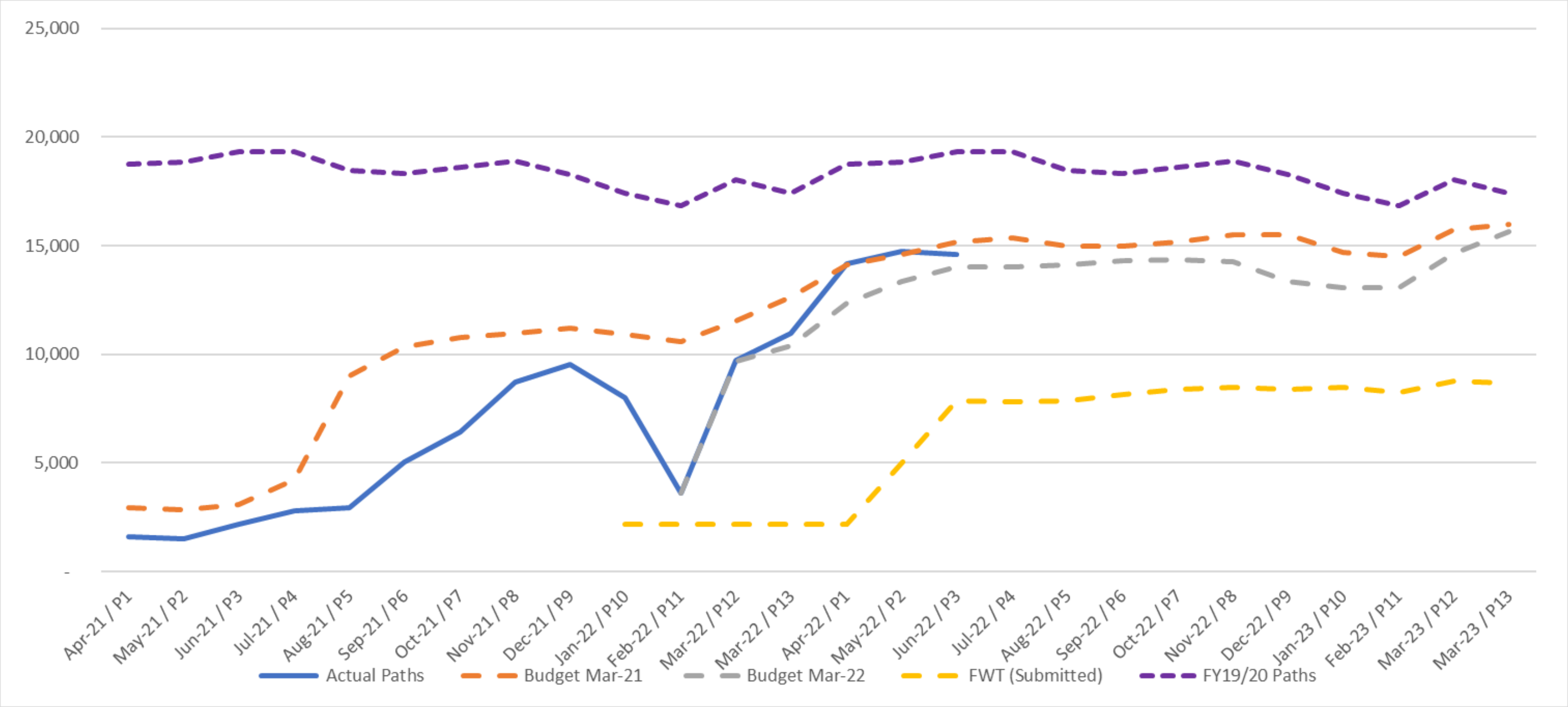
Great British Railways
TRANSITION TEAM

southeastern
Working together, to bring people together.

