

APRIL 2021 LENDER PRESENTATION

21 APRIL 2021

Welcome to the April 2021 HS1 Ltd, Lender Presentation.

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.
- Questions will be taken post presentation via email.
- The session will finish promptly at 15:00hrs

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Projections and forecasts inherently involve the risk of uncertainty and unknown events and developments but in the current Covid-19 circumstances these uncertainties are unprecedented. The full extent of the economic impact of the outbreak of Covid-19 on the economy, rail travel, the business and operations of HS1 and the train operating companies, retailers, suppliers, contractors and operators is unknown as well as the actions and responses of Government and our regulator. This impact, and events and circumstances in the future, could have a material impact on the forecasts included in this Presentation. Nothing contained in this Presentation should be taken as a promise or representation as to the future. No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by or on behalf of the Company or any of its shareholders, affiliates, directors, officers or employees or any other person as to the accuracy, adequacy, usefulness, completeness or fairness of the information or opinions contained in these materials or as to the reasonableness of any assumptions on which any of the information herein is based. The Company shall have no liability to any party for the quality, accuracy, timelines, continued availability, or completeness of any information contained in this document. The Company and the Group do not accept any liability whatsoever for any direct, indirect or consequential losses to any person in relation to the distribution, or possession or reliance on this Presentation and its contents in contract, tort or otherwise.

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.



Business and Industry Update

Dyan Crowther
CEO

Summary

Despite widespread macro uncertainty and events beyond our control, HS1 continues to operate and perform as a best in class asset

Since the December update several events have occurred, such as the third lockdown in the UK and further extension of quarantine regulations. This has challenged some of the assumptions in the most recent forecast to 30 September 2021

The key protections in our concession agreement have worked well, in particular the Volume Reopener to recover OMRC costs and the Domestic Underpin as a result of a reduced domestic timetable

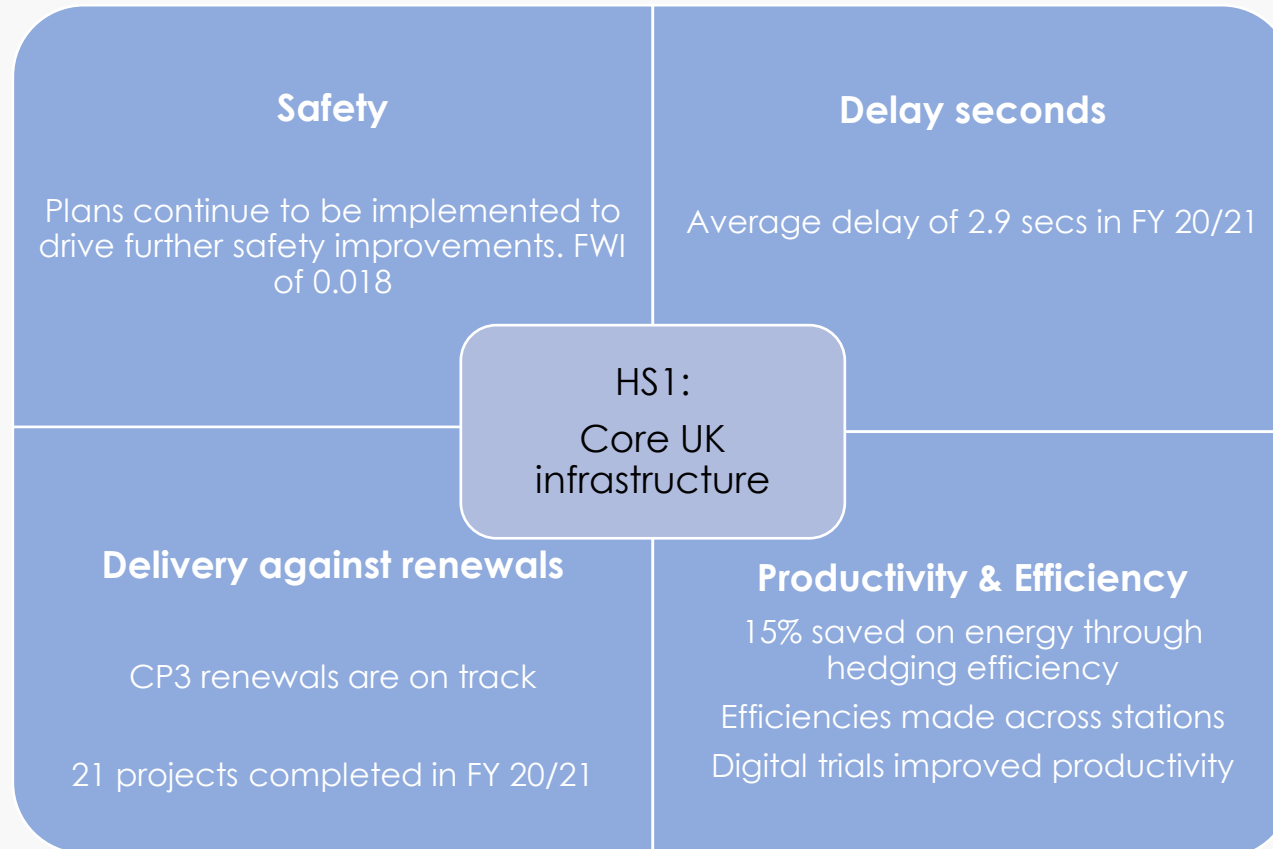
There has been strong focus on cash management and we have worked with key stakeholders and delivered on renewing and refinancing our bank facilities

