2021 ANNUAL LENDER PRESENTATION

21 JULY 2021

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

ANNUAL LENDER PRESENTATION

HS1 LIMITED

21 July 2021

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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.

Agenda

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

Summary

HS1 has demonstrated its resilience through COVID 19, but has been impacted by the pandemic. The core protections in the concession, like the volume reopener and the Domestic Underpin, are working as expected

HS1 forecast a recovery in late summer and this is being closely monitored. Eurostar has started increasing train paths and we have confidence their service levels can grow and meet increasing demand, based on our understanding of their latent capacity and their performance last year when restrictions were lifted However, the coming weeks are critical

In the most recent timetable submissions both LSER, as the domestic operator and Eurostar booked a timetable in line with current performance. This is an improvement on the nil timetable from Eurostar, but requires significant spot bids to meet the Budget

Management is focussed on recovery, over the short-term, with plans for incremental growth as well as risk mitigation. Strong asset performance remains core. Work continues on initiatives to promote the longer-term value in the concession

Our investors are committed to supporting the business as we enter our forecast recovery phase, noting the high level of uncertainty at the present time

Business and Industry Update

HS1 Operating Highlights

We have delivered strong operational performance in a unique and challenging year. The asset has remained available throughout the year

Safety

Plans continue to be implemented to drive further safety improvements. FWI of 0.018

Delay seconds

Average delay of 2.9 secs in FY 20/21, well inside the performance floor (no more than 5min delay on 15% of trains per quarter)

HS1:

Core UK infrastructure

Delivery against renewals

CP3 renewals are on track

21 projects completed in FY 20/21

Productivity & Efficiency

15% saved on energy through hedging efficiency

Cost efficiencies made across stations (both savings passed on to TOCs)

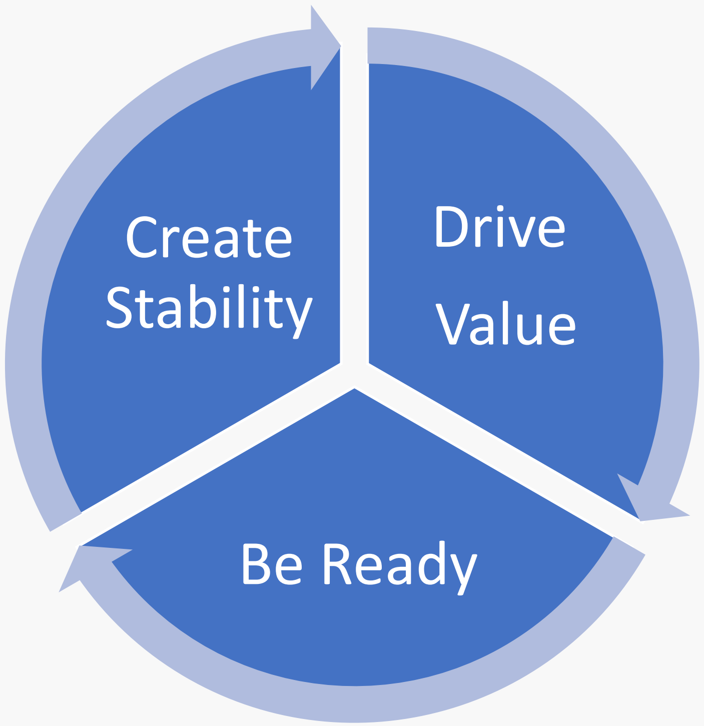
Digital trials launched to drive productivity and efficiency

Recovery Strategy is Delivering Results

The recovery plan is delivering outputs. Retail Sales are increasing, and we have seen some growth in domestic travel. Work continues with stakeholders to support International Rail Recovery

Progress in key areas : -

- Year end financial statements and compliance process completed
- Employee satisfaction at 90%
- Annual Asset Management Statement (AMAS) issued to the regulator



Progress in key areas : -

- Efficiencies of £6.2m identified and delivered
- Progressing on several growth opportunities
- Retail sales are up 777% YTD at 12th July versus lockdown PY
- Proactive relationships with HMG to help international travel recover

Trials planned at St Pancras for enhanced digital passport control procedures to improve transit times

HS1 not directly affected by Williams/ Shapps review we will ensure the good practice form the review for utilisation in the Concession (see appendix)

HS1 has launched a Structure of Charges Consultation with operators as part of our CP3 commitments to look to incentivise train paths, with areas such as discounts

HS1 Remains in Strong Position to Recover

HS1 has a strong concession and regulatory framework, that protects many downside risks. However, the business is exposed to volume risks on IRC and OMRC variable costs, if trains do not run. Management is focused on delivering for all stakeholders

Eurostar

- Eurostar have majority state backed entities
- Recent refinancing supports underlying financial resilience

Stable regulatory environment

Office of Rail and Road ("ORR") are in regular discussion with HS1 and approved the volume reopener for OMRC costs in Feb 2021

HS1 Concession

- UK Government Domestic Underpin, provides for c. 53,000 paths pa
- Contractual protections working as expected

LSER

LSER has a direct award for 18 months up to October 2021, with an option of a 6 month extension. Likely conversion to a National Rail Contract

HS1 concession is still strong despite macro factors driving continued uncertainty

No Capex burden

Future renewals are funded by Train Operators and funding held in escrow accounts, current balance c. £140m

Brexit

Passport controls have changed for UK passengers travelling to the EU – but new juxtapose passport controls in place for Amsterdam services