HIGH SPEED

Train Paths Update – International

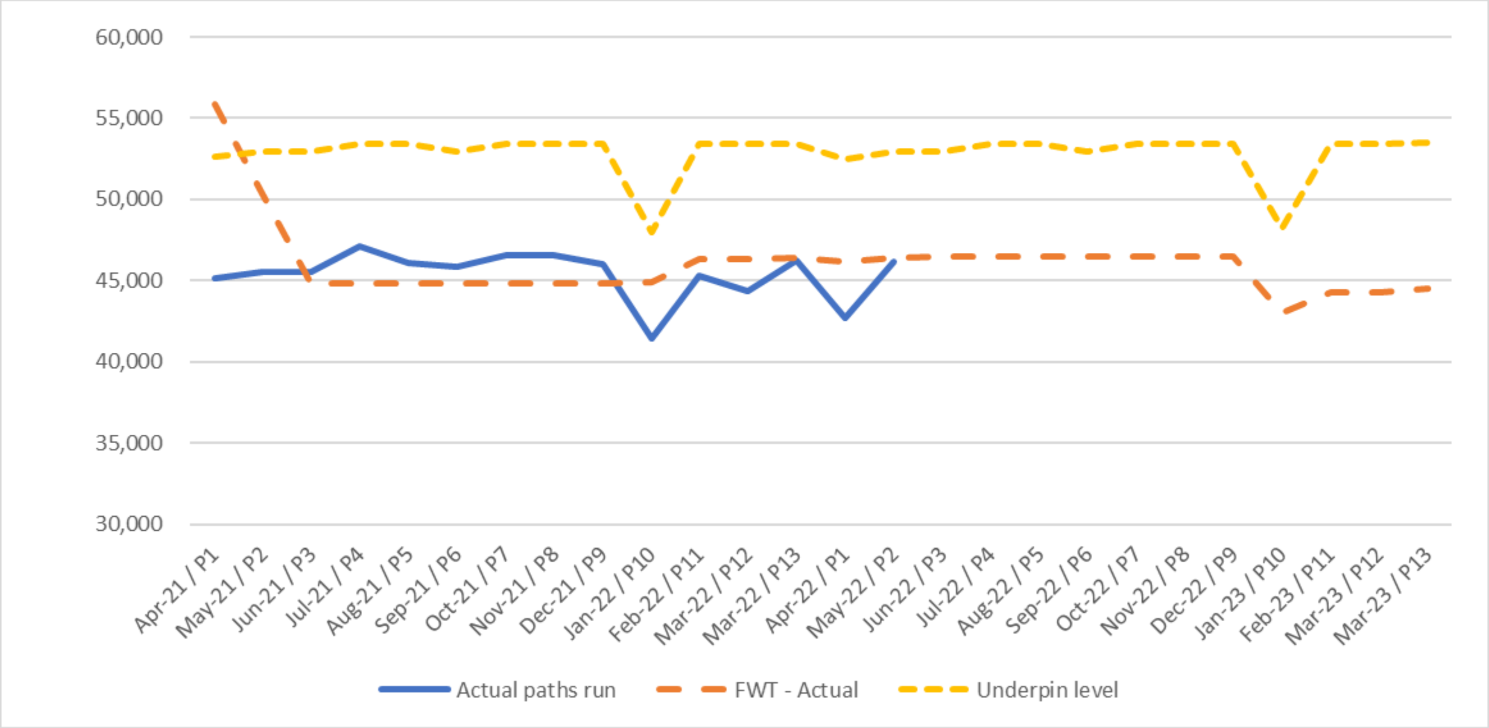
EIL has submitted their FWT for Dec-22 to May-23 committing to circa 50% of pre-covid paths for the period demonstrating their confidence in recovery this year



The latest FWT is the equivalent of 8.6k train paths on an annualised basis, compared to 8.1k for the May-22 to Dec-22 FWT period. Actual paths are performing above the latest Budget (Mar-22)

Train Paths Update - Domestic

HS1 continues to be paid to the full underpin in accordance with the concession agreement. The SETL FWT remains below the underpin level level and is expected to remain at this level throughout 2022/23. The latest FWT is approx. 5% lower than the FWT submitted in December 2021



The transfer from LSER to SETL in September had no impact on normal operations of the Domestic trains on HS1's line

HS1 Strategy

HS1 is operating in an uncertain macro-economic, geopolitical and new industrial environment, therefore we have updated our strategy to reflect this, to focus on our core operations and drive modal shift to rail, supporting our customers and future growth

OUR PURPOSE

The sustainable highspeed railway connecting London, Kent and Europe

OUR VISION

Getting people to fall in love with rail travel

OUR VALUES

We are Ambitious

We are Collaborative

We are Trusted

We are Sustainable

Sustainability Strategy – Progress

In line with our sustainability strategy, we have recently published our second ESG report - including metrics for all key areas of sustainability and our impact on the natural environment. Our sustainability strategy is based on 6 of the UN sustainability goals, with the aim of supporting customers and rive modal shift in rail, building on our work done at COP26

Our sustainability priority areas

- Transparency
- Climate change and adaptation
- Energy management
- Resource use and waste impacts
- Biodiversity
- Social value

Sustainability targets

This timeline displays our sustainability targets through to 2030.

