

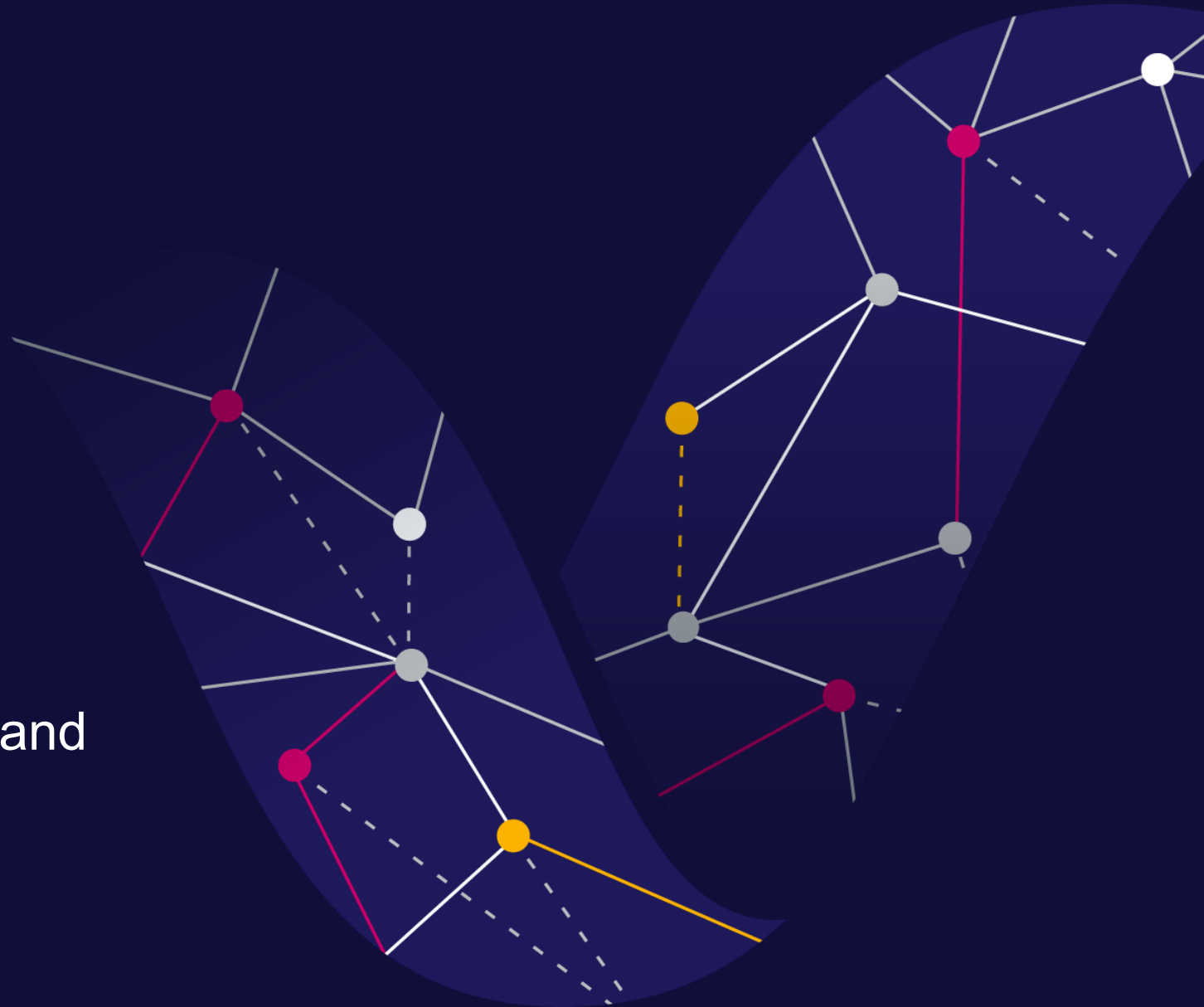


Financial resilience

How to balance financial resilience and consumer affordability?

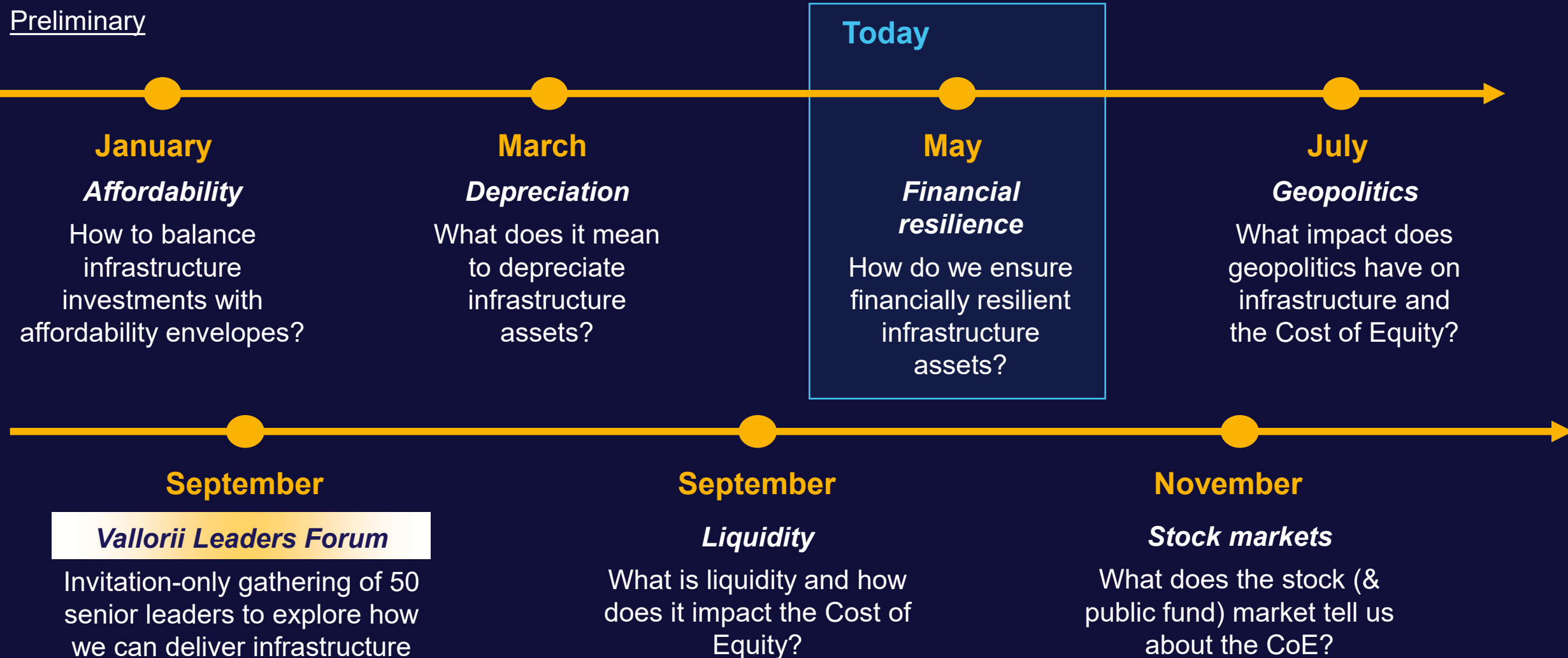
Roundtable, 28th May 2026

CONFIDENTIAL



Our outlook for 2026: We build the VAPRI risk catalogue and discuss immediate impacts

Preliminary



INFRASTRUCTURE VALUATIONS THAT MATCH VALUE

We are building out the unified platform across accounting, CoC, Valuation

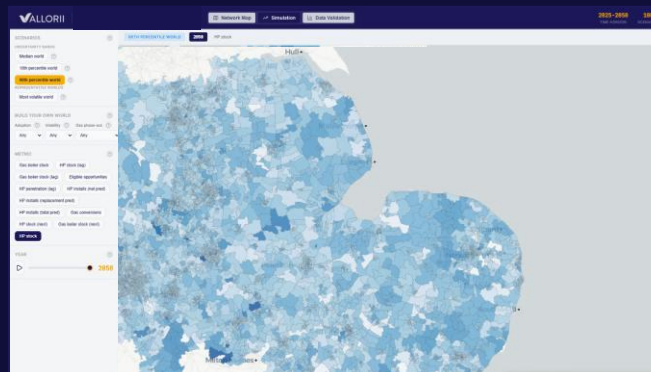
Vallorii Price of Risk Model (VAPRI)

Sector	Asset	CAPM, real (notional company)	VAPRI CoE (actual company)
Electricity Transmission <i>Costs Study Policy</i>	National Grid		5.4 – 6.8%
	SSE (Ogden T3 FD)	5.7%	7.8 – 8.7%
	SP Energy Networks		7.7 – 8.5%
Electricity Generation	Offshore wind (2025 AR7 CID)	-14% (DESNZ)	9.7 – 10.6% (-10% ART)
	Hinkley Point C (2015 CID)		13.5 – 15.5%
Telecoms	SizeWell C (RAB)	5.7 – 7.3%	10.0 – 12.0% (10.6 FID)
Water (Sewage)	5G Auctions	5.5 – 7.9%	10.4 – 13.1%
	Beckton Water Recycling DPC		9.2 – 9.6%
Water (combined)	HARP & Cheddar II DPC	6.3%	7.7 – 8.5%
	Anglian		6.7 – 7.5% <i>Excluding short-term default risk</i>
	Severn Trent		6.4 – 6.8%
	Southern		7.1 – 7.9%
	South West (Pennon)	5.9% (CMA proc. Appeals decision)	6.4 – 6.8%
	Thames		10.3 – 11.9%
Airports	Wessex		7.1 – 7.5%
	Yorkshire		6.8 – 7.2%
	London Heathrow (excl. 3 rd runway)	8.87% (LHR BP)	7.0 – 8.5%
	London Gatwick (excl. 2 nd runway)		7.4 – 8.9%
	Manchester	8.6% (CoC Lab)	7.5 – 9.0%

What is the Cost of Equity, based on bottom-up risk analysis?

- IRR impacts of bottom-up risks
- Risk pricing (Cost of Equity)
- Impacts of the regulatory framework on the Cost of Equity (e.g. risk sharing mechanisms)

Infra Asset Intelligence



What is the future demand for physical infrastructure assets?

- Bottom-up forecasts of future energy/water consumption
- High special accuracy across ~20k UK regions
- Explicit policy comparisons

Cost of Capital Lab

Metric	30 Apr	6 Jun	1st Apr	6 Jun	Today	6 Jun	1st Apr	6 Jun	By Asset	By Asset
COST OF EQUITY (actual, real)										
REGULATORY DETERMINATIONS (CAPM)										
National Grid	5.4%	+10	5.5%	+4	5.4%	-10	5.4%	-10	5.4%	5.32%
Electricity Transmission—Ogden RIG-ET3	5.02%	+10	5.01%	+4	5.04%	+10	5.19%	+17	5.01%	---
Gas—Ogden RIG-GD&T3	5.02%	+10	5.01%	+4	5.04%	+11	5.19%	+17	5.12%	---
Water—CMA PRCA	5.78%	+10	6.10%	+10	6.26%	+11	6.24%	+14	6.25%	---
Water—CMA PRCA	5.78%	+10	6.24%	+11	6.26%	+10	6.47%	+16	6.46%	---
LISTED UTILITIES										
National Grid	0.200	+110	0.201	+46	0.200	-10	0.202	-10	0.202	---
British Water	0.204	+110	0.208	+100	0.205	-10	0.201	-10	0.201	---
British Water	0.202	+110	0.208	+107	0.201	-10	0.208	+10	0.208	---
British Water	0.208	+110	0.207	+40	0.204	-10	0.208	+10	0.208	---
RISK FREE RATE (real)										
BY REGULATORY FRAMEWORK										
National Grid	2.07%	+10	2.05%	+4	2.05%	+10	2.15%	+10	2.22%	0.95%
Electricity Transmission—Ogden RIG-ET3	1.97%	+10	2.03%	+14	2.06%	+10	2.07%	+10	2.05%	---
Gas—Ogden RIG-GD&T3	1.97%	+10	2.03%	+14	2.06%	+10	2.07%	+10	2.05%	---
Water—CMA PRCA	1.88%	+10	2.24%	+13	2.27%	+10	2.84%	+10	2.86%	---
Water—CMA PRCA	2.03%	+10	2.07%	+13	2.06%	+10	2.07%	+10	2.07%	---
MARKET										
Market	4.95%	+10	4.94%	+4	4.94%	---	---	---	---	---
PRICE-TO-NAV RATIO										
Vallorii Infrastructure Based	69.72%	+101	71.05%	+110	72.02%	---	---	---	---	---

What is the public market expectation of utility stocks?

- Regulatory Cost of Capital allowances based on stock market dynamics
- Market drivers and regulatory cross-checks (e.g. Multi-factor models)

Cost of Capital Monitor: Vallorii members will receive our monthly monitor of regulatory Cost of Capital.