Overall progress and effectiveness of vaccination programmes has been positive and we continue to expect that this will support recovery in 2021. HS1 is working with the supply chain and our customers to maximise the speed of the recovery

We are continually reviewing our forecasts and will update lenders through the Full Year reporting cycle

HS1 Investment Highlights

Resilient underlying operating performance with a record of outperformance



Recovery Strategy

By Q4 we had identified key recovery actions and integrated them into our strategy. We will focus on recovery and have therefore adapted our core strategic themes of Protect, Evolve and Grow.

During the recovery period we will have a strong focus on: -

- preserving a stable financial base
- employee well being
- delivery of commitments



We will put in place the building blocks to: -

- find efficiencies
- grow passenger volumes
- utilise our capacity

We will ensure we are ready to contribute to the future and be agile in our response to uplifts in passenger demand and retail recovery.

Key industry developments are coming, such as the Williams White Paper.

Industry Update

HS1 continues to operate in a fluid situation for Domestic and International services

International

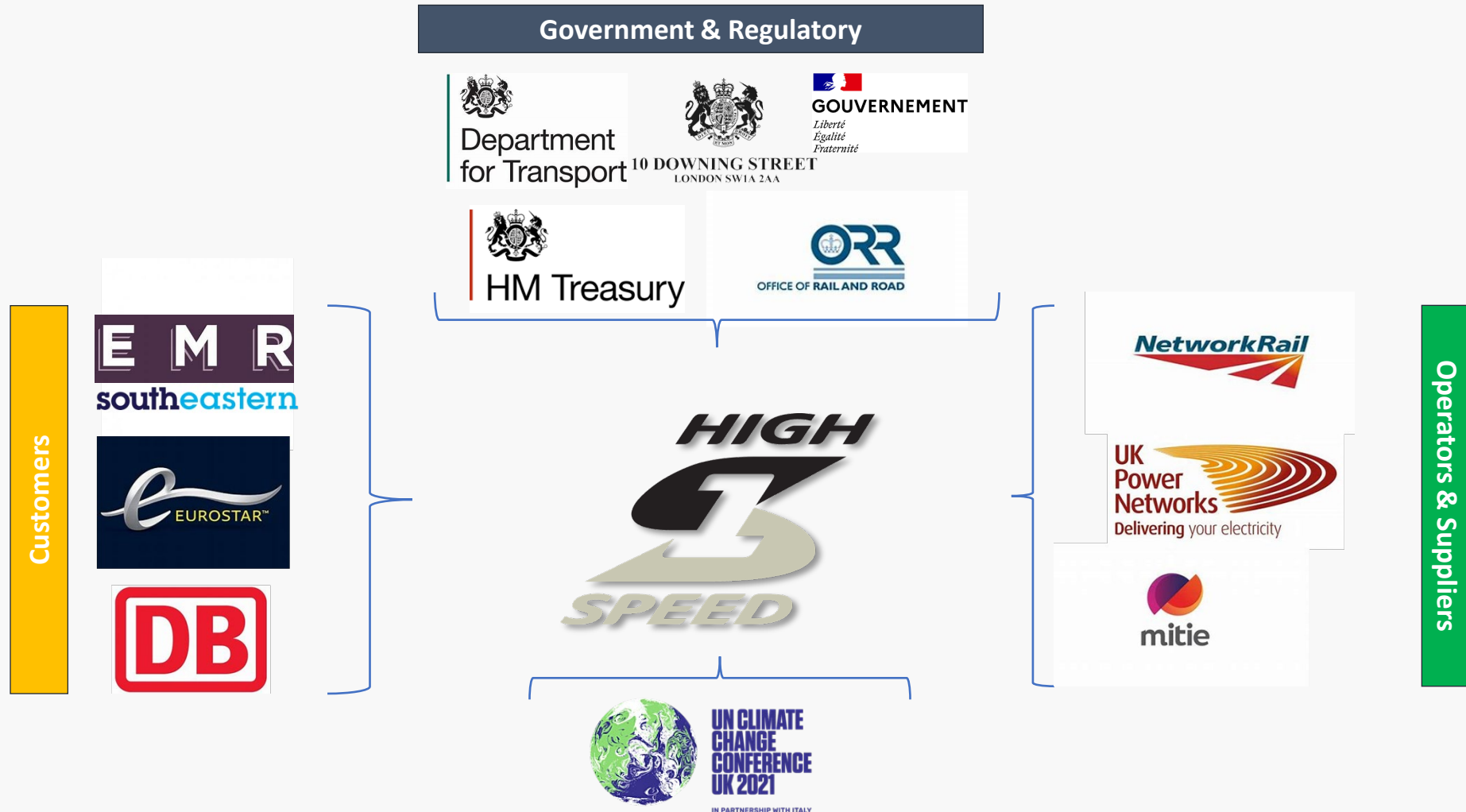
- Greenspeed merger planned for 2021
- 2021 is the European Year of Rail
- Continue to work closely with Eurostar
 - In the press – Eurostar has secured a refinancing of £400m of debt
- Quarantine measures in place
- Border Controls