2022

2023/24
- 90% recycling of operations and project wastes
- Estate wide energy performance reports
- Commence TCFD reporting

2024/25
- Climate adaptation and mitigation plans developed
- No net loss assessed
- TCFD compliant

2025/26
- Measurable social impacts reported publicly
- Traction energy 100% net renewable
- Broader circular economy opportunities
- Report biodiversity net gain through to 2030

2030
- Deliver 20% biodiversity net gain by 2030
- Net zero carbon

UN CLIMATE CHANGE CONFERENCE UK 2021

IN PARTNERSHIP WITH ITALY

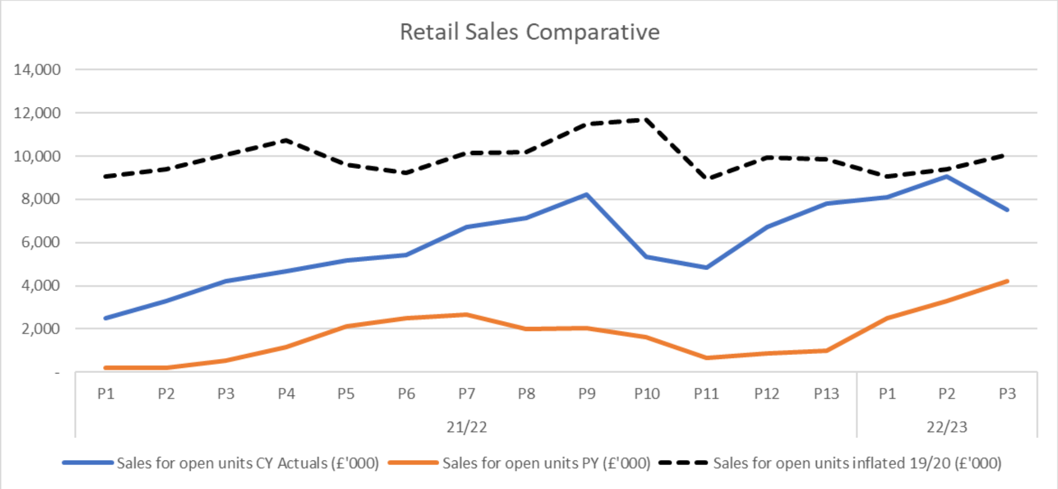
https://highspeed1.co.uk/media/34ll44us/hs1-esg-report-2021-22.pdf

HIGH SPEED

Retail Update

'Sharing the pain' strategy worked, retailers were ready for customer return, only one tenant currently with a concession to rent. Weekly sales are resilient and have continued to grow since the start of the new financial year

- At year end, sales for the full year of 21/22: £72m vs, £17.6m 20/21 and £120m in 19/20
- Going into 22/23: Sales are strong and are at 94% of 19/20 levels and 90% of inflated 19/20 levels
- Currently two vacant units, both of which are under offer at an advanced stage. Pop up initiatives have also been taking place and further pop ups are planned for the year
- HS1 is not immune to the challenges the retail industry is facing; pressure on costs is real as brands consider how much of that their customers or landlords will take
- HS1 is negotiating short term lease extensions to allow re-negotiation on better terms once conditions improve



Future Growth Opportunities

HS1 has continued to work with external stakeholders to move forward on longer term growth opportunities, with key milestones being achieved

Madison Square Gardens

Proposed 18,000 seater entertainment venue in Stratford close to Stratford International

Local Planning Authority has passed a Resolution to grant planning consent with conditions

Land Sales

Eastern FICP, Stratford - Marketing campaign for disposal of site launched in June

Belle Isle, York Way - Agents being appointed prior to an anticipated marketing campaign

Camley St - Discussions ongoing with Camden Council to potentially purchase site from DfT/HS1

International Challenger

Supporting active interest from international operator community in new cross-Channel service

Dollands Moor

A proposed rail crossover that brings domestic traffic from Folkestone/Dover onto the highspeed network earlier

Actively seeking funding for project

Summary

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Eurostar ('EIL') continue to book a timetable but at lower levels than their operational paths. Domestic revenues are expected to be at the Underpin level for the medium term. Retail sales are growing as well