Available capacity create opportunities - freight

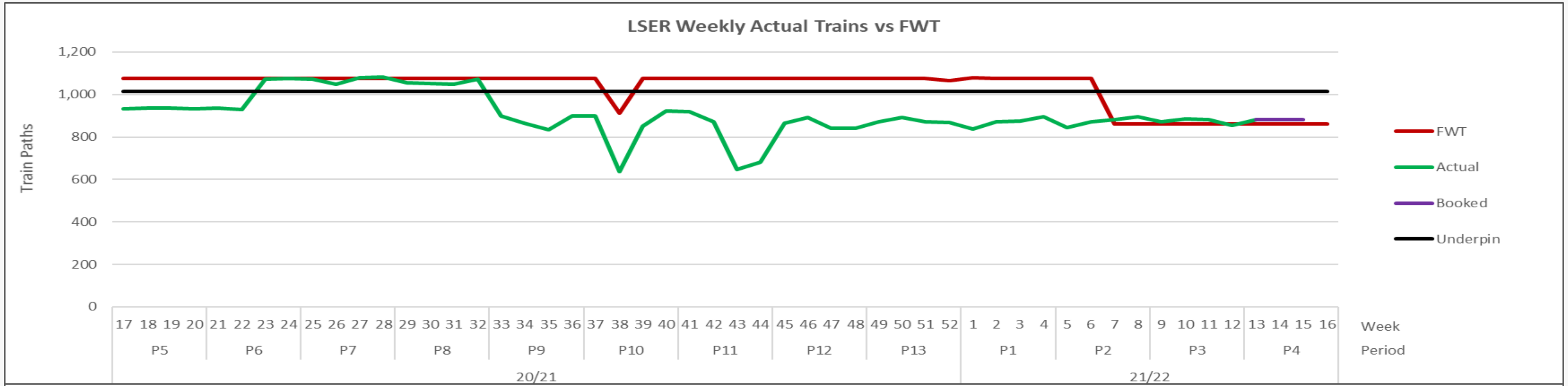
50% available capacity on our network to grow domestic/ international and freight traffic

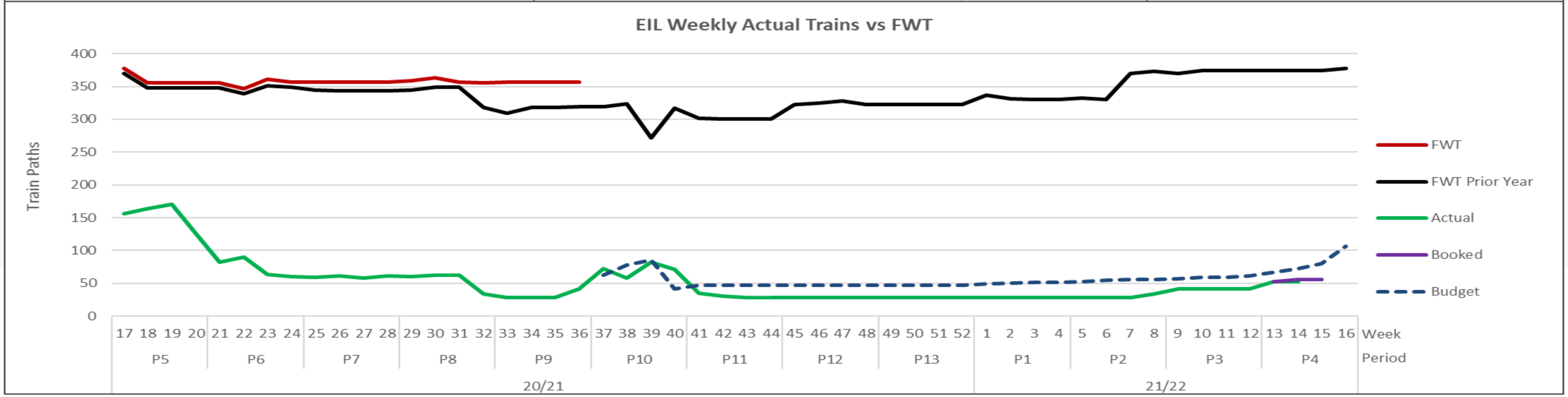
Sustainability

The business has launched its sustainability strategy and has clear objectives

Recent Train Path Performance

Train paths are broadly in line with our forecasts with TOCs continuing to react to passenger demand. TOCs are behind pre-COVID train path levels





Budget 21/22 – Financial overview

HS1's budget forecast a reduction in Year on Year EBITDA and CFADS driven by Eurostar train paths, and lower retail income

Key Financial Indicators

	20/21 Actuals £m	21/22 Budget £m	Var
EBITDA	55.1	24.0	(56.4)%
CFADS	127.4	119.0	(6.6)%
DSCR (Security group)	1.25x	1.26x [1]	N/A