Metric	3m Ago	Δ 3m	1m Ago	Δ 1m	Today	Δ +1y	1y Fcast	Δ +5y	5y Fcast	FD
COST OF EQUITY (post-tax, real)										
REGULATORY DETERMINATIONS (CAPM) →										
Aviation — CAA H7	6.45%	+19	6.56%	+8	6.65%	-20	6.44%	-22	6.43%	8.32%
Electricity Transmission — Ofgem RIIO-ET3	5.52%	+12	5.61%	+2	5.64%	+16	5.79%	+17	5.81%	—
Gas — Ofgem RIIO-GD&T3	5.92%	+8	5.98%	+2	6.00%	+11	6.11%	+12	6.12%	—
Water — CMA PR24	5.78%	+42	6.10%	+10	6.20%	+3	6.24%	+4	6.25%	—
Water — Ofwat PR24	5.10%	+15	5.24%	+1	5.25%	+23	5.47%	+25	5.50%	—
ASSET BETA (10 year, daily, FTSE All-share)										
LISTED UTILITIES →										
National Grid (NG)	0.355	+110	0.361	+46	0.366	-32	0.362	-32	0.362	—
United Utilities (UU)	0.324	+115	0.328	+69	0.335	-45	0.331	-45	0.331	—
Severn Trent (SVT)	0.322	+113	0.326	+77	0.333	-53	0.328	-53	0.328	—
Pennon (PNN)	0.389	+153	0.397	+65	0.404	-49	0.399	-49	0.399	—
RISK FREE RATE (real)										
BY REGULATORY FRAMEWORK →										
Aviation — CAA H7	2.20%	+39	2.56%	+3	2.59%	+57	3.16%	+63	3.22%	0.59%
Electricity Transmission — Ofgem RIIO-ET3	1.97%	+39	2.33%	+3	2.36%	+57	2.93%	+63	2.99%	—
Gas — Ofgem RIIO-GD&T3	1.97%	+39	2.33%	+3	2.36%	+57	2.93%	+63	2.99%	—
Water — CMA PR24	1.88%	+39	2.24%	+3	2.27%	+57	2.84%	+63	2.90%	—
Water — Ofwat PR24	2.21%	+39	2.57%	+3	2.60%	+57	3.17%	+63	3.23%	—
MRP										
Implied MRP	4.29%	+25	4.54%	0	4.54%	—	—	—	—	—
PRICE-TO-NAV RATIO										
Vallorii Infrastructure Basket	69.72%	+321	71.55%	+138	72.93%	—	—	—	—	—

Where is regulatory CoE heading?

Monthly updates for future Cost of Equity allowances based on bond market expectations

What drives sectoral differences?

Compare regulatory methodologies across Energy, Water, Transport with every new price review

Who are the market makers?

Identify ownership changes and key drivers behind the Cost of Equity and Market-to-Asset ratio

Agenda

0 Recap: What is financial resilience and why do we care?

- ### 1 How does financial headroom impact bills and affordability?
- *Financial headroom has eroded:* Regulated utilities retain low investment-grade credit ratings across the UK, EU, and US, down from high investment grade ratings in the 1990s in part due to 11% annual growth in debt.
 - *Restoring headroom adds affordability pressure:* Restoring investment grade debt coverage ratios at current gearing increases bills by up to 10% on top of planned capital expenditure.
 - *Slow-money funding lowers current bills but erodes future financial headroom:* Slow-money funding increases Thames Water's RAV by ~32% and lowers CFO / interest ratio by ~35% over the next regulatory cycle

- ### 2 What actually drives long-term financial resilience in regulated infrastructure assets?
- *Financial resilience is strongly trust-based:* Eroding headroom means that financing is fundamentally based on trust in future regulatory allowances and refinancing certainty. Loss of trust drives cliff-edge drops in bond prices.
 - *Physical assets are financial liabilities:* The water sector maintains an asset base more than 6x larger than its revenue base (£620bn MEAV vs. £110bn RAV), increasing operational uncertainty and exposure to cost overruns.
 - *Physical and financial risks jointly impact equity returns:* AI-based simulations show that Tideway has an implied hurdle rate of 3.95% implying a valuation premium of ~22% on RAV.

AI^{★★}

Finance recap: Alpha-numerical credit ratings ‘quantify’ financial resilience. Rating agencies consider quantitative financial ratios and qualitative rating scores.

Financial resilience is a system's capacity to absorb financial shocks, reorganise its resources, and keep delivering the functions it exists to perform.

Credit rating inputs



Coverage ratios

- FFO / Net Debt
- RCF / Net Debt
- FFO / Interest
- DSCR



Leverage ratios

- Net Debt / RAV
- Net Debt / EBITDA



Qualitative factors

- Regulation/ political risks
- Timeliness of cost recovery



Company credit rating

Investment grade

AAA

AA+

AA

AA-

A+

A

A-

BBB+

BBB

BBB-

Speculative

BB+

BB

...

D

Low-risk investments with low default probability

High-risk investments with high default probability



Debt / Equity market impact



HIGHER YIELD:
Speculative bonds are more risky and require more yield





LOWER ACCESS:
Speculative bonds are not financeable by many institutional investors



Ofgem and Ofwat have introduced explicit gearing caps, rating floors, and dividend lockups to ensure long-term financial resilience




Electricity Networks
R110-3: New financial resilience licence condition consulted on. Ring-fencing requirements. 25-year Strategic Asset Investment requirement.

Water + wastewater
PR24: strengthened licence conditions, gearing monitoring, dividend restrictions, annual resilience assessments. IG credit rating expectation.

Cross sector
Re-determinations: Accepted need for higher investor returns; de facto resilience arbiter across water and potentially energy and others




Telecoms
No financial resilience regime. Ofcom regulates competition and access pricing, not financial health.



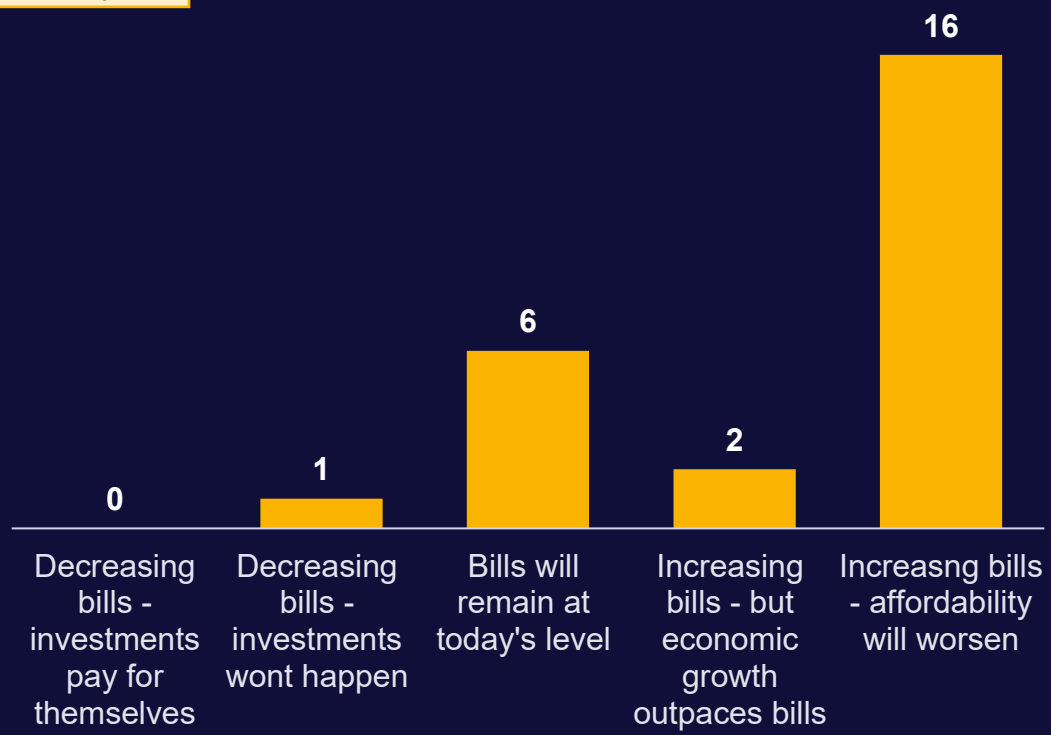

Airports
Financial resilience monitoring via licences. RAB-based, focused on financeability not broader resilience.

Bills are expected to increase, putting pressure on affordability

There is a fundamental trade-off between affordability and resilience

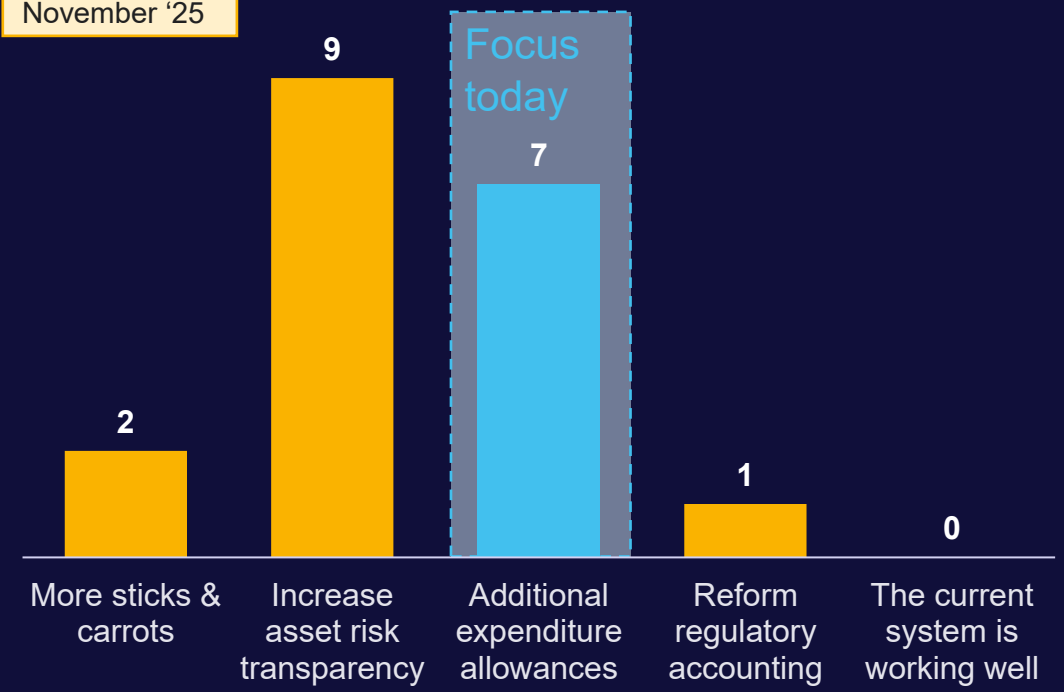
Will household bills across sectors increase or decrease in the next decade?

January '26



What is the most effective way to incentivise companies to invest in asset resilience?