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NEUHAUS

Financial and Regulatory update

Key messages

Cashflows have proved resilient, supported by the concession protections. Financial results are in line with expectations

HS1 performed broadly in line with expectations for FY22 due to the more protracted recovery than expected in summer 2021 and unexpected Christmas travel restrictions, however the DSCR covenant has been protected with the assistance of management interventions such as the land sale

HS1's budget for the current year is based on key assumptions about Eurostar's train paths and retail. Eurostar's forward timetable from May-22 to Dec-22 is 8.1k on an annualised basis, however they are running a significantly higher service using spot bids. LSER's is at underpin levels

HS1 finalised the second OMRC "volume reopener" in February to fully recover operations, maintenance and renewals costs, in the context of timetabled train paths. HS1 continues to invoice the DfT for underpinned payments

Management is focused on protecting value for all stakeholders and in particular your interests as lenders. Strong performance year to date provides a good platform to consider growth. We are in regular dialogue with the rating agencies and the annual rating cycle starts in the coming weeks

An update with future forecasts will be provided to you along with the Half Year covenants due later in the year. This is likely to be in December

Budget 22/23 – Financial overview

HS1's budget forecasts an increase in Year on Year EBITDA and CFADS driven by predicted strong growth in Eurostar train paths, and higher retail income

Key Financial Indicators

	21/22 Actuals £m	22/23 Budget £m	Var
EBITDA	20.5	56.0	+173%
CFADS	111.2	195.9	+76%
DSCR (Security group)	1.24x	1.47x	N/A

Annual Train Paths Billed

	21/22 Actuals	22/23 Budget	Var
SETL	53,654	52,824	(2)%
Eurostar	5,530	13,883	+151%
Total	59,184	66,707	+13%

HS1 Budget 22/23

Updated HS1 strategy marks the transition from our recovery strategy towards BAU. Our base case forecast shows us coming out of the expected recovery phase and into an expected phase of financial stability and cashflow growth

	Revenue	-	Operating Costs	=	EBITDA	+	Investing Activities	=	CFADS (vs Actuals 21/22)
Track	Domestic IRC £(5)m				£42m		Underpin Domestic IRC £133m		£175m (+£33m)
	International IRC £47m								
	Operations, Maintenance and Renewals Income £82m		OMRC £(86)m		£(4)m				£(4)m (+£11m)
	Power Charges £27m		Power Costs £(27)m		£0m				£0m (+£0m)
Stations	Stations Charges £33m		Station Costs £(33)m		£0m				£0m (+£0m)
Unregulated Activities	Retail & Advertising £22m		Retail Costs £(10)m		£12m				£12m (+£2m)
	Car Parking £8m		Car Park Costs £(2)m		£6m				£6m (+£2m)
Other	Other Income £2m		Other Costs £(2)m		£0m				£1m (+£2m)
Total	£216m		£(160)m		£56m		£133m		£189m (+£49m)
							Capital - UKPN/Capex/Tax		£(24)m (-£7m)
							Working Capital		£33m (+£41m)
Cash Flow Available for Debt Service (CFADS)									£196m (+£84m)

Current Trading

Current trading broadly in line with budget. There are some signs of EIL and retail performing ahead of plan. The business is working to offset the cashflow challenges

Measure	P3 YTD Actual	P3 YTD Variance	FY Budget
International Train Paths incl spots	3,448	329	13,883
Domestic Train Paths incl spots	12,582	148*	52,824
HS1 Costs exc unregulated (£'m)	(3.7)	0.5	(17.5)
Unregulated Cashflow (£'m)	4.5	0.3	18.7
Total CFADS (£'m)	79	6	196

* Domestic spot bids do not get billed where total domestic train paths are below the level of the government underpin

HS1 Cost Recovery

HS1 Operations, Maintenance and Renewal Charges (OMRC) are set by the ORR in consultation with HS1 and are adjusted through a Volume Re-opener when appropriate. This ensures HS1 fully recovers its fixed costs along with passthrough costs. HS1 remains at risk for variable charges

Allocation of train paths	CP3	2021 Volume Reopener	2022 Volume Reopener	Difference since 2021 Reopener	Comment
SETL (LSER) Paths	55,500	54,134	52,652	(1,482)	-
Eurostar paths	17,700	2,444	7,223	4,779	2021 volumes were committed levels and were above actual FWT
Total Paths	**73,200**	**56,578**	**59,875**	**3,297**	-