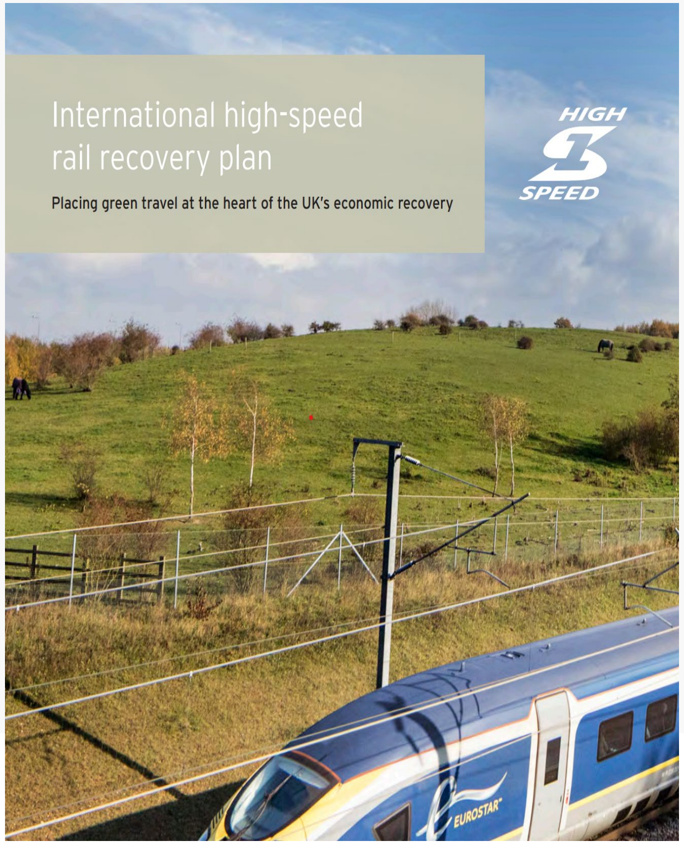
[1] excluding impact of land sales from calculation

Annual Train Paths Billed

	20/21 Actuals	21/22 Budget	Var
LSER	55,902	53,290	(4.7)%
Eurostar	13,966	8,452	(39.5)%
Total	69,868	61,742	(11.6)%

Eurostar

Eurostar remains under pressure because of the restrictions on movement. However, it has been refinanced, so has a secure medium term financial outlook and is still looking to the Greenspeed merger which could unlock new destinations for trains from HS1. Eurostar has operated on a minimal service pattern throughout 2021 while have submitted an FWT for December 2021 – May 2022 pre-booking this minimal volume level



Responding to the current environment

- **EIL has had a clear strategy through COVID**
  - Ensure a **low cost base** to provide financial resilience through the uncertainty – HS1 is supporting with a cost efficiency programme
  - Ensure a **quality service** for all passengers including booking an FWT to secure timetable slots at peak times
  - Ensure they are ready for the "**GreenSpeed" merger** with Thalys – possible broadening of destinations

- **Significant financial support** – EIL did not receive HMG support but has received over £700 million from shareholders and lenders since the start of the pandemic most recently receiving £200m in May 2021

- **International Rail Recovery Strategy –** we have set out a plan and have been discussing this widely amongst Government stakeholders to gain support for measures to enable and support recovery

- **On-going dialogue** with Eurostar and the high speed rail system to support and grow the service provision post COVID

Unregulated Update

Following the end of the third lockdown, unregulated income has been stronger than budgeted, however a challenging environment is expected to remain. To support retail recovery from Summer 2021, we have launched a new retail initiative to encourage sales linked to our sustainability goals, Project Peatlands

Actuals:

- Unregulated income totalled £18.8m for FY 20.21 (£13.7m for Retail and £5.2m for Car Parks). This was £4.7m above the full year reforecast for unregulated income

Trading Update:

- Currently 63 out of our 66 units in St Pancras are leased and 57 are trading
- 2 new tenants have joined the station this financial year - Pasta Remoli and Reiss
- Sales have grown within the period to over £1m per week. This has exceeded the peak sales week of last year, albeit remain significantly down -57% vs. 19/20 due to covid-19 impacts including footfall
- HS1 is working with the supply chain to encourage footfall in the station and support our sustainability strategy, see appendix for further information

Future Growth Opportunities

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

Dollands Moor

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

London Resort

Proposed new theme park to rival Disney Land with projected annual visitors of around 12m when fully open

Be Ready:

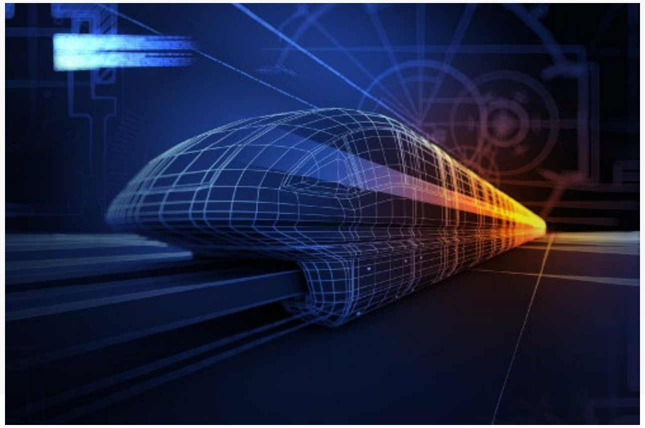
Future Growth Opportunities

Madison Square Gardens

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

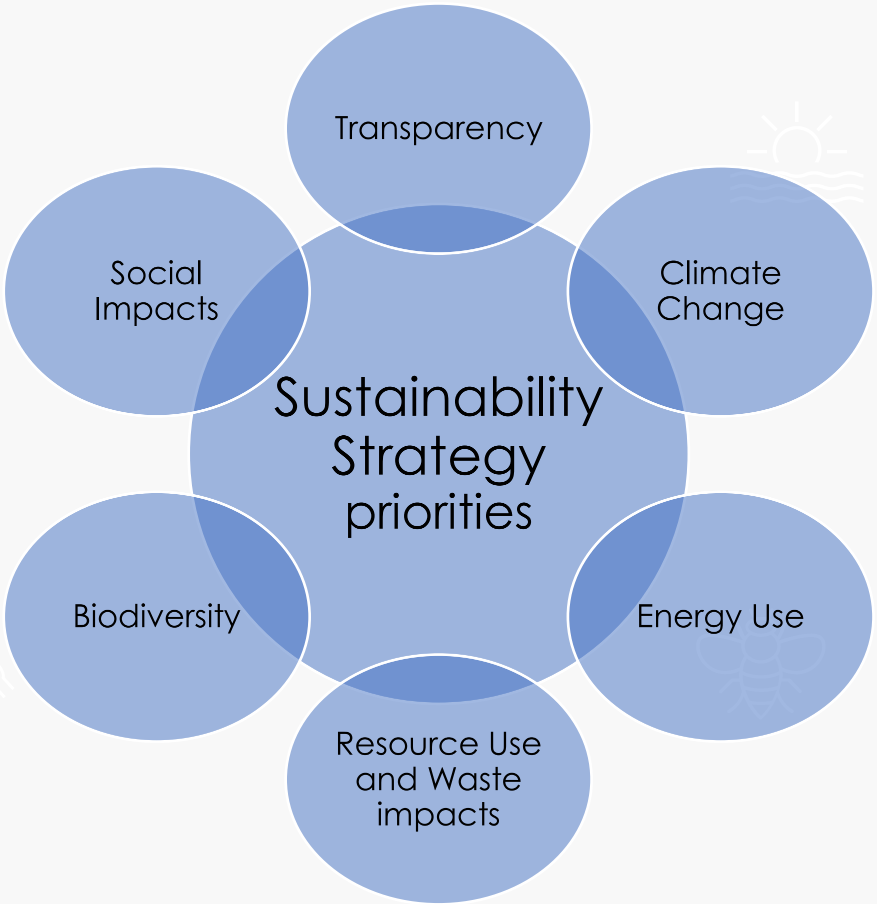
High Speed Freight

Business development project promote the creation of a new market segment – highspeed freight



Sustainability Strategy – Progress

HS1, as the only Railway supplied by fully renewable energy, is the Green Gateway to Europe. The overall Sustainability Strategy has 6 priorities aligned to the UN Sustainable development goals. Supporting delivery roadmaps layout how HS1 will deliver on its Sustainability Strategy, including how we will achieve Net-Zero Carbon by 2030



2021/22 Priorities

1. Present to **COP 26** on the system approach to decarbonisation of the rail industry
2. The **1st Annual ESG report**
3. A **Roadmap to TCFD reporting** initially by 2023 and in full by 2025
4. Converting the WCF to a **sustainability linked loan**

Financial and Regulatory update

Key messages

HS1 performed in line with expectations to our reforecast for the prior year, protecting the DSCR covenant with the assistance of management interventions, including the Term loan and working capital facility extensions

HS1's budget for the current year is based on key assumptions about Eurostar's train paths and retail. Eurostar is currently running a low number of train paths, but has recently booked a forward timetable from December 2021. LSER's performance remains stable

HS1 is preparing for an OMRC "volume reopener" in December 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. Recovery is the foundation of our strategy. 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

HS1 Budget 21/22

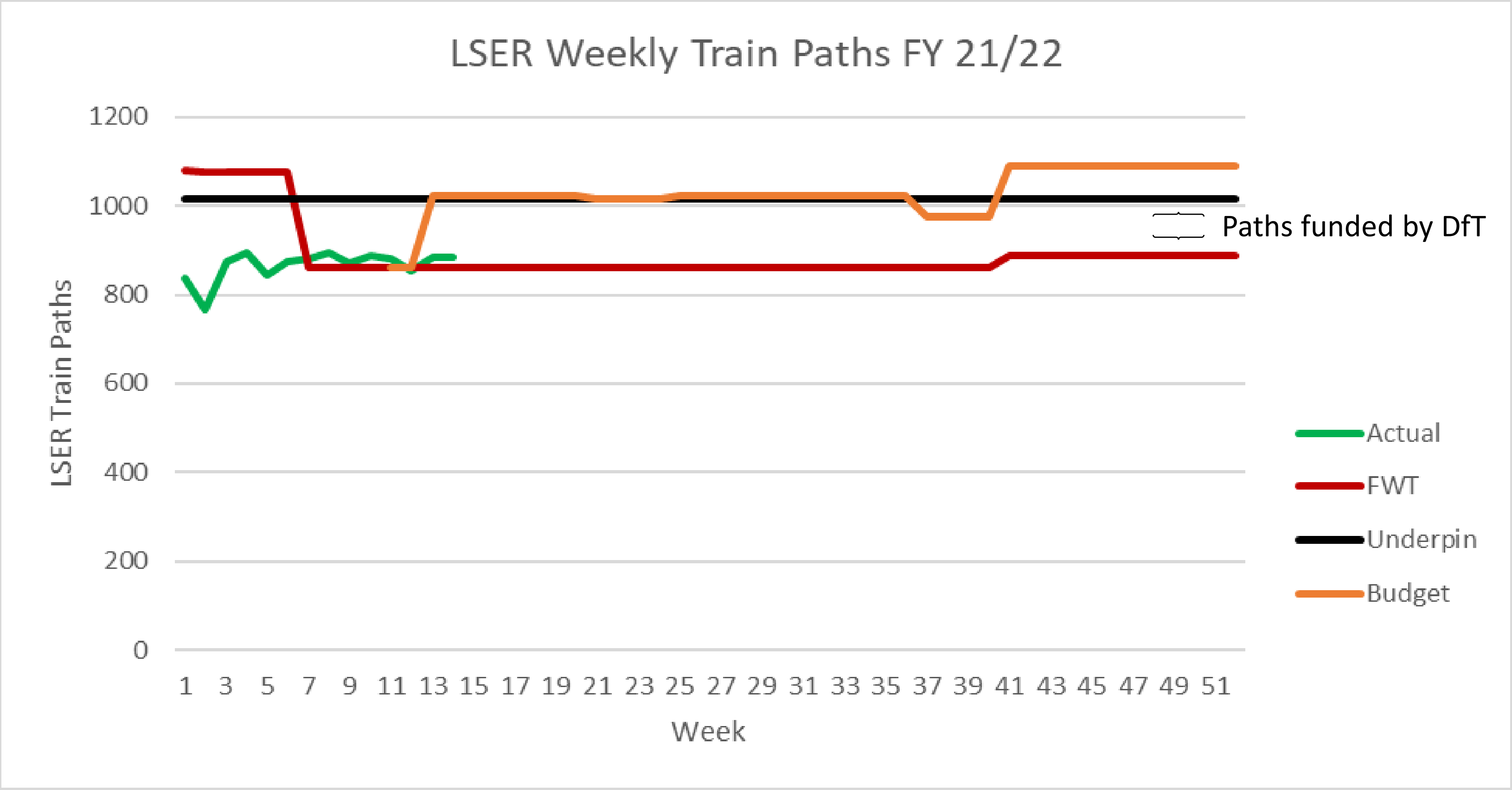
The budget has been built on a recovery of Eurostar train paths over late Summer 2021 and domestic train paths being billed at the government underpin, with some spot bid growth from December 2021. Unregulated income is assumed to continue to be impacted by the pandemic