November '25



Agenda

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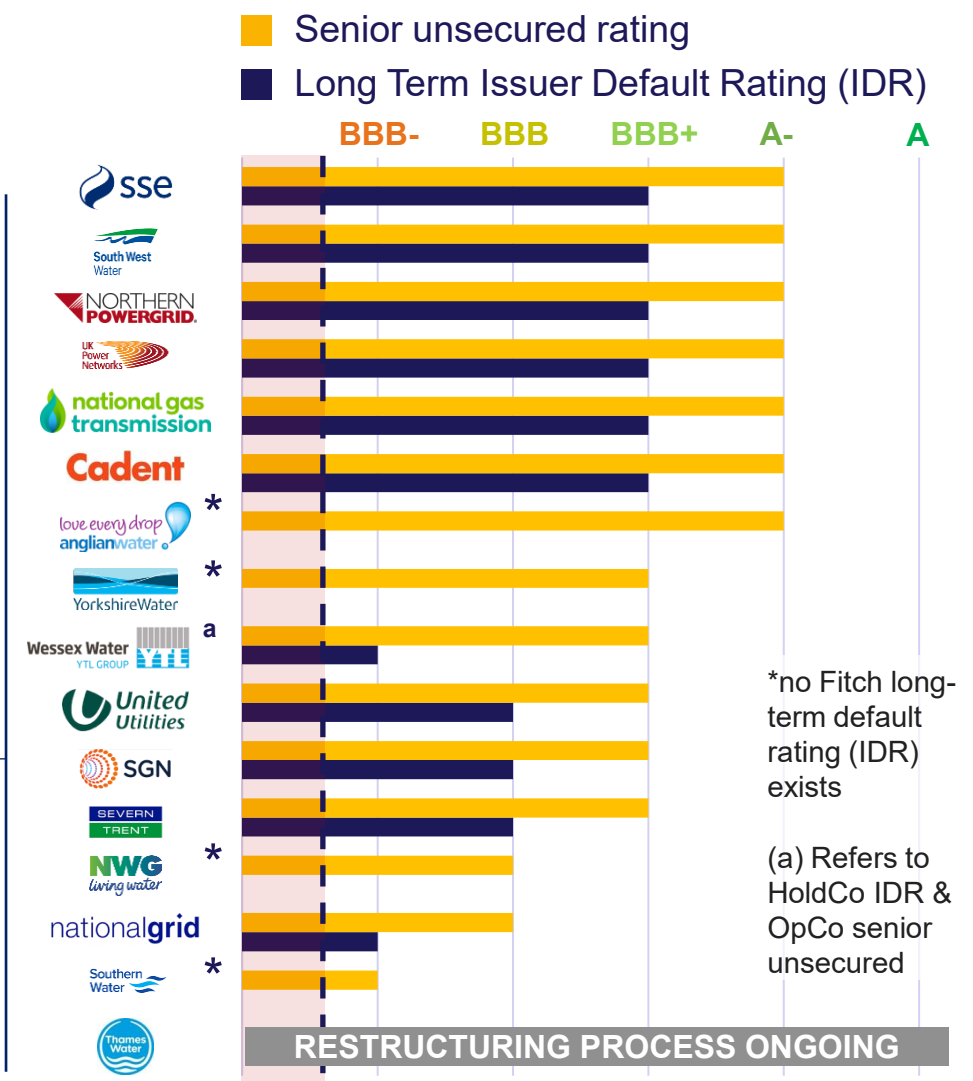
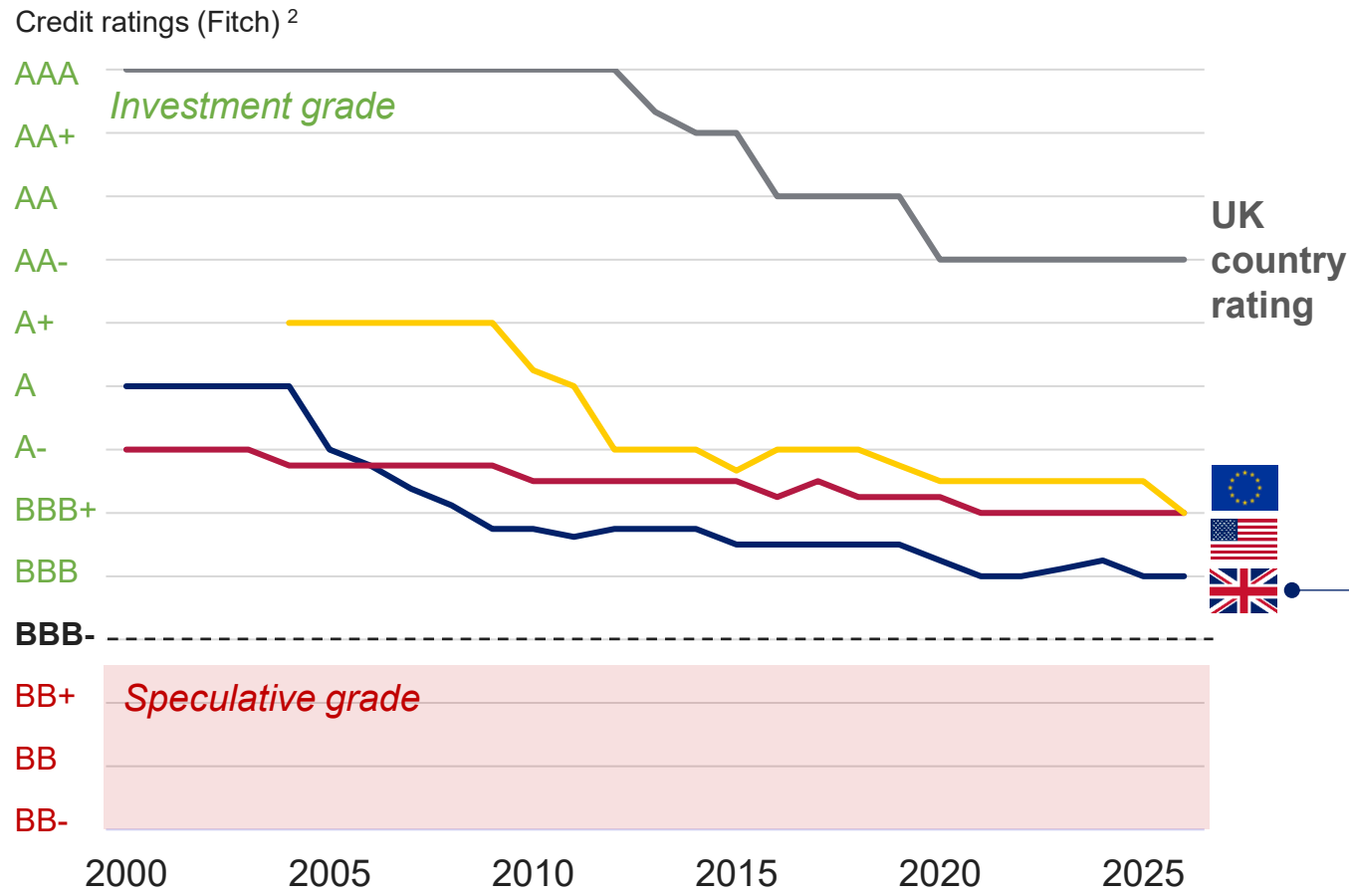
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Stress is increasing: Average utility credit ratings in UK, EU, & US have fallen from A in the 2000s to BBB today

Average credit ratings of UK, EU and US¹ utilities since 2000

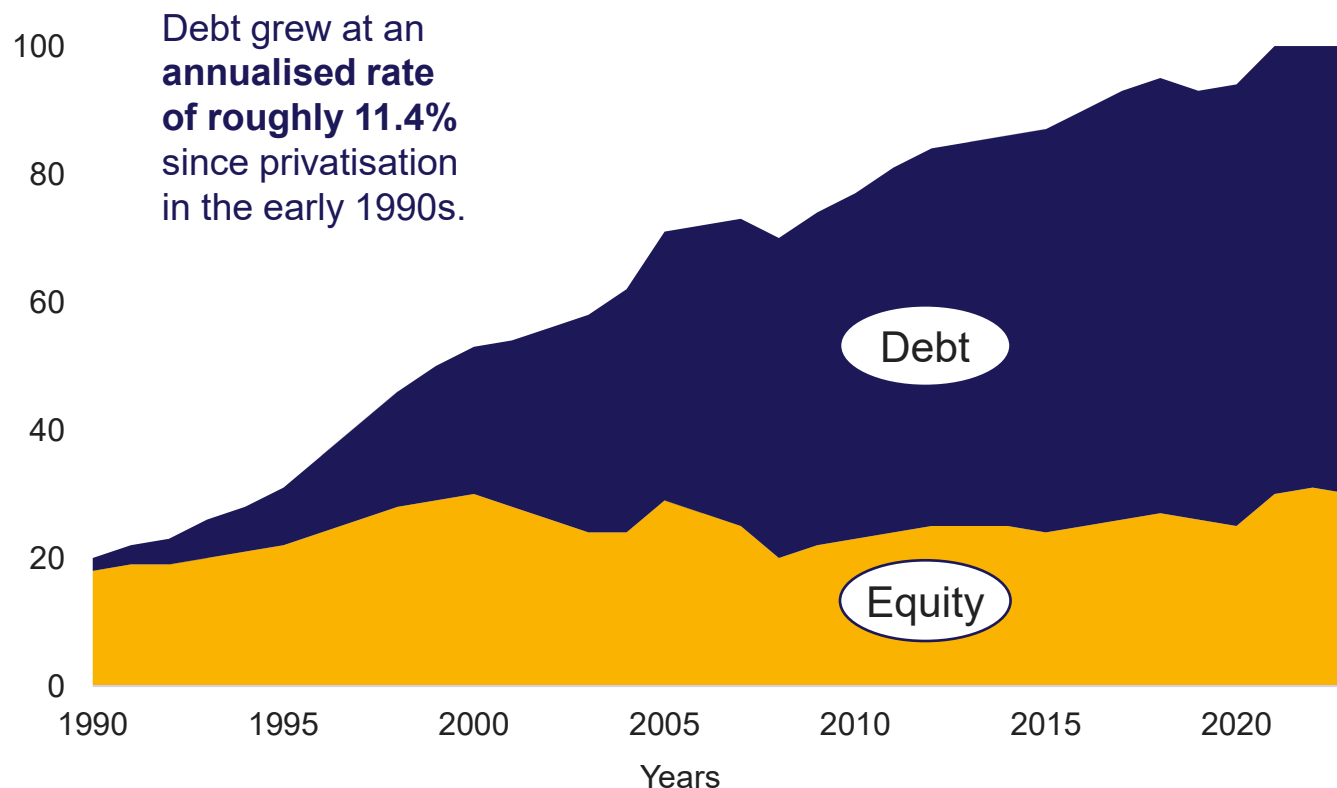


Source: Factset; Fitch Ratings; Notes: 1) UK: National Grid plc, Southern Gas Networks plc, SSE plc, United Utilities plc; EU: Snam, Red Eléctrica, Enagás, Italgas; US: NextEra Energy, Duke Energy, Dominion Energy, American Electric Power; 2) refers to Fitch long term issuer default ratings (IDR)

Growth was debt financed: Water utilities have financed RAV growth from debt since privatisation

Total debt & equity in UK water reached ~£100bn in 2025; total debt rose by ~£70bn since 1990

Total debt and equity (in £bn), in 2023-24 Prices¹



Source: NAO (Regulating for investment and outcomes in the water sector)

The sector has relied on debt to fund RAV growth

Since privatisation RAV grew by ~400%. ~85% of RAV growth was funded by debt

Further RAV growth requires equity injections

Companies expect ~£290bn of additional investment over the next 25 years

Financial resilience is becoming a constraint

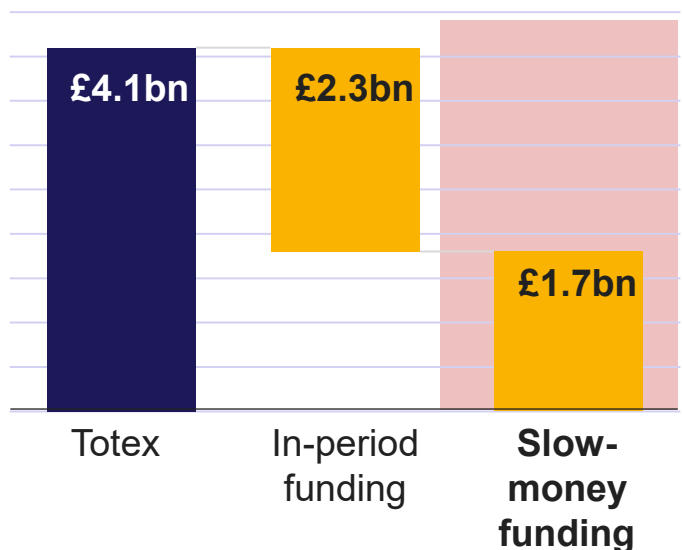
10 of 16 companies did not generate enough operating income to cover interest payments in 2023-24

Regulation erodes headroom: Slow-money funding of maintenance reduces debt coverage by -35% by 2030 due to growing balance sheets



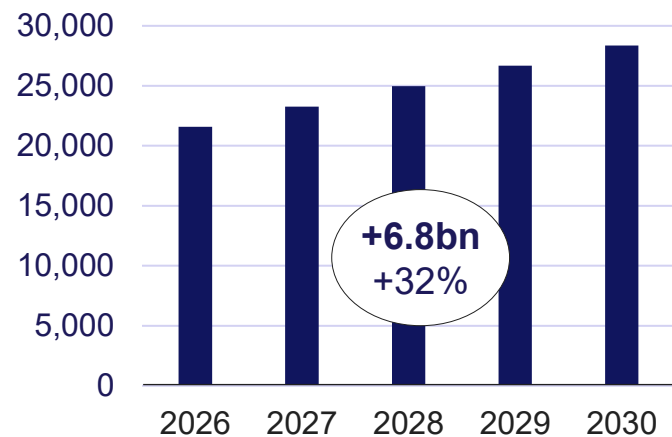
Case study: Slow-money funding is eroding financial headroom over time

Maintenance is partially funded through slow-money



>40% of Totex requirements are funded through slow-money and paid for by future consumers.