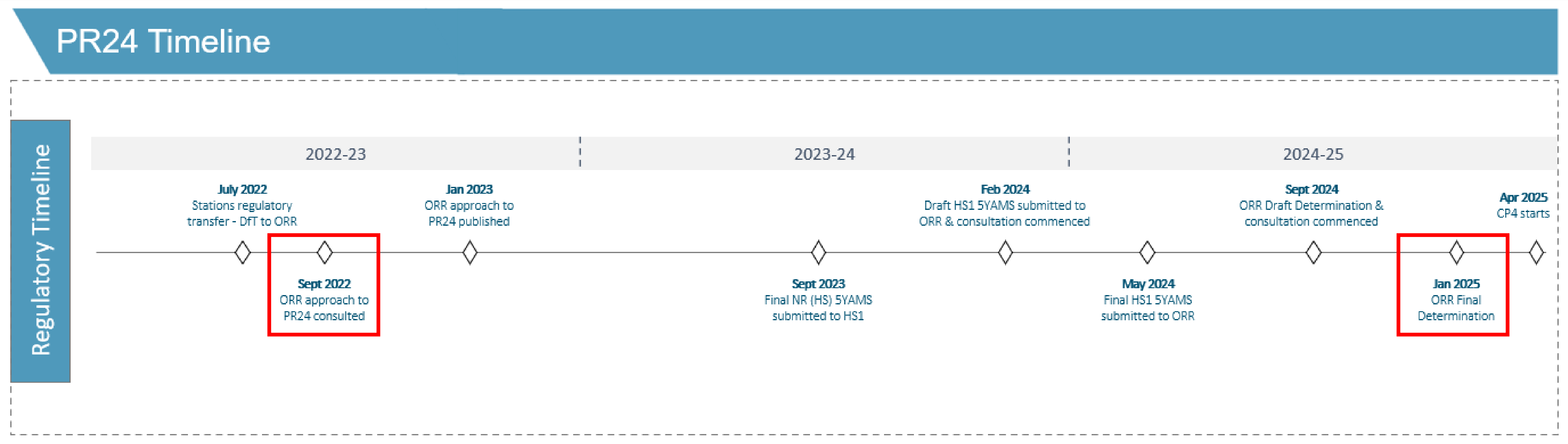
Fixed costs spread over c.13.5k fewer trains than CP3

- Full passthrough costs recovered
- Material uplift to fixed cost allocation per train on Eurostar committed paths, modest uplift for SETL
- No uplift to variable costs