Domestic

- Further lockdown measures introduced in December
- Passenger volumes reduced by 20% but plateaued
- Train Operators are negotiating new contracts with the Government for revenue relief
- Government focused on cost control and reducing train paths resulting in HS1 key protection being triggered
- Williams review to be published in the summer

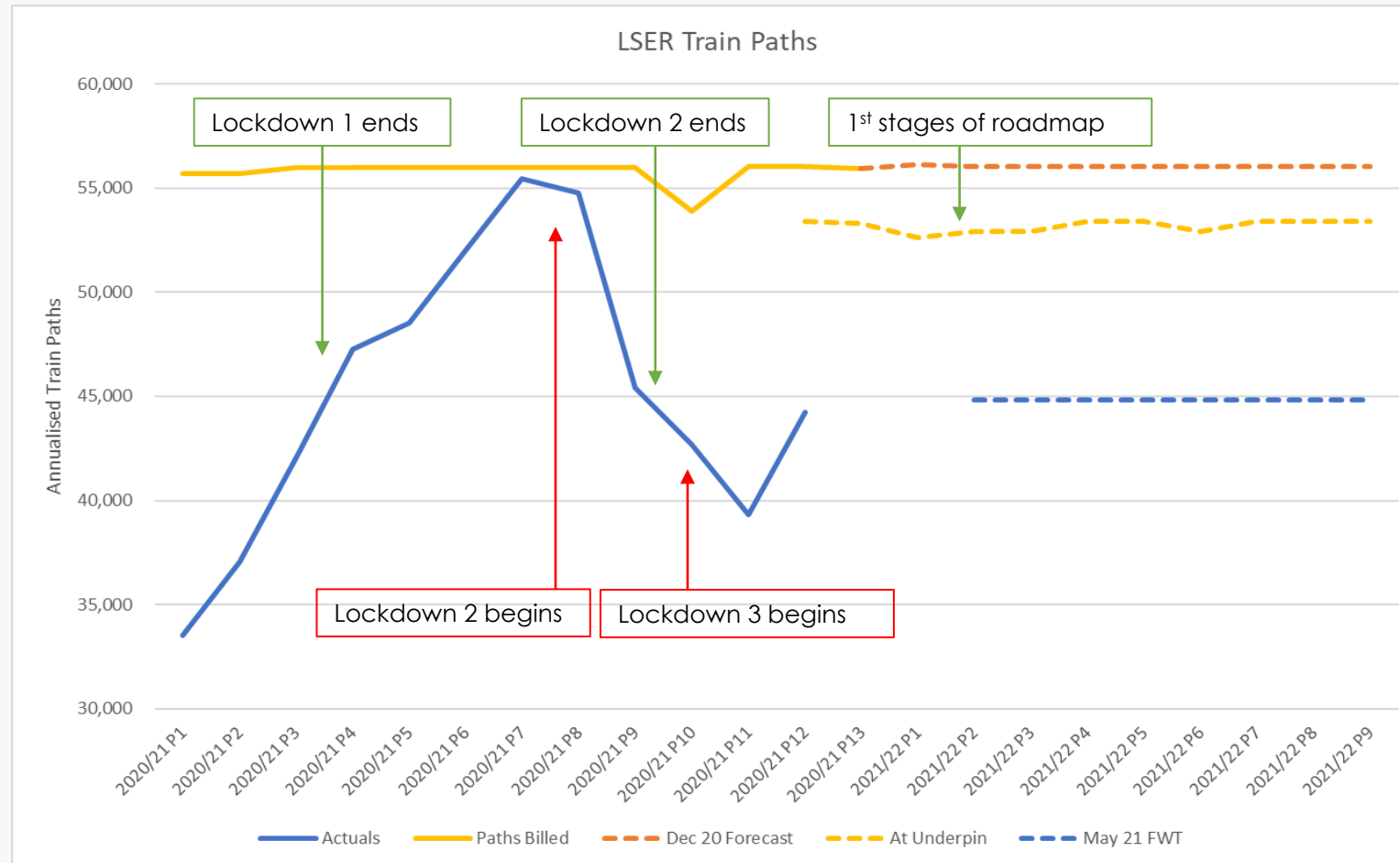
Stakeholder Engagement

HS1 is proactively working with the wider stakeholder group to ensure the availability of the asset and also promote passengers to return to rail when the government lifts lockdown restrictions



Train Paths Update - Domestic

LSEr submitted a below underpin timetable in February 2021 for the period May to December 2021, however our domestic train path revenue is protected by the domestic underpin. The forecast is now marginally below the December forecast.