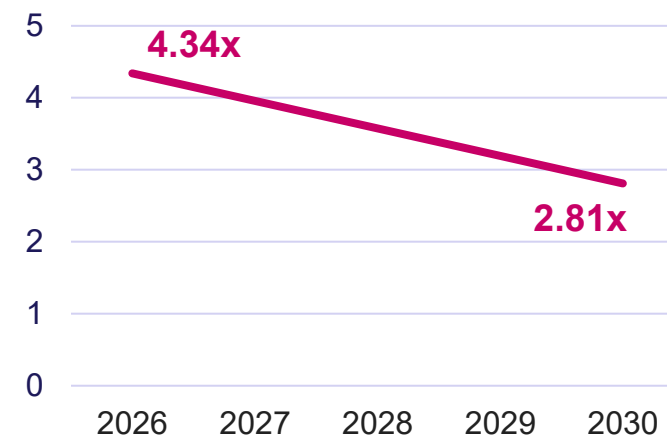
RAV is increasing over time (£mn)



+32% of RAV growth over AMP8

No base Totex growth since the assets are largely fixed

Interest coverage is deteriorating



-35% drop in interest coverage ratio over AMP8 at fixed gearing (notional and actual)

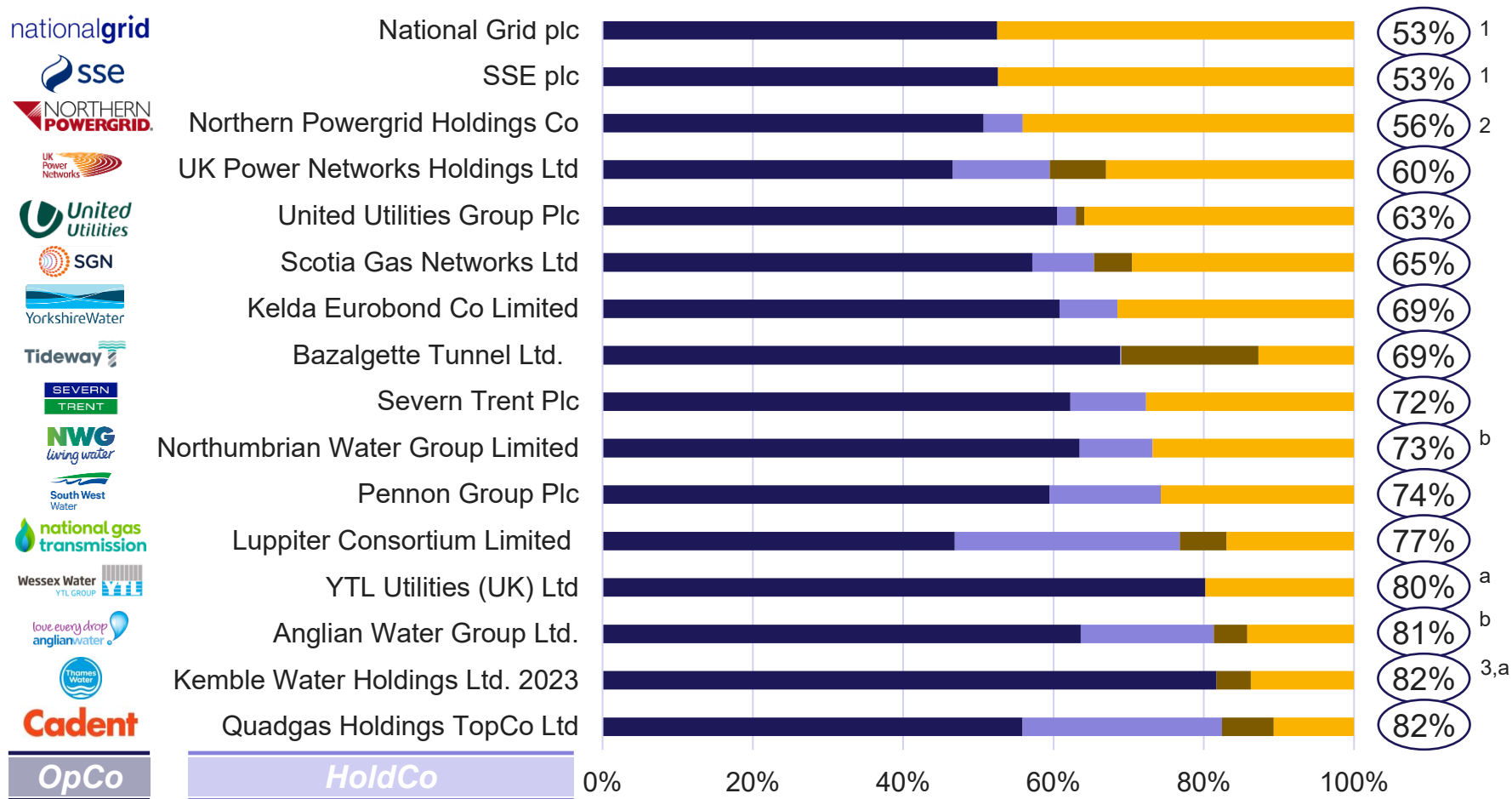
Source: Ofwat PR24, Interest payments are calculated using notional gearing (55%) and cost of new debt (3.74%) as per PR24

Assumptions: Cost of capital and gearing based on Ofwat PR24 parameters. RCV run-off assumed at 3.5%. Operating and maintenance costs assumed to be 2.2% of MEAV, with ~100% PAYG treatment of maintenance, no net depreciation

Utilities differ starkly: Gearing (net debt / RAV) varies widely between ~53% (National Grid & SSE) and ~82% (Quadgas / Cadent) at group level

Opco debt, Holdco debt, true equity across regulated utilities (% of RAV, 2025)

2025 figures



Equity implied as difference between RAV and net debt; shareholder loans considered as quasi-equity

¹ SSE and National Grid gearing refers only to net debt of regulated units

² NorthernPowergrid net debt data from 12/2024

³ Thames Water gearing refers to 03/23 (due to accounting period extension)

^a Shows only OpCo net debt, when net debt at Holdco level < Opco level

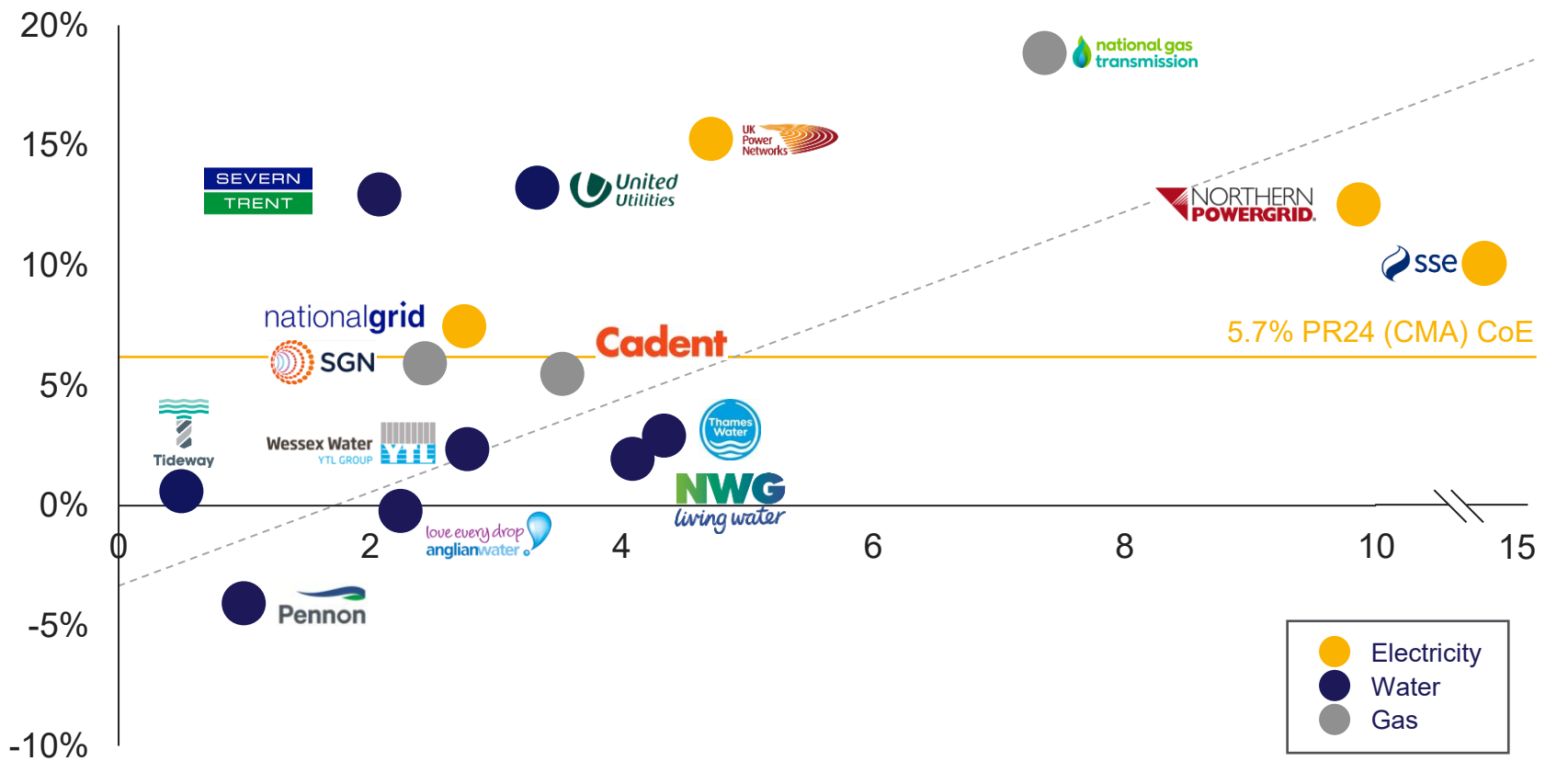
^b Uses 2026 RAV and implied net debt figures to reflect recent equity raises

- OpCo Net Debt
- HoldCo Net Debt
- Shareholder loans
- Consolidated Group Equity
- XX % Consolidated Group Gearing (shareholder loans = equity)

Source: Vallorri analysis based on Companies House financial reports, Notes: Debt and RCV data from 2025; Northern Powergrid reports Dec 2024, National Grid group includes UK RAV and total net debt, cases where OpCo Debt > HoldCo Debt only show OpCo debt; Anglian and Northumbrian figures adjusted for equity raises of £500m and £400m respectively

Utilities differ starkly: Interest coverage ratios vary ~15x between Pennon and SSE; RoE ranges from -4% to 19%

Investor Return on Equity (% nominal, 2024)¹



ICR: Interest coverage ratio (Cash from operations / Interest, 2024)

Water sector is stressed

Interest coverage ratios in water tend to be lower than in other sectors, with low outliers (Tideway, Pennon) below 1x

Energy sector has strong performers

Northern Powergrid, SSE, National Gas, UKPN all show >5x coverage ratios and >10% equity returns

Tideway

Low coverage ratio reflects limited cash generation during the construction period

Source: Factset, Annual Reports of Holding companies;
Notes: (1) Return on Equity = $\frac{Net\ income}{Equity}$, ICR = $\frac{Cash\ from\ operations}{Interest\ payments}$

Poll #1: What should be done to improve utilities' financial headroom in infrastructure? (water, power, gas, transport)

Nothing

there is still enough flexibility in the system

Enforce equity injection

(e.g. curbing dividends)

Reduce the RAB

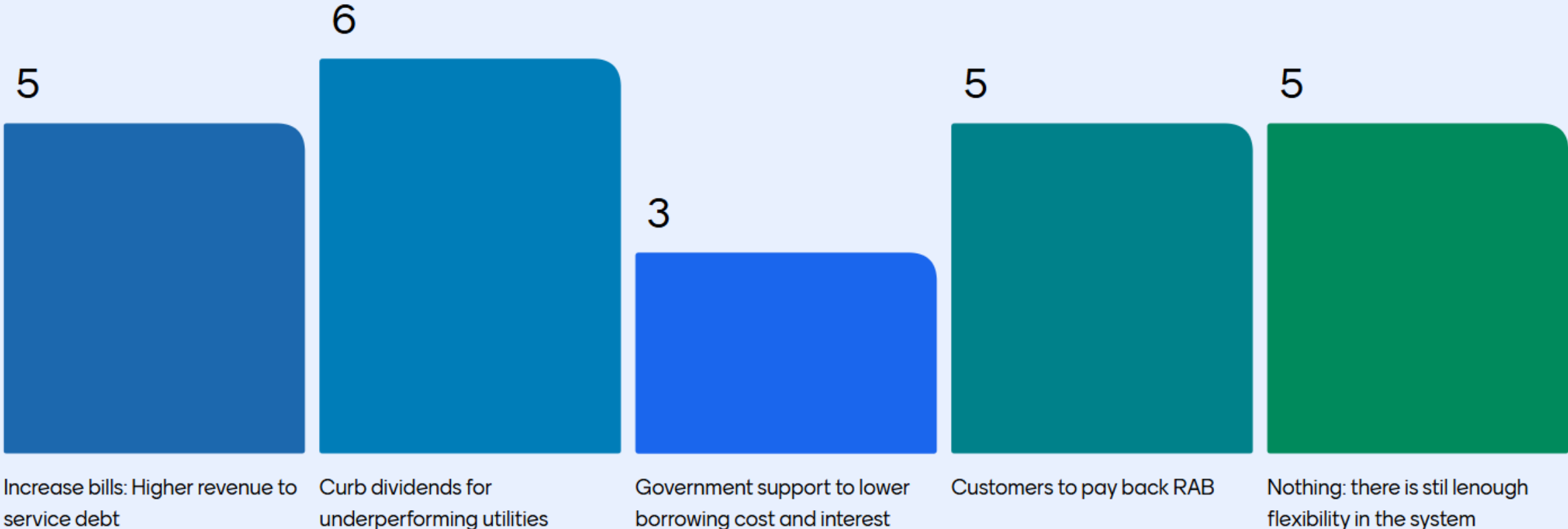
(e.g. higher PAYG & Depreciation with higher bills)

Increase the Cost of Equity

Equity returns = financial headroom for debt



What should be done to improve utilities' financial headroom in infrastructure? (water, elec., gas, transport)



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- AI^{★★}
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Financial trust drops suddenly: Kemble bond price dropped 32% over 6 days in 2024 after loss of confidence

Thames water
Bond prices
(in £)