	Revenue		-	Operating Costs		=	EBITDA	+	Investing Activities	=	CFADS (vs 20/21 Actuals)
Track									Underpin Domestic IRC £125m		
	Domestic IRC	£2m					£28m				£153m (-£21m)
	International IRC	£26m									
	Operations, Maintenance and Renewals Income	£64m		OMRC	£(79)m		£(15)m				£(15)m (-£12m)
	Power Charges	£18m		Power Costs	£(18)m		£(0)m				£0m (+£0m)
Stations	Stations Charges	£30m		Station Costs	£(30)m		£(0)m				£(0)m (-£1m)
Unregulated Activities	Retail & Advertising	£11m		Retail Costs	£(8)m		£3m				£3m (-£4m)
	Car Parking	£6m		Car Park Costs	£(2)m		£4m				£4m (+£2m)
Other	Other Income	£7m		Other Costs	£(3)m		£4m				£4m (+£9m)
Total		£164m			£(140m)		£24m		£125m		£149m (-£26m)
									Capital - UKPN/Capex/Tax		£(24)m (-£1m)
									Working Capital		£(6)m (+£20m)
Cash Flow Available for Debt Service (CFADS)											£119m (-£8m)

HIGH SPEED

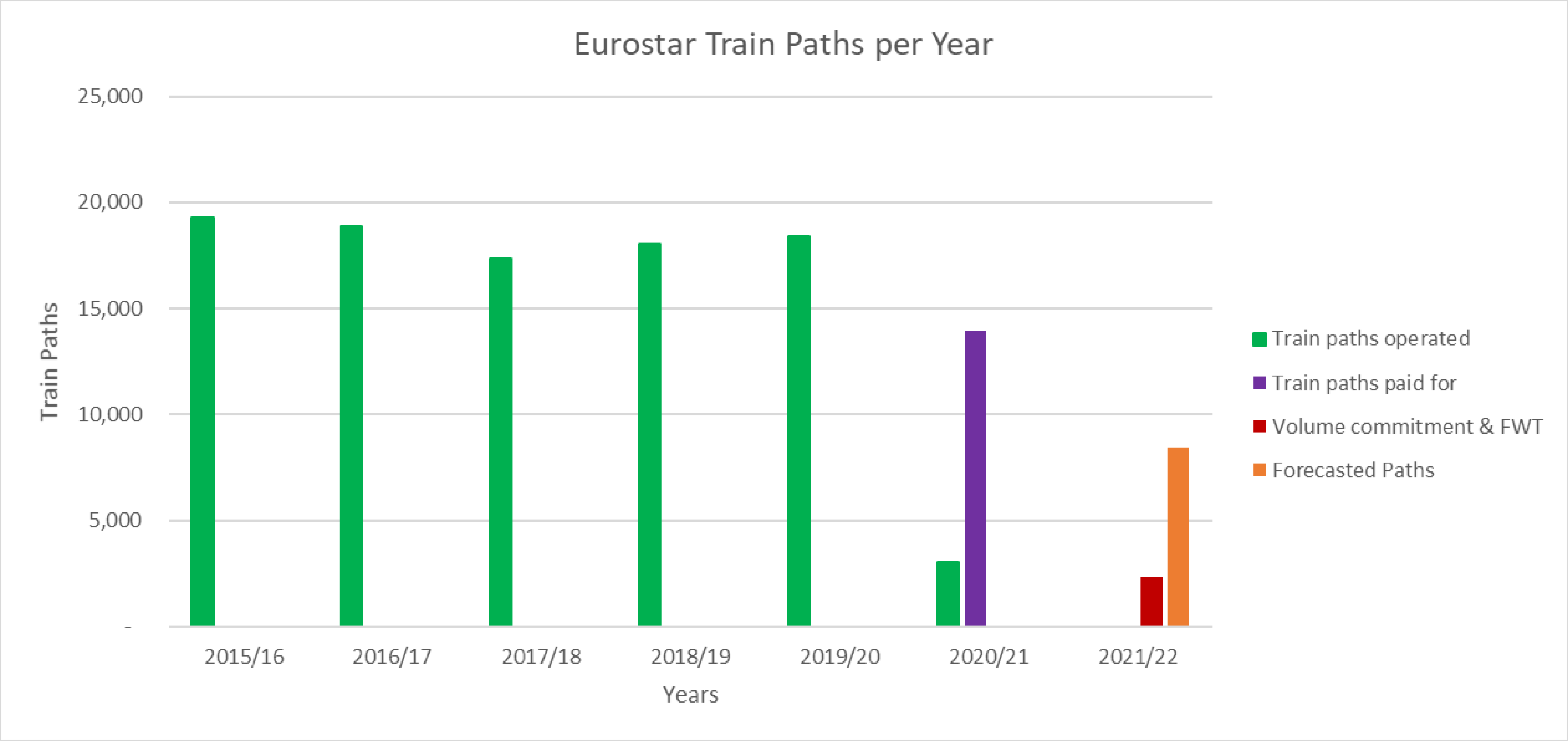
Train paths – LSER

LSER is running train paths at 84% of the underpin on the current FWT and at 87% of the underpin on the upcoming FWT. HS1 is being paid the full underpin in accordance with its contract. Passenger numbers are increasing gradually which supports this level of service and the potential for it to increase.