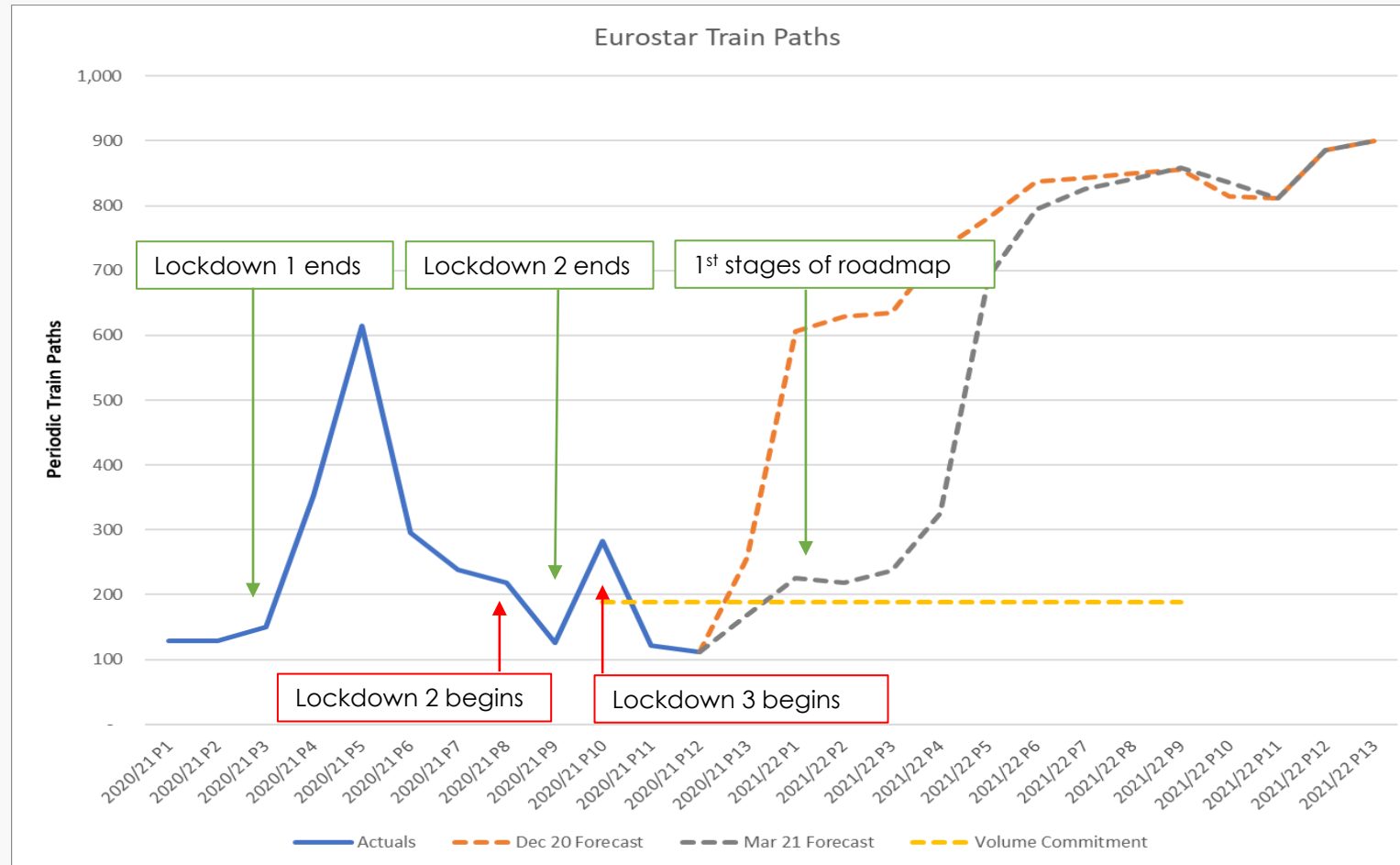
Domestic Underpin Agreement

The Domestic Underpin Agreement is a key protection in the concession and for the first time HS1 has relied upon this, since LSER submitted a timetable that is below the Underpin threshold

- HS1 has certainty of its current domestic timetable until May 2021
- In January 2021, the DfT requested that Train Operators reduce service levels in light of current demand
- Following this announcement, on 5 February, **LSER submitted a timetable approximately 16% below the government underpin level** (c.20% below the PY FWT) for the next timetable period of mid-May to mid-December 2021
- The impact of the lower booking level is largely mitigated by the HS1 underpin arrangement, whereby **recovery to the underpin level is received directly from the DfT**
- The full FWT in FY 21 was c.55k train paths, whilst the underpin for this year is c.53k train paths

International Train Paths – Eurostar

HS1 has reduced its expectation of Eurostar train paths in light of actual activity, which is assumed to carry forward into Q1 2021. A recovery is expected from Summer 21 albeit with volumes remaining on a conservative basis relative to pre-COVID levels. Note: underpin of 188 paths / period as agreed as part of the volume re-opener.



Retail Update

Lockdown 3 has impacted the strength and timing of our retail recovery. Management has worked hard to preserve value by adapting to the restrictions, protecting our tenants and messaging on cleanliness.

Building back:

- We have succeeded in maintaining occupancy in 92% of units (Based on 63 units and 5 vacancies) and discussions are ongoing to fill empty units. BRC report that the overall British vacancy rate has grown to 13.7%
- 9 units remained open during the third national lockdown and, as of 12th April, 46 units are open (Note: partial openings with outside dining only, in line with government guidance)
- HS1 is not immune to the challenges the retail industry is facing; but we are focusing on recovery by adapting marketing messages to changing audience profiles, restrictions and consumer behaviours





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ST PANCRAS
RENAISSANCE HOTEL
LONDON

Financial and Regulatory update

Mark Farrer

CFO

Key Messages

The business has been resilient despite the continued uncertainty driven by the Global Pandemic

We have been proactive in managing our finances in the face of the uncertainty and, as well as the £28m prepayment of loans in December 2020, we have extended the maturity on the remaining term loan balance and increased the size of the working capital facility

The protections in the concession, like the volume reopener and domestic underpin are working as expected

There is regular dialogue with all stakeholders, including lenders, to ensure that they are apprised of the situation.