CEO
resigns

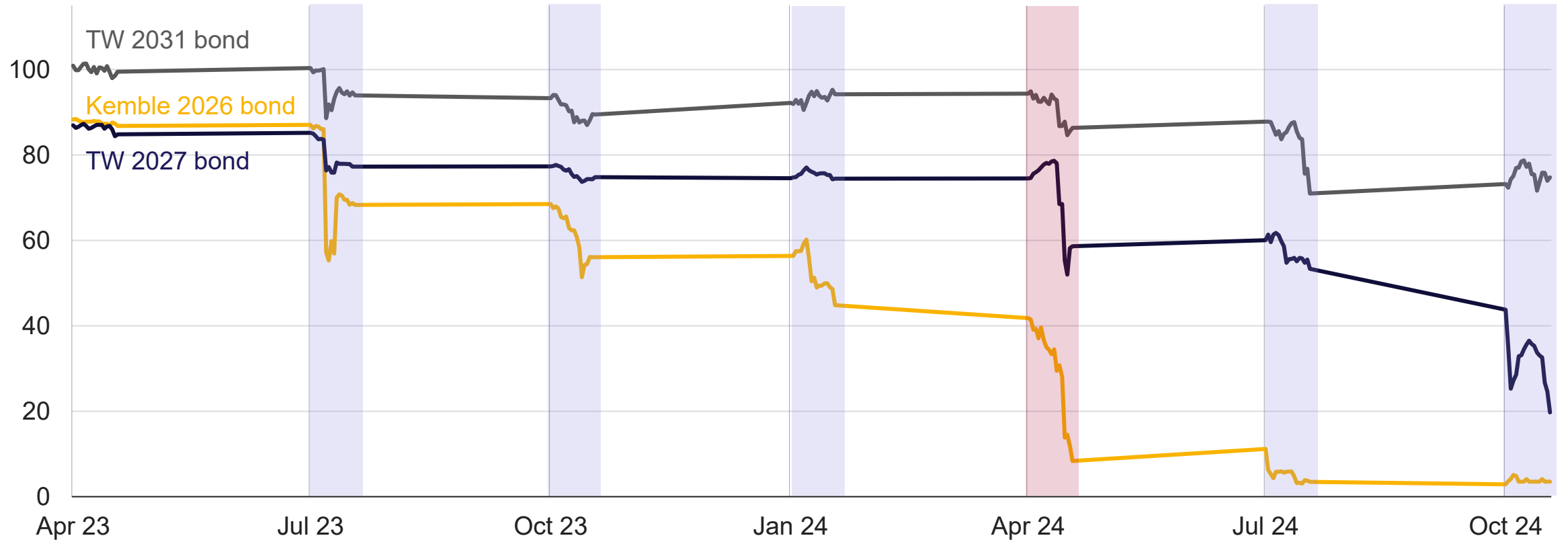
PR24
Business
Plan

Shareholders
refuse £500m
equity injection

Kemble fails to
pay interest

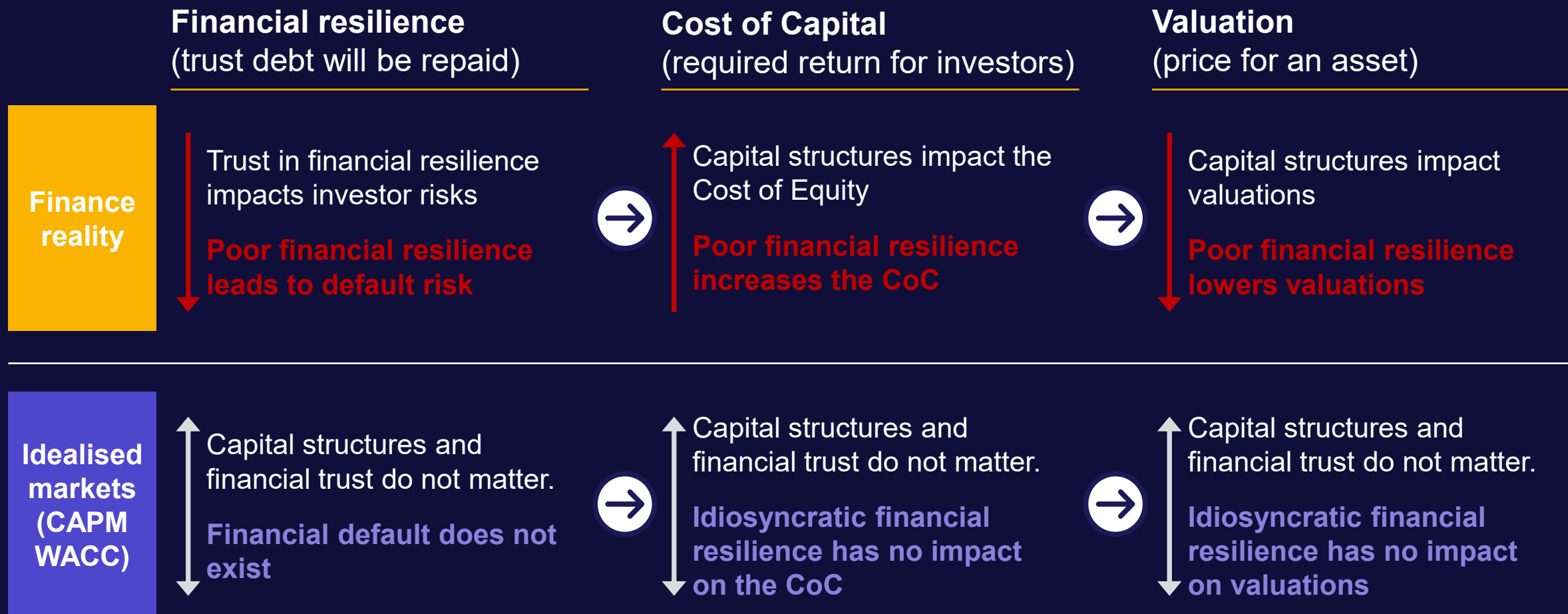
PR24 Draft
Determination

Cash crunch
and
downgrade



Source: Vallorii analysis, data source Factset; Reuters

Poor financial resilience increases the Cost of Capital. Higher Cost of Capital leads to lower valuations.



POLL #2: Does financial resilience impact the Cost of Equity and valuations?

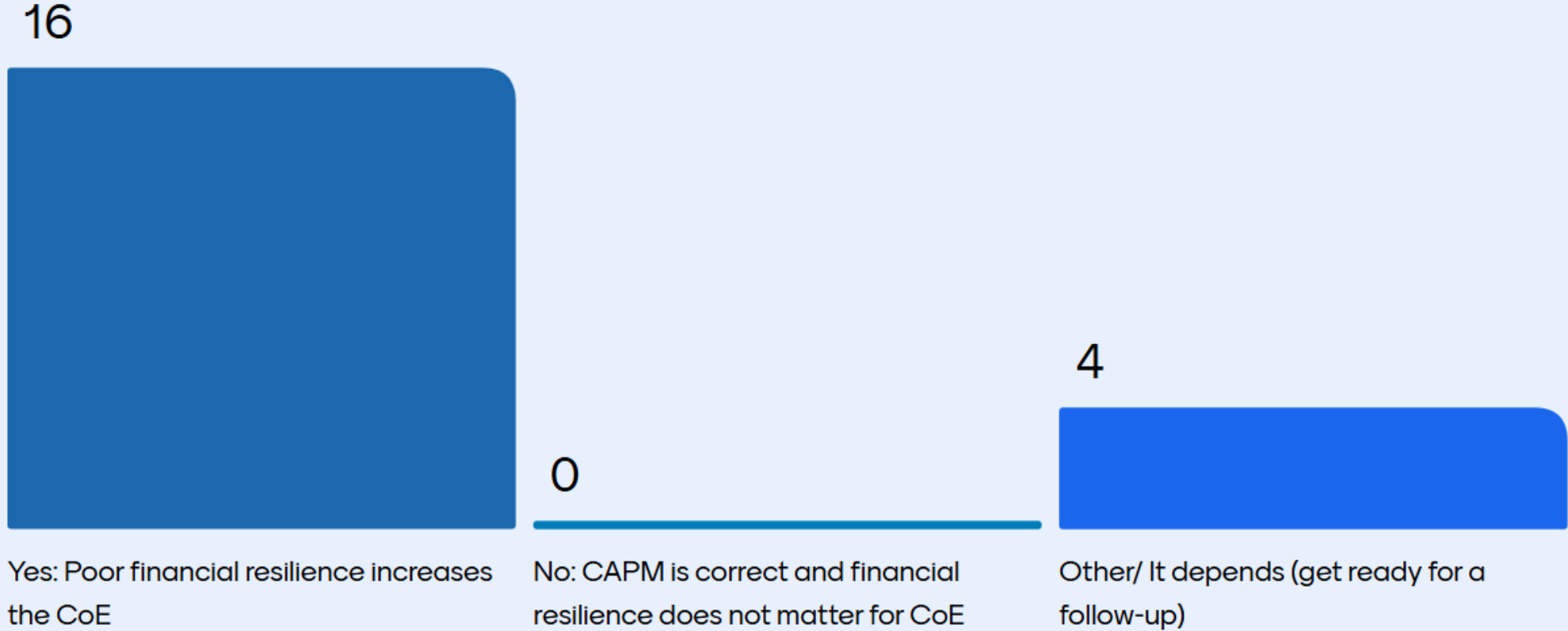
Yes: Poor financial resilience increases the Cost of Equity

No: CAPM is correct and financial resilience does not matter for the Cost of Equity

Other / It depends (get ready for a follow-up)



Does financial resilience impact the Cost of Equity and valuations?

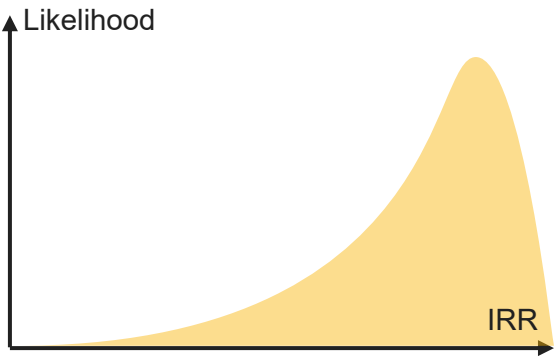


Cost of Equity Recap: Idiosyncratic risks impact IRR and hurdle rates for new capital projects.

Internal rate of return for capital projects, %

IRR describes the **annual return of a capital project** based on future Cash Flows.

P50 IRRs > **hurdle rates** for a positive investment decision.



Hurdle rates: Cost of Equity for capital projects, %

Hurdle rate \neq Stock market Cost of Equity

Hurdle rates are set by Investment Committees based on

- the desired **returns and risk tolerance**,
- the **perceived riskiness** of a specific investment,
- the **true "cost of equity"** (as determined by the true risks) of each specific investment.



Capital projects are frequently irreversible.

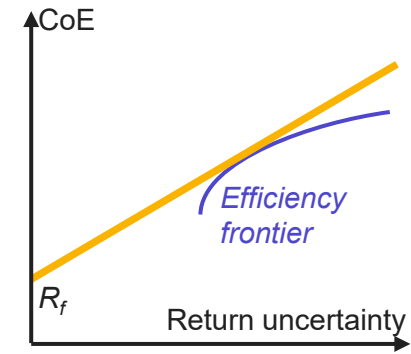
Irreversible projects warrant higher hurdle rates due to the time-asymmetry (option value).



Project risks differ from the existing portfolio (and CAPM).

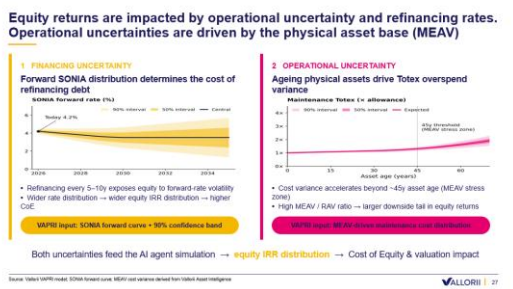
Stock market Cost of Equity, %

CoE describes the **return a listed stock should generate**, to be attractive to a diversified investor.



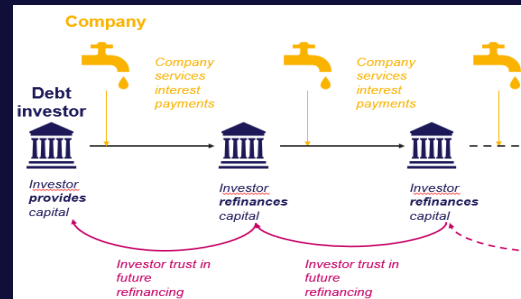
We model Cost of Equity and valuation impacts using the Vallorii Price of Risk model (VAPRI). Refinancing choices are simulated by AI agents.