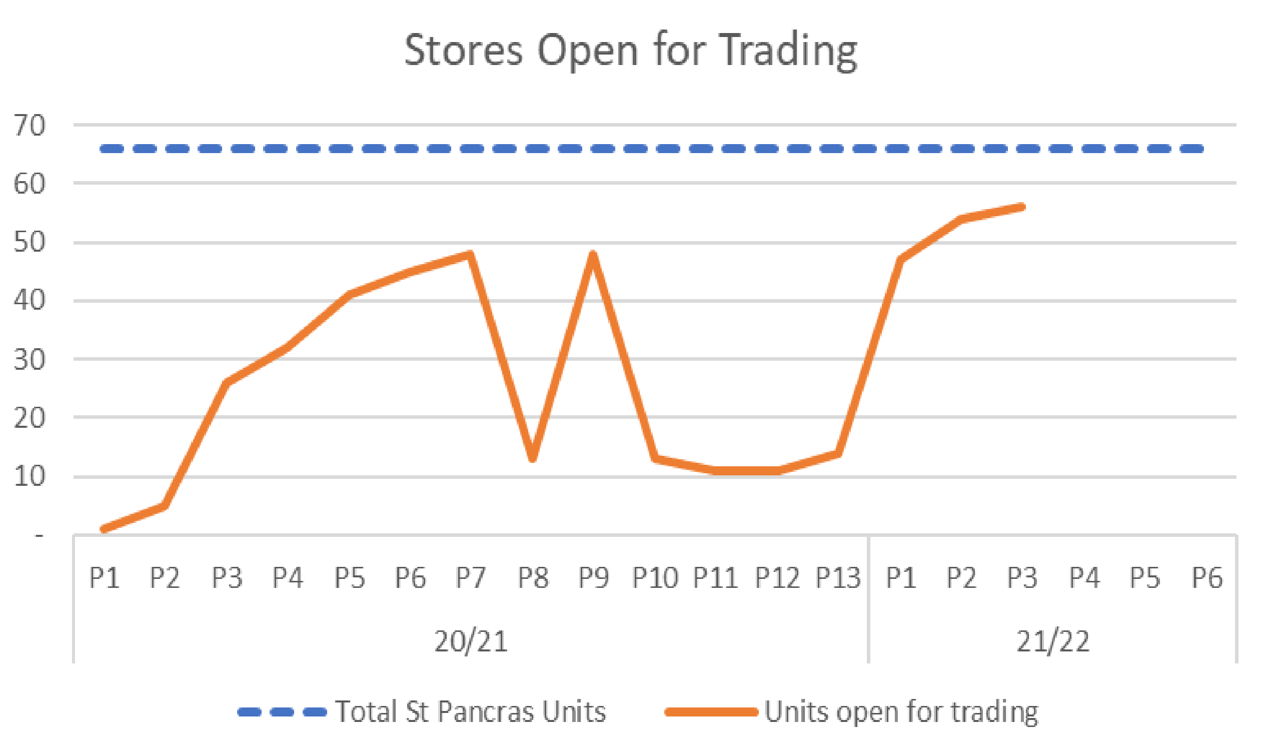
Train paths – Eurostar In Context

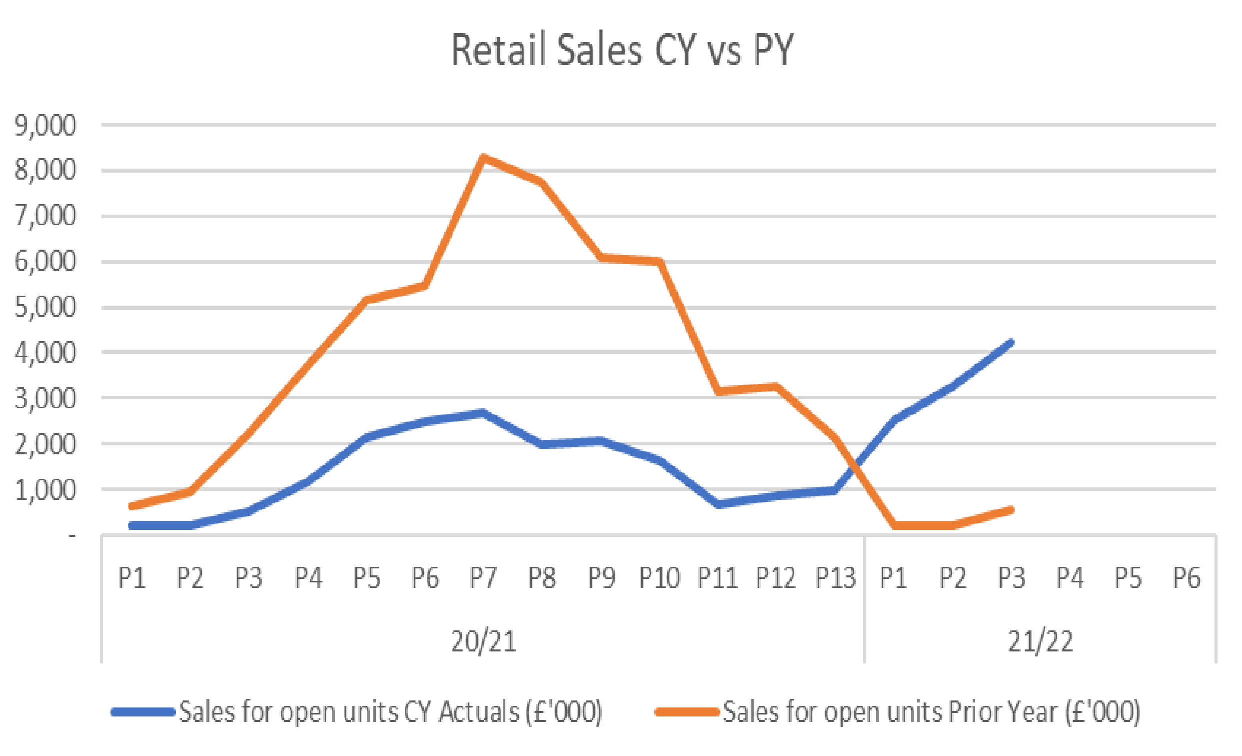
While HS1 has forecast train path growth from the vaccine roll out, this forecast is significantly below the level of peak train services achieved pre-COVID and is considered to be fully achievable within the current operating environment



Retail performance

Retail re-openings have risen sharply since the third lock down and only three leases do not have appointed tenants. Sales are improving as retailers return and sales per unit are at the highest levels since April 2020





Current Trading

Current trading is broadly on track. EIL has run lower train paths than forecast which has been offset by higher LSER train paths and some out performance on Unregulated. Cashflow timing accounts for the majority of the difference in CFADS and is being actively managed

Measure	YTD		FY Budget
	Actual	Variance	
International Train Paths incl spots	564	(117)	8,452
Domestic Train Paths incl spots	12,258	181	53,290
HS1 Costs exc unregulated (£'m)	(3.3)	0.2	(14.8)
Unregulated Cashflow (£'m)	1.6	0.4	7.6
Total CFADS (£'m)	41.5	(3.5)	119

DSCR Covenants

In previous projected DSCR covenant submissions HS1 anticipated good headroom over the “lock up” level of 1.2x. Based on the current budget, the headroom to lock up on the ratios is reduced given the current headwinds. However, the business constantly monitor this and outputs will be shared at full and half year

Covenant for the period to:	Forecasted covenant ratio	Finalised
March 21	1.25x	Confirmed
Sept 21	1.23x	Dec 21
March 22	1.26x	June 22

Credit ratings: HSRF1 (Opco Security Group)