Domestic Underpin Calculation Basis

Following the submission of the LSER timetable in February 2021, the payments under the Domestic Underpin agreement will be triggered and will be met by the DfT and calculated quarter by quarter.

- The underpin is calculated by looking at each quarter in isolation.
- The underpin provides **contractual protection** as the value of the underpin recovery is calculated by comparing charges for the quarter's FWT to the charges that would have been levied if the underpinned services had been booked.
- Q2 and Q3 are expected to trigger an underpin payment from the DfT (see below). Q4 will be based on the July 2021 timetable submission. DfT are billed in advance of six weeks prior to the start of the quarter.

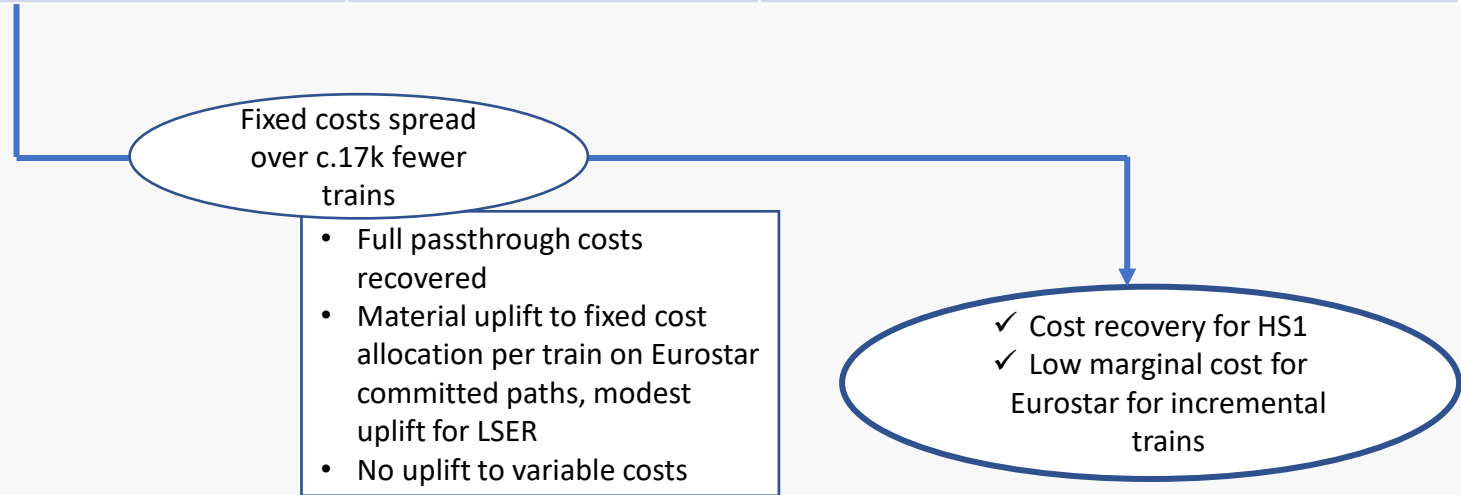
Quarter		Timetabled	Underpin	Billed to DfT
2	Paths	10k	12k	2k
	Billing Amount	£39m	£42m	£3m
3	Paths	10k	12k	2k
	Billing Amount	£39m	£42m	£3m

* Billing amounts are shown for illustrative purposes only, as billing is based on minutes not paths

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	Volume Reopener	Difference	Comment
LSER Paths 2021	55,500	54,134	1,366	-
Eurostar paths 2021	17,700	2,444	15,256	Volume committed
Total Paths	73,200	56,578	16,622	-



Bank Facility Renewals

Management has renewed HS1's Bank facilities as planned to reflect the current size of the business and the nature of the challenges faced with the continuing economic uncertainty

Term Loan

- Dec 2020: Prepaid £28m
- March 2021: Remaining £13m balance deferred to 2023/24
- SONIA conversion completed