A Model key risks



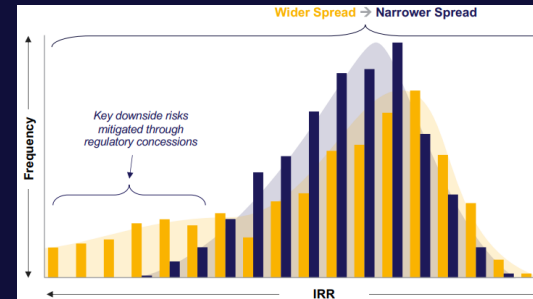
- Interest rate movements
- MEAV-driven maintenance costs

B Simulate future refinancing AI



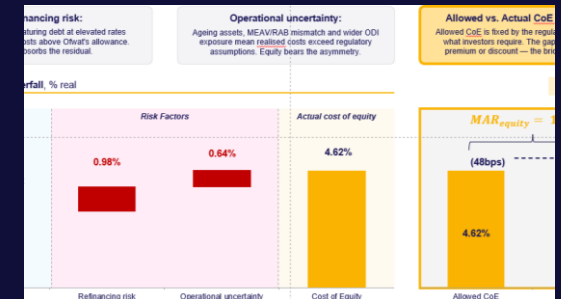
- Use AI to simulate future refinancing decisions
- Companies default when there is a loss in trust

C IRR distribution drive hurdle rates



- The distribution of equity IRR drives the Cost of Equity

D CoE gap drives RAV premium/discount



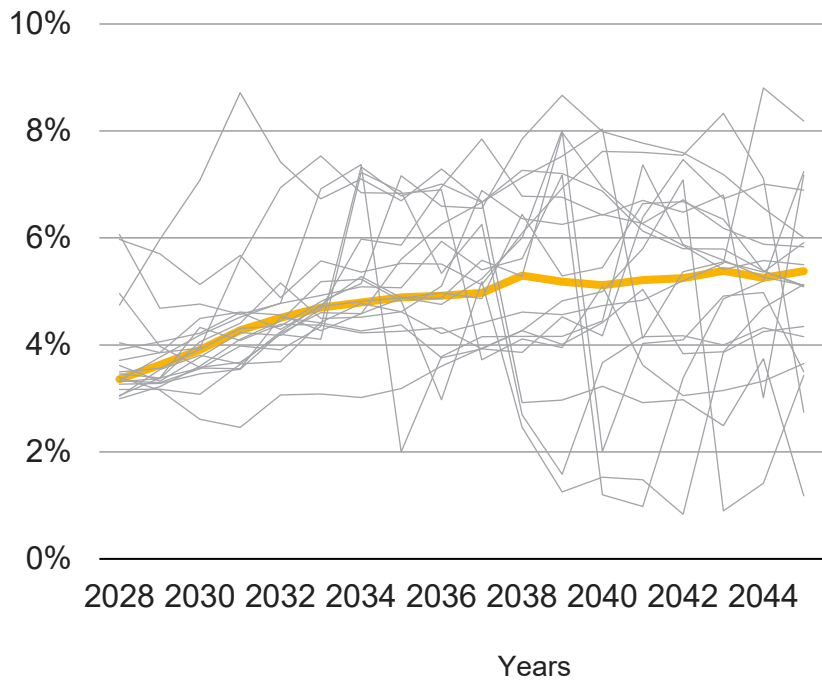
- A cost of equity above/below the regulatory allowance drives a valuation premium / discount

A We model interest rate volatility and operational uncertainty. Interest rates are driven by macroeconomics. Operations are based on physical assets.

INTEREST RATE VOLATILITY

Future SONIA rate determines the cost of debt

Sonia (in %)

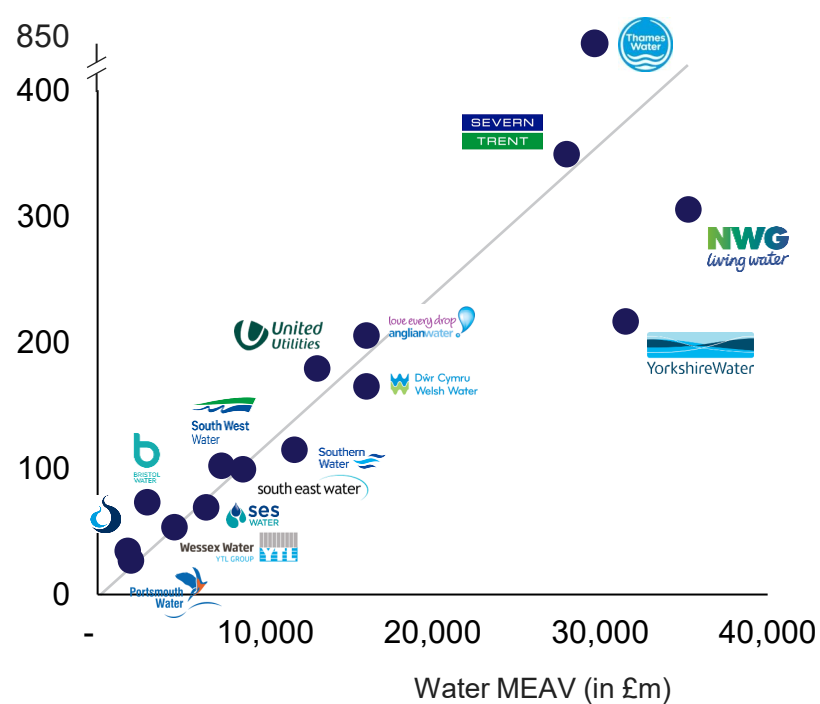


VAPRI input: SONIA forward curve

OPERATIONAL UNCERTAINTY

Physical asset base (MEAV) drives Totex variance

Standard deviation of AMP-period totex (in £m)



VAPRI input: MEAV-driven maintenance cost distribution

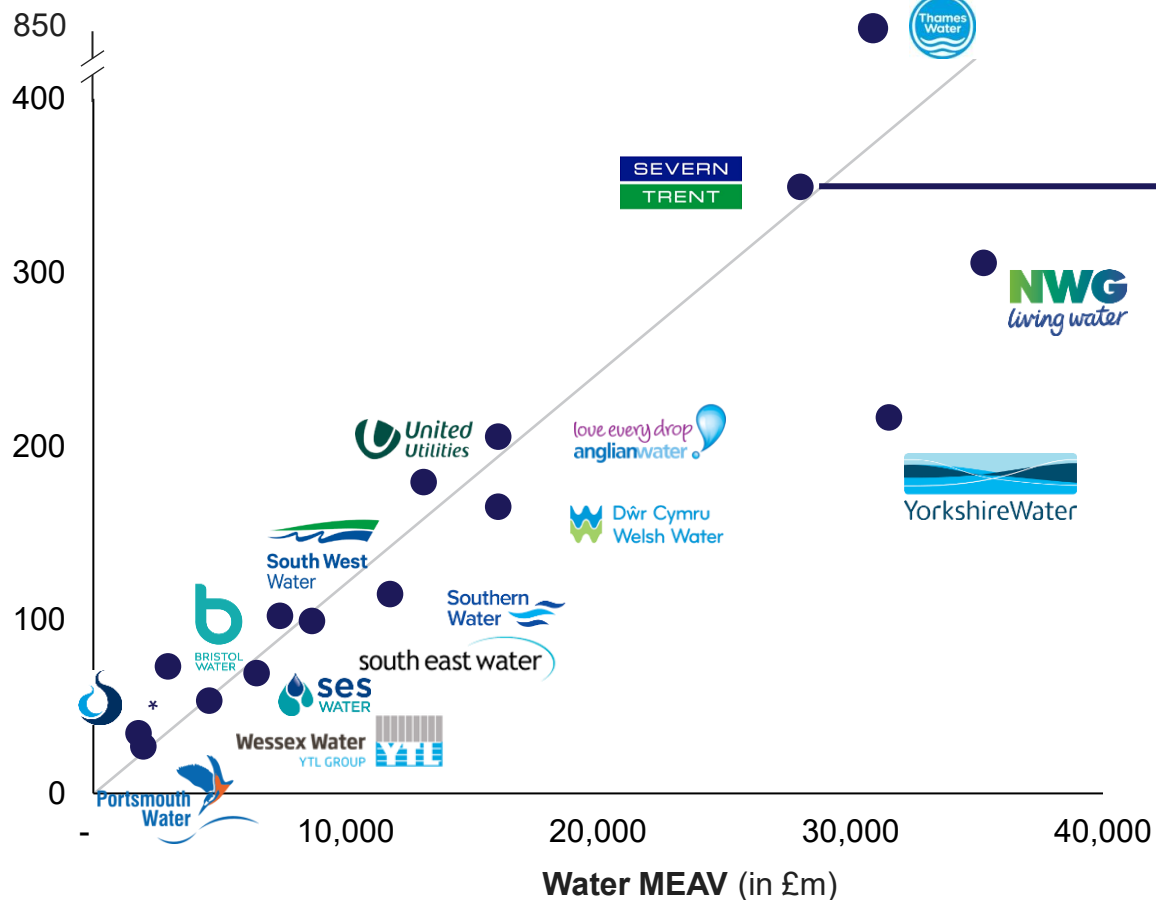
EXCLUDED RISKS

- Regulatory risks
- Asset health deficits
- Inflation
- CapEx risks

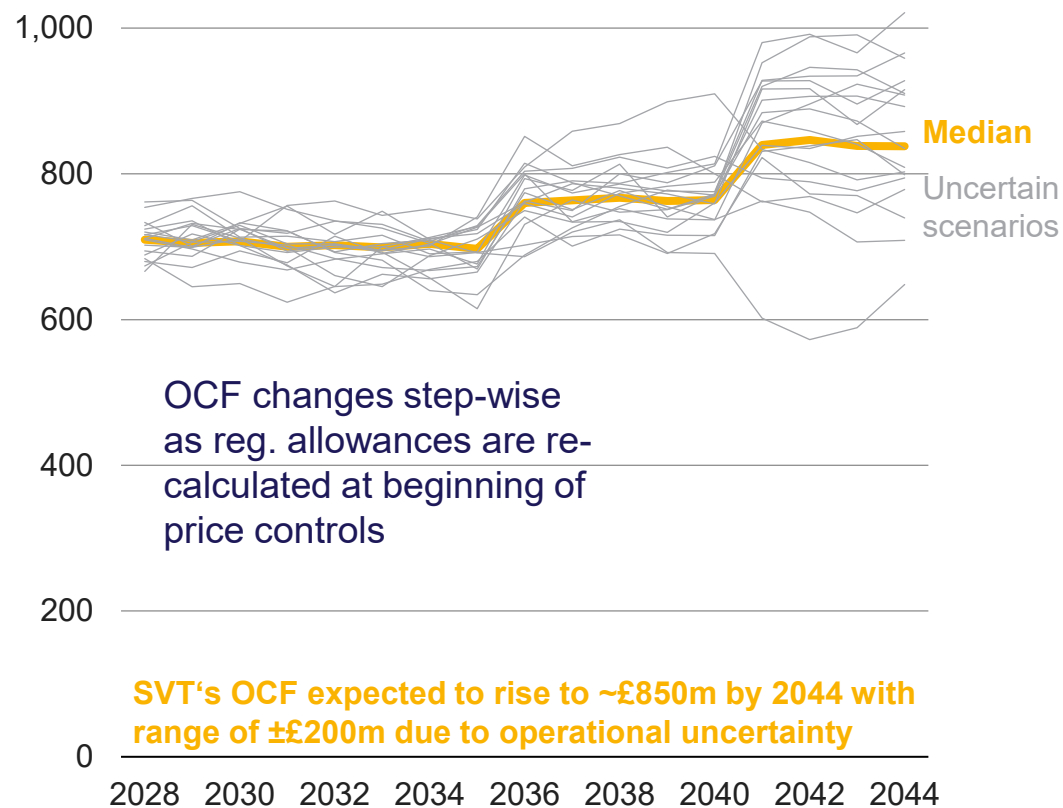
A Operational uncertainty differs by company: Larger asset base drives larger operational uncertainty due to ex ante cost allowances.

OPERATIONAL UNCERTAINTY

Uncertainty of AMP-period totex (std. dev in £m)



Operating cash flow (in £m)¹



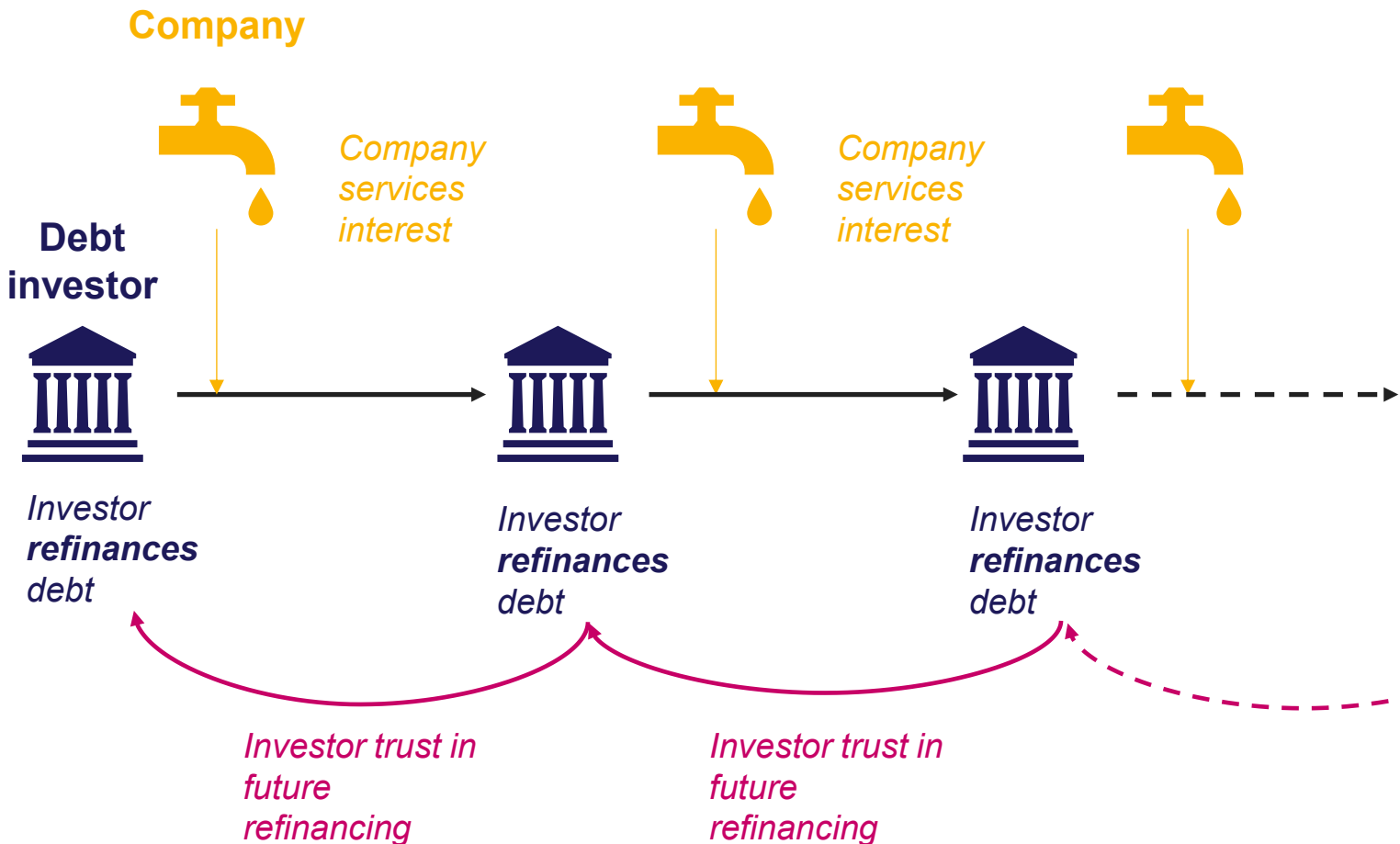
Source: Notes: SES Sutton; (1) OCF changes step-wise at price controls (stongly driven by embedded and new cost of debt)

B In the absence of financial headroom, financial resilience becomes purely based on trust in future regulatory allowances and refinancing.