S&P have recently affirmed the credit rating, after taking account of the term loan extension and increase in the Working Capital Facility, 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 2021): BBB+ (Negative Outlook) Affirmed

- Affirmed at BBB+
- S&P recognized the benefit of the domestic underpin where the DfT is committed to top up train paths to 96% of the pre-pandemic levels
- Further actions will be dependent on the vaccine rollout and international recovery

> We would revise the outlook to stable if COVID-19-related traffic disruption were contained, a risk of further traffic restrictions due to health concerns diminished, we observed strong traffic recovery for Eurostar, and the economic situation stabilized.

S&P Research Update High Speed Rail Finance (1) PLC 13 May 2021

Fitch (August 2020): A- Stable

- Fitch annual review expected to be concluded in August

Next Steps

HS1 has a well established business rhythm. Several of the key deliverables are laid out below, noting its new ESG reporting. HS1 has already refinanced the Opco liquidity facility, as well as the Term loan and extended the Working Capital Facility

August
- Fitch annual rating review due
- Planned execution date of the Stratford land sale

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

Oct
- HS1's first ESG report to be issued
- S&P annual rating review due

Nov
- Invoice LSER & EIL quarterly track access following the new timetable submission, including DfT for the Underpin
- Finalise remaining SONIA based financial instrument conversions

Dec
- Timetable from May 22 to Dec 22 to be issued
- Lender update on performance and HY reporting cycle