Working Capital Facility

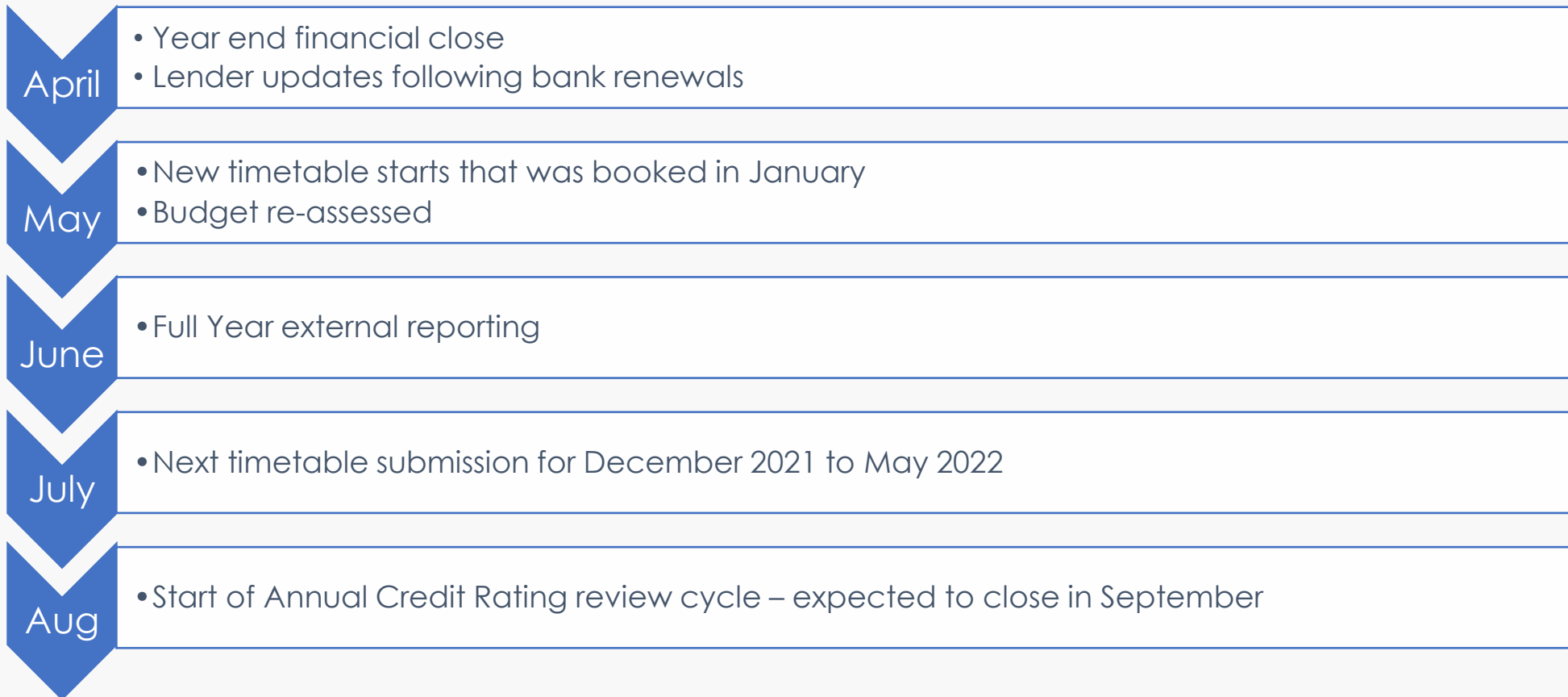
- Facility increased in April from £65m to £84m
- SONIA conversion completed
- Same bank group
- Investigating a move to a sustainability linked loan

HS1 Liquidity Facility

- Facility renewed at the same size with the same banks
- SONIA conversion to be initiated

Next Steps

HS1 will keep lenders up to date with progress at the annual lender presentation later this year. HS1 will, as it always does, continue to review the facilities it needs to manage the business and will ensure the business has the appropriate funding mechanisms in place at all times. The headline timetable is below and will be regularly reviewed





St Pancras
INTERNATIONAL

St Pancras

Wrap up
Dyan Crowther
CEO

Wrap Up

The financial impact of COVID on HS1 has been significant. The concession structure has enabled HS1 to be more resilient than other organisations in the transport sector

Management is focused on protecting value for all stakeholders and in particular your interests as lenders. Decisions have been taken to provide as much headroom as possible against the ratios

Management is positive on the future for the concession and the recovery supported by the vaccine roll out. However, we are prepared for continued uncertainty. The next update is anticipated in June

In the next quarter we will start to assess and plan for the long-term impact of Covid. Looking at options to increase long-term resilience. Further information to be provided in next update

Questions