The trust cycle

Debt investors need to believe that debt will be refinanced down the line

How Vallorii analyses it
Agent simulations



Company services interest

- ⇒ Operational uncertainty impacts their ability to pay interest

NEGOTIATIONS

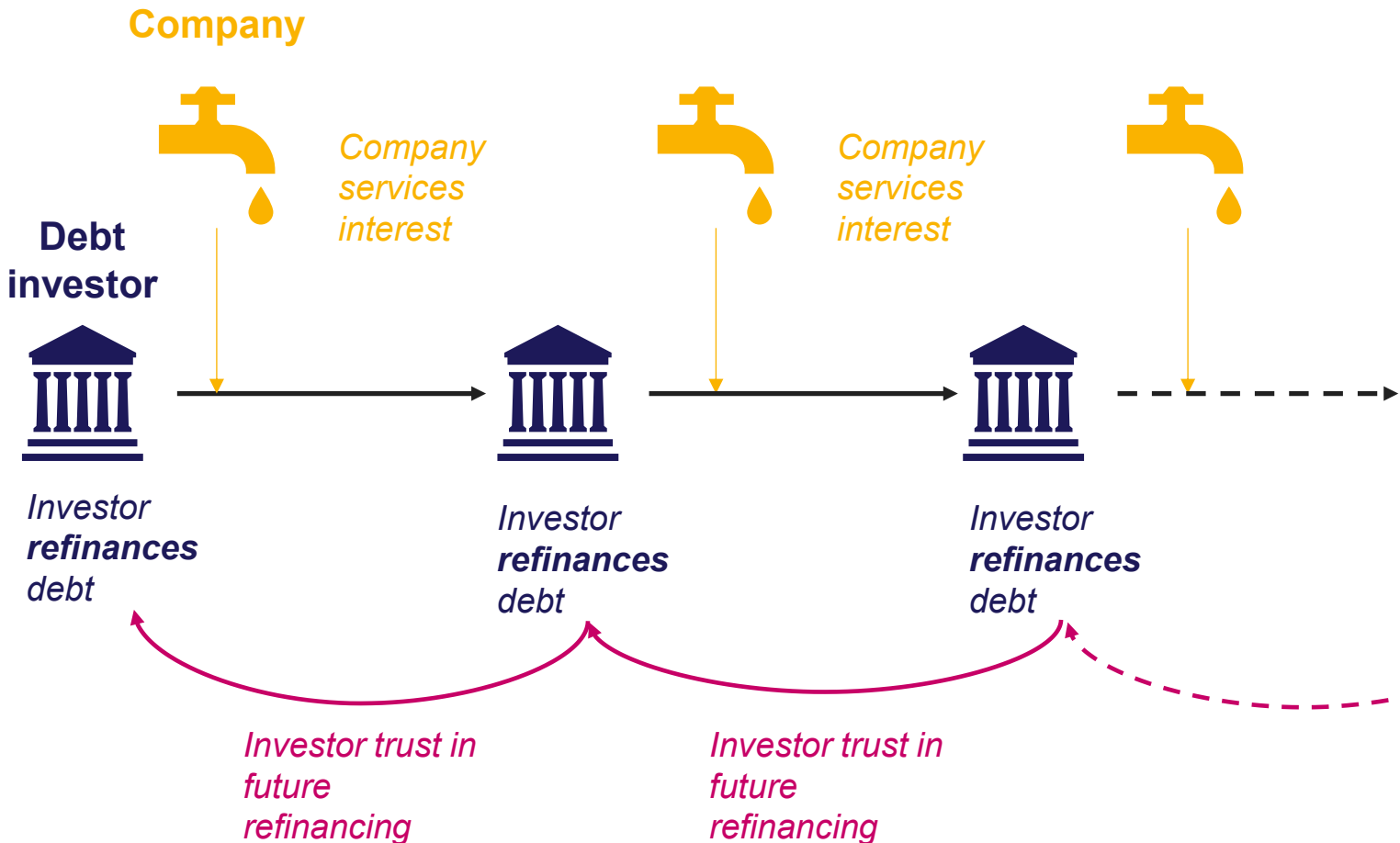
Banker / Lender refinances debt

- ⇒ Interest rates determines the base rate
- ⇒ Trust in company determines credit spread

B In the absence of financial headroom, financial resilience becomes purely based on trust in future regulatory allowances and refinancing.

The trust cycle

Debt investors need to believe that debt will be refinanced down the line

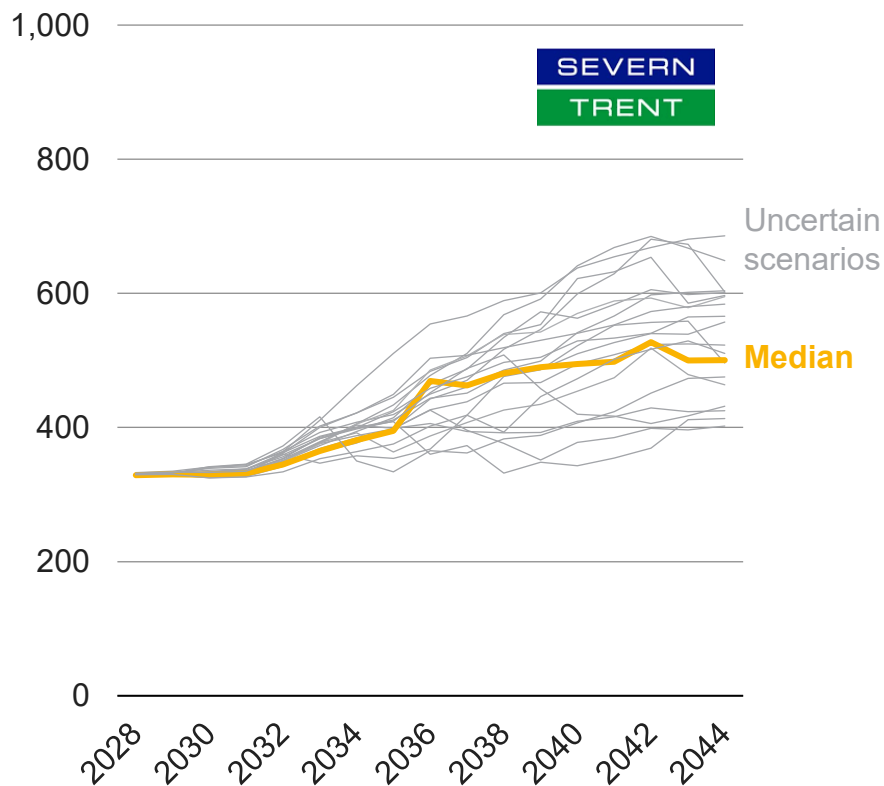


How Vallorii analyses it

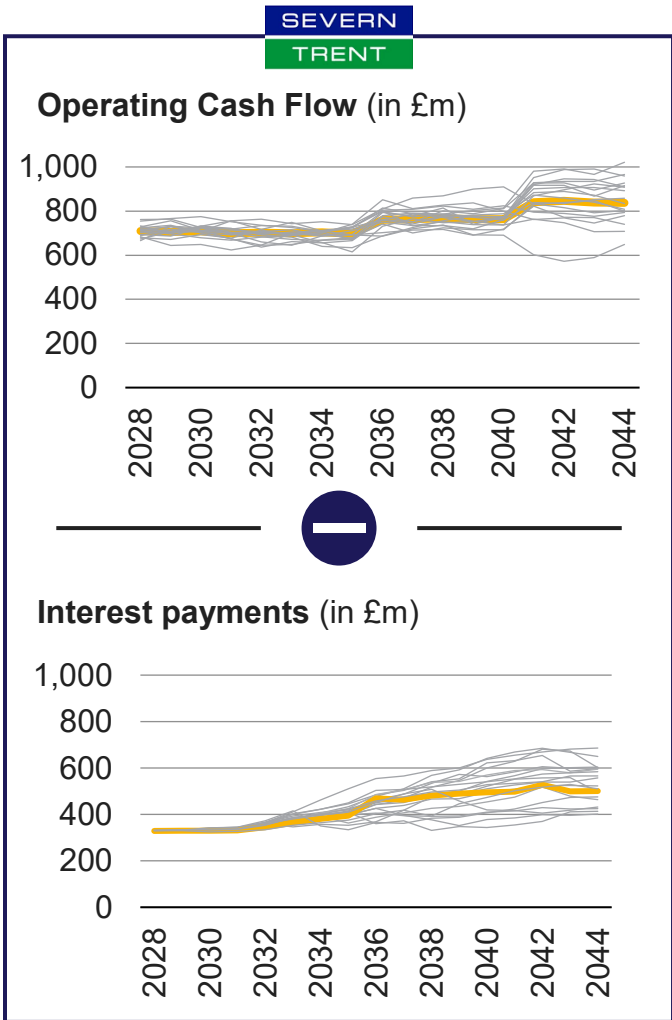
Agent simulations



Annual interest payments (in £m)

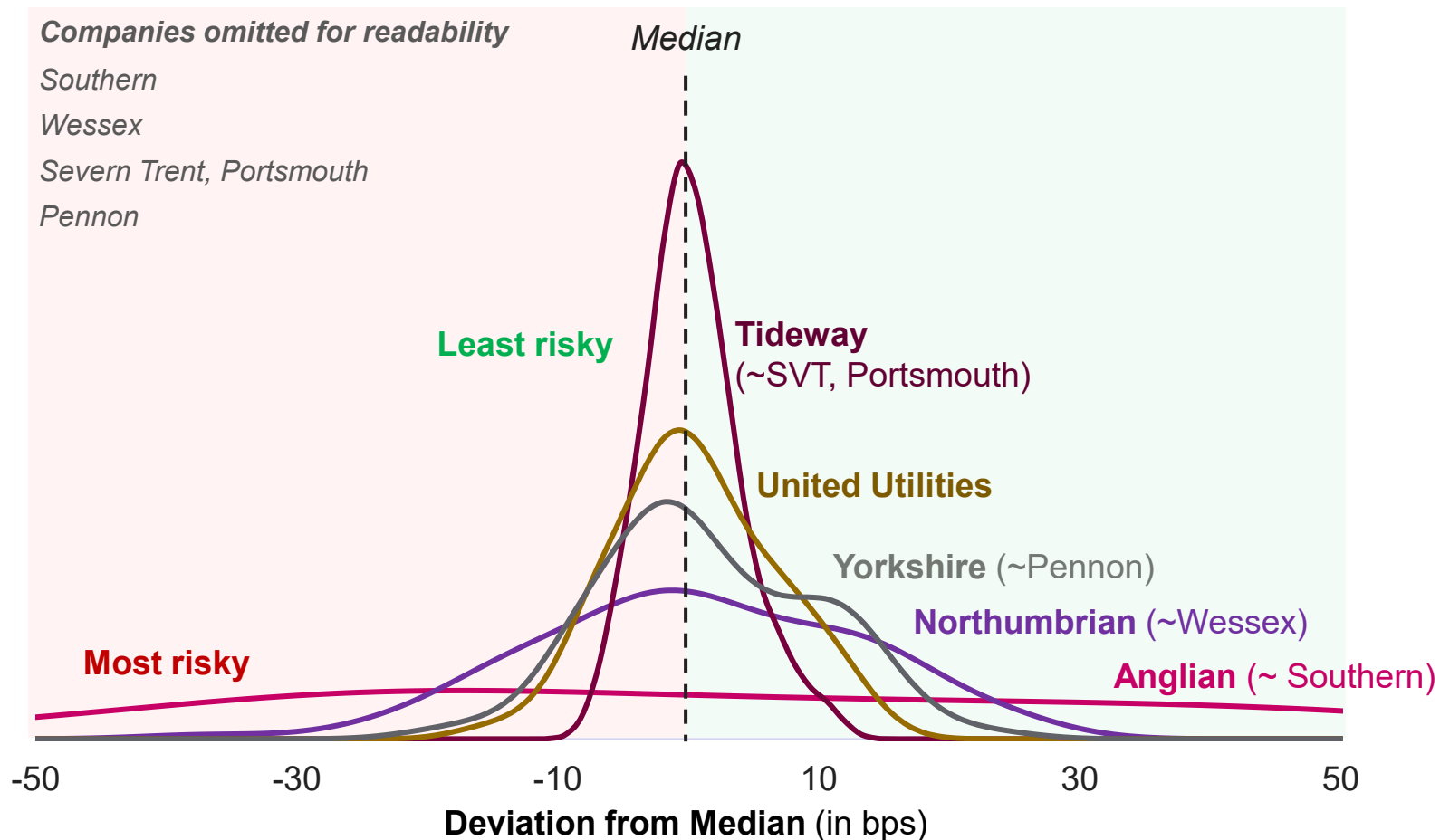


C Equity returns equal operating cash flows minus interest. Companies with higher operational uncertainty have more uncertain equity returns.