Jan
- Agree volume reopener train paths
- Road map on being ready for the TCFD reporting requirements in 2023

Summary

The budget forecasts a Eurostar bounce back during summer, the recovery forecast is considered to be achievable but the business is entering a critical phase through August and requires recovery in international train paths to support its ongoing recovery

Eurostar have booked a small forward timetable for the period from December 2021, which has some cashflow improvements versus the forecast. HS1 is also still expecting to rely on the Domestic Underpin for LSER paths but still forecasts covenants above 1.2x. As reflected in the S&P analysis, the domestic TOC revenue is sufficient to ensure debt service is covered

HS1 is preparing to execute another annual volume reopener at the next contractual date in December 2021 and is in regular contact with stakeholders on the process to agree the train paths to allocate these costs across

Management is focused on protecting value for all stakeholders and in particular your interests as lenders. Recovery is the foundation of our strategy. We expect the annual rating review to start in the coming weeks

HS1 continues to actively monitor its risk register in the context of COVID. The next update on future forecasts will be updated for the Half Year covenants due later in the year

Wrap up

Wrap up

Due to the ongoing evolving situation, we will continue to communicate when necessary. The management team is committed to achieving the best possible outcome for all stakeholders, in particular you as our lenders

COVID 19 has presented the business with significant challenges with key uncertainties remaining, in particular around Eurostar train paths. HS1 management continue to engage with the system to ensure the best response to the continuing pandemic

Management has already implemented protective measures stabilising the business and has a clear strategy for recovery

Alongside the management of the underlying business HS1 management is driving the sustainability agenda and has identified several incremental Growth opportunities

Management are ready for further potential challenges to arise. HS1 remains a quality concession in a challenged industry and has been available throughout this uncertain time and has delivered on all core operational KPIs

Due to the continued uncertainty, shareholders and management will keep in place the board sub-committee, the Covid Recovery Committee to ensure the best outcome for all stakeholders. We will continue to keep you informed as necessary

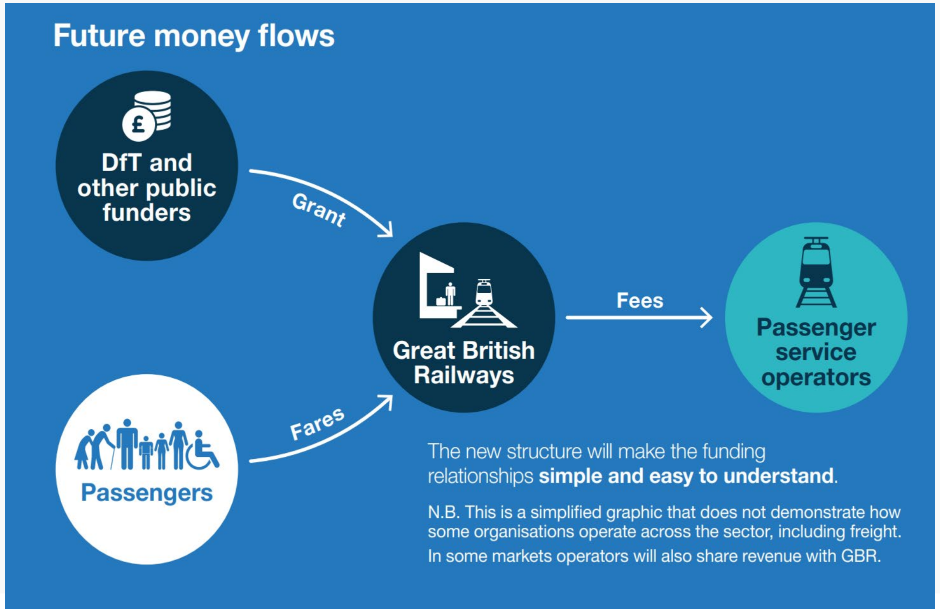
Questions

Appendices

William – Shapps Review

Major structural reform of the industry announced on 20th May 2021 in the Williams – Shapps Review sets out the high-level vision for the future of UK rail. The Review centres on the formation of Great British Railways (GBR) – a new body with a broad remit to manage operators and infrastructure in an integrated way

- There is **no direct impact on HS1**, but this will be monitored
- The **Plan sets out 10 outcomes** to be delivered by 62 specific initiatives and provides a comprehensive vision for the future of railways in Great Britain
- **Great British Rail will be set up as the strategic 'brain' of the system combining rail and track** as well as bringing together rail financing in a consolidated way
- **New Passenger Service contracts will provide competitively let concessions** (consistent with the TfL model)
- With **LSER's direct award up in October 2021**, the new contract is likely to reflect a move to a **new National Rail Contract** over time
- Focus on **freight and greener / cleaner** to drive growth on networks
- The existential challenge of COVID 19 has increased the urgency for reform



System Approach to Sustainability

To support retail recovery from Summer 2021, we have launched a new retail sustainability initiative, Project Peatlands, bringing together the supply chain to encourage footfall in the station and support our sustainability strategy.

- As restrictions ease and we welcome our customers back to St Pancras International, we aim to be London's most 'convenient shopping and dining destination with a conscience', promising to contribute to peatland restoration for every retailer transaction.
- The campaign supports an essential peatland restoration project in Scotland, in partnership with Forest Carbon; a business that develops nature-based climate projects in the UK.
- A full integrated marketing campaign is supporting this initiative. UK peatlands store three times more carbon than the country's forests combined! We are using facts such as this to educate consumers on the importance of peatlands (station signage to the left).