✓ Cost recovery for HS1
✓ Low marginal cost for Eurostar for incremental trains

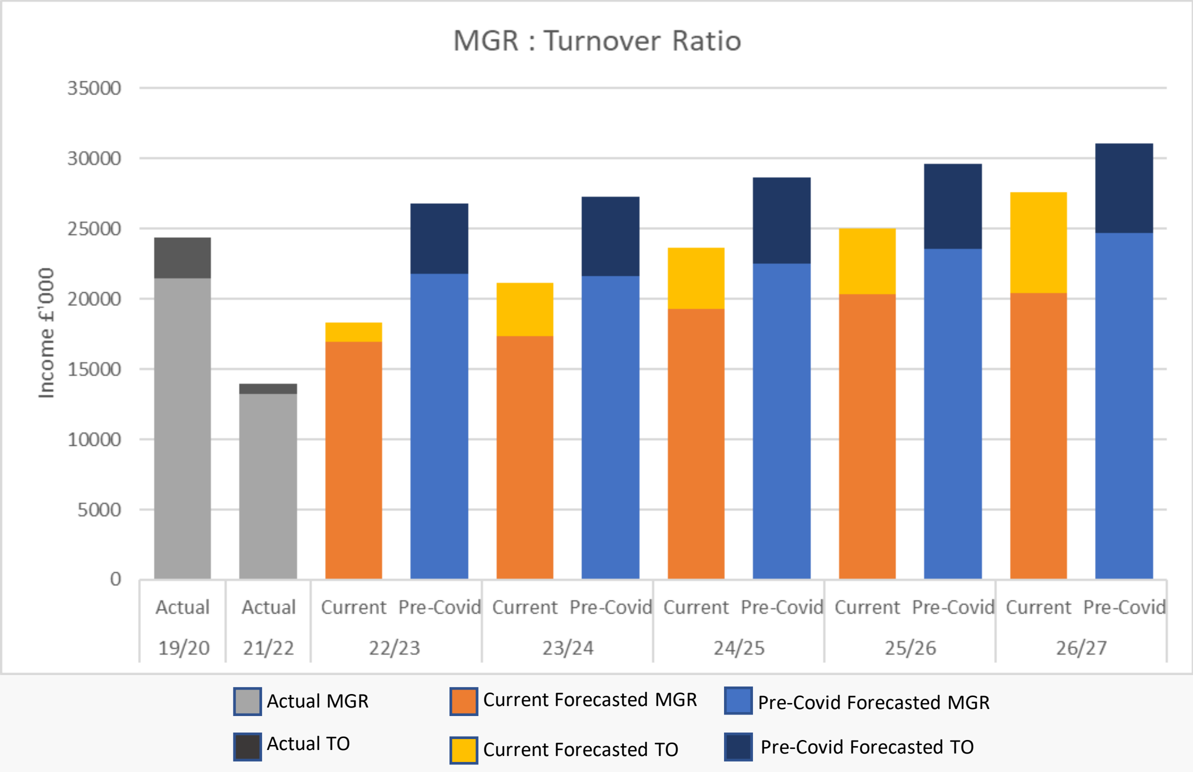
CP4 timetable

HS1 has already started planning for the start of the next control period. The ORR starts the formal process in September 22



Retail Update

Retail income has recovered strongly following the "share the pain strategy". However, the levels of MGR are lower with higher TO shares until MGRs are rebased which is expected over time with continued passenger footfall recovery. Combined MGR, TO and advertising income reach total pre-covid levels of income in FY26



Actuals FY22:

- Total income in FY22 was £16.5m, made up of £14.9m MGR, £0.8m turnover, £0.9m advertising
- Income at 58% of pre-covid levels (FY20), lower MGR driven by concessions granted
- Lower TO income generated by lower passenger footfall resulting in lower retail sales, total retail sales were 60% of FY20

Budget Year FY23 (& YTD performance):

- 24% forecasted YoY growth in income: MGR at 78%, TO at 47% and advertising at 71% of pre-covid levels respectively
- MGR lower than pre-covid due to re-basing of new rental agreements
- Forecast to earn TO income. Total retail sales for the year forecasted to be 75% of total pre-covid levels

Outer years:

- Retail sales aligned to customer footfall. Base case reaches 19/20 levels of total income in FY26 but remains below the pre-covid forecast due to the rebasing of MGR rates (95% of pre-covid)

DSCR Covenants

Forecast DSCR covenant anticipate improving headroom over the "lock up" level of 1.2x towards pre-Covid levels. Based on the current budget, the headroom to lock up on the ratios has increasing as we see improvement of international train paths and unregulated income

Covenant for the period to:	Forecasted covenant ratio	Finalised
March 22	1.24x	Confirmed
Sept 22	1.38x	Dec 22
March 23	1.47x	June 23

Credit ratings: HSRF1 (Opco Security Group)

S&P have recently affirmed the credit rating and upgraded the outlook to Stable, after taking into consideration the effective protections of the concession and recent traffic recovery, but we expect them to revert to their usual annual ratings cycle in October with Fitch in August/September. Constructive dialogue continues to take place with both agencies

S&P (May 2022): BBB+ Affirmed (Stable Outlook)

- Affirmed at BBB+, Outlook upgraded to Stable
- The return to a stable outlook has been driven by S&P recognition that the concession protections such as the domestic underpin are working
- Further upside actions will be dependent on traffic recovery close to pre-Covid levels and ratios consistently above 1.35x

  - The stable outlook reflects the continued support from U.K.'s rail regulatory regime and our expectations of improving operating and financial performance amid a recovery in traffic despite the uncertainty in the sector.

S&P Research Update High Speed Rail Finance (1) PLC 6 May 2022

Fitch (August 2021): A- Stable Affirmed

- Fitch annual review expected to be concluded in August

Next Steps

HS1 has returned to a business-as-usual cycle. Several of the key deliverables are laid out below. HS1 has already renewed the Opco liquidity facility and extended the Working Capital Facility by a further year

Aug
- Fitch annual rating review due

Sep
- Half year close
- LSER track access received and DfT Underpin payment

Oct
- S&P annual rating review due
- Periodic Review 24 ORR consultation opens

Nov
- Invoice LSER & EIL quarterly track access following the new timetable submission, including DfT for the Underpin

Dec
- Timetable from May 23 to Dec 23 to be issued

Jan
- Agree volume reopener train paths

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Wrap up

Questions