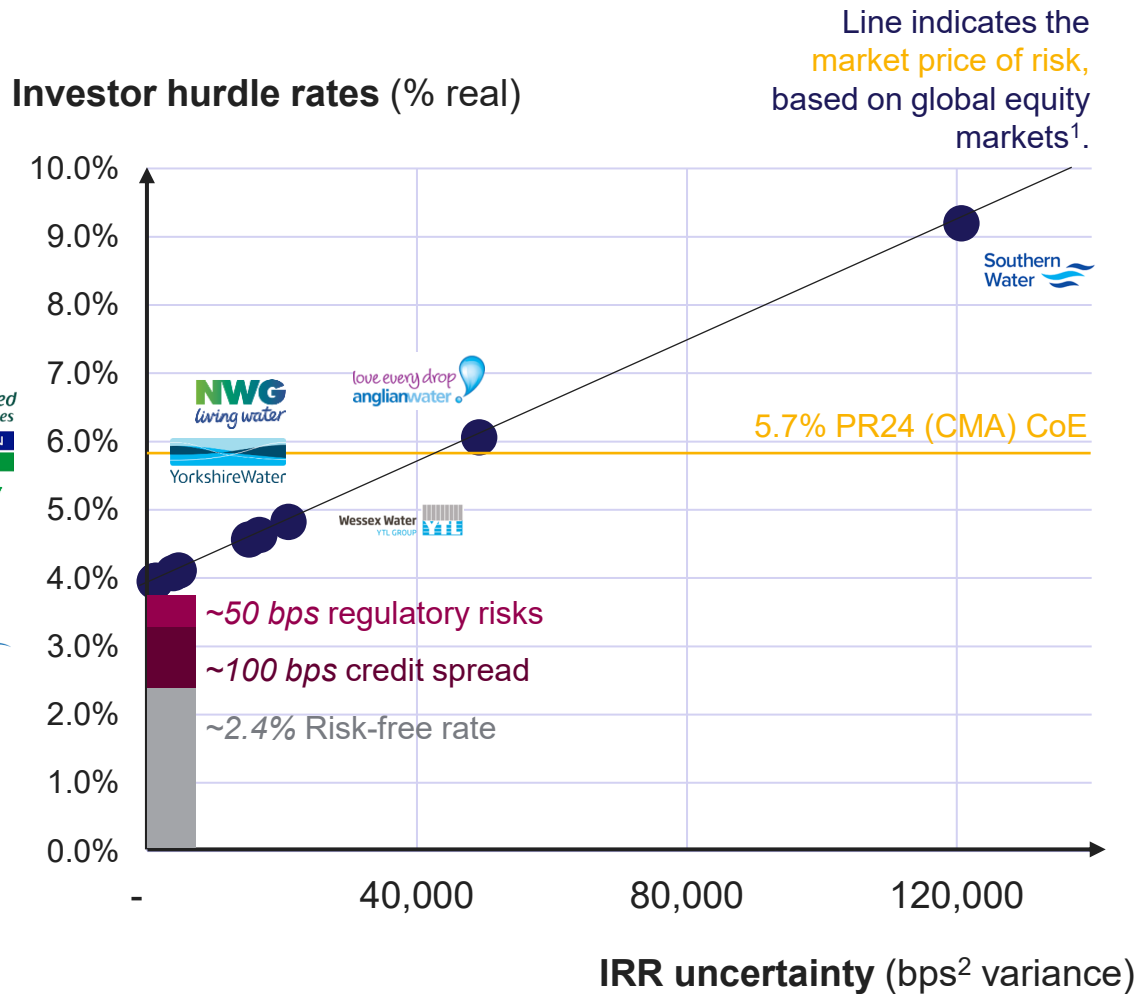


IRR distributions

High exposure to refinancing and operational risks broadens distribution



D VAPRI translates higher return uncertainty into higher investor hurdle rates. More risky businesses require a higher return for investors.



Utility	RCV (£b)	Gearing ¹	HR Δ** (bps to CAPM)
Tideway	5	69%	-175bps
Portsmouth Water	0.5	74%	-175bps
Severn Trent	14	72%	-175bps
United Utilities	15	63%	-163bps
Pennon (SWW)	5	74%	-159bps
Northumbrian Water	6	73%	-114bps
Yorkshire	9	69%	-107bps
Wessex Water	5	80%	-88bps
Anglian Water	11	81%	36bps ²
Southern Water	7	76%	349bps ³
Thames	21	82%	N/A

Low-risk
~ BB bond yields

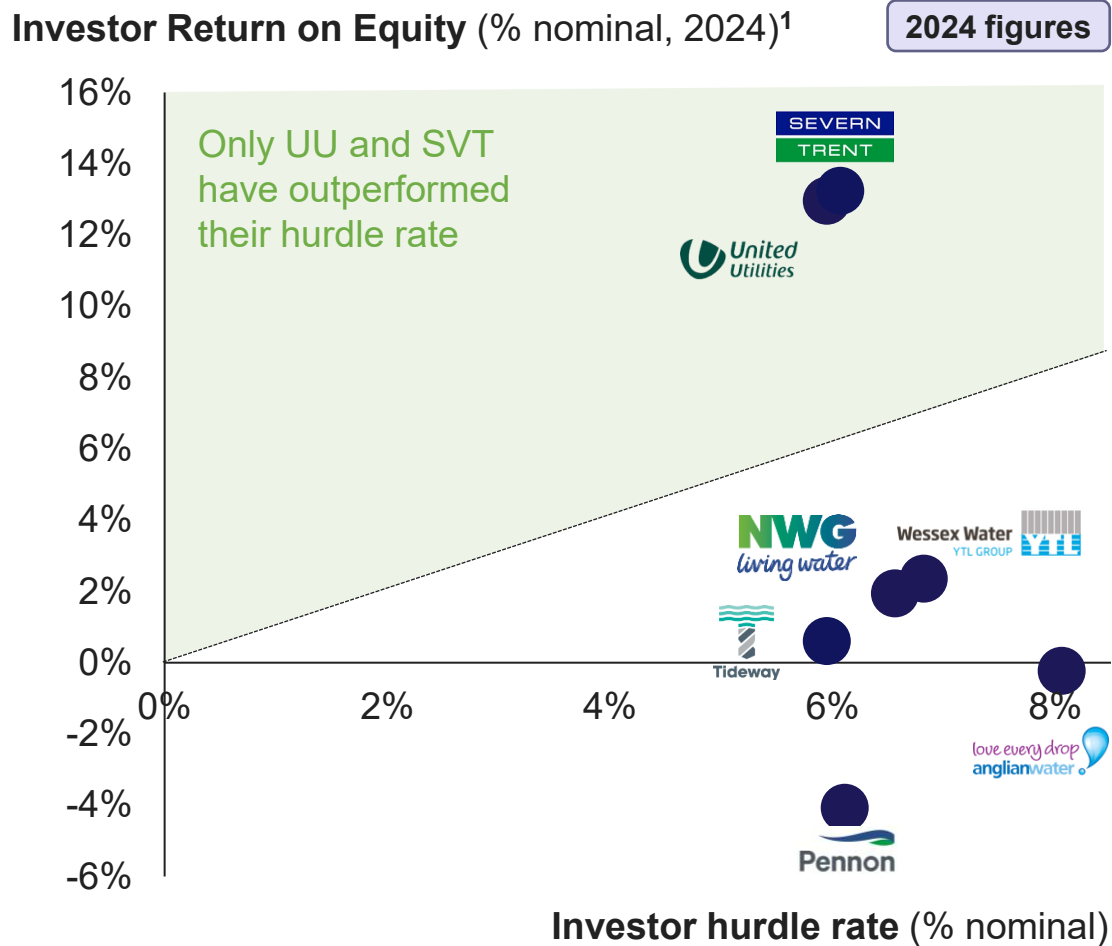
Mid-risk
~ Save equity returns

High-risk
~ stressed equity

Source: Vallorri analysis;

(1) Slope of 0.0044 bps of CoE per bps² of IRR variance is calibrated from global equity-market reference data (~650 bps ERP over ~148,225 bps² benchmark equity variance), implying a constant market price of variance; 2) Anglian: Gross debt scaled to 89% gearing to account for equity raise; 3) Southern: initial OCF adjusted to RCV × Ofwat allowed WACC

D In 2024, only United and Severn Trent outperformed their own hurdle rate. Others underperformed in 2024 on a risk-adjusted basis.



Utility	RCV (£b)	Gearing ¹	HR Δ** (bps to CAPM)
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Low-risk
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Mid-risk
~ Save equity returns

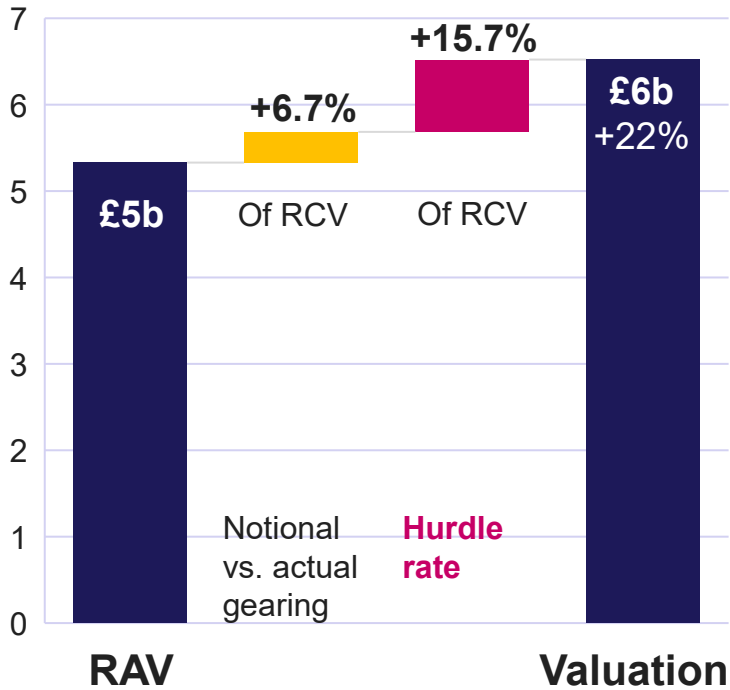
High-risk
~ stressed equity

Source: Vallorrii analysis;

Notes: (1) Return on Equity = $\frac{\text{Net income}}{\text{Equity}}$, ICR = $\frac{\text{Cash from operations}}{\text{Interest payments}}$

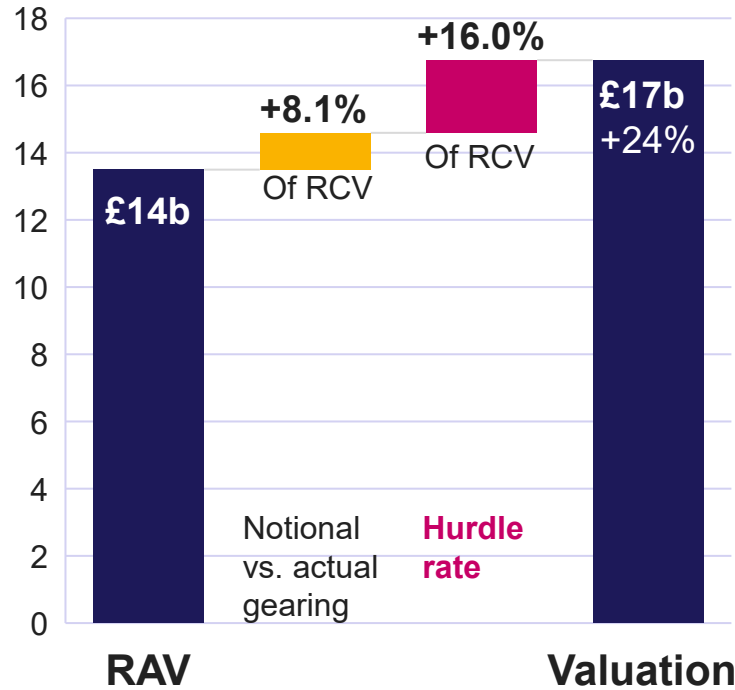
D Low hurdle rates = low discount rates = higher valuations. -175bps hurdle rate drives 22% RAV premium for Tideway.

Valuation Waterfall, Tideway £b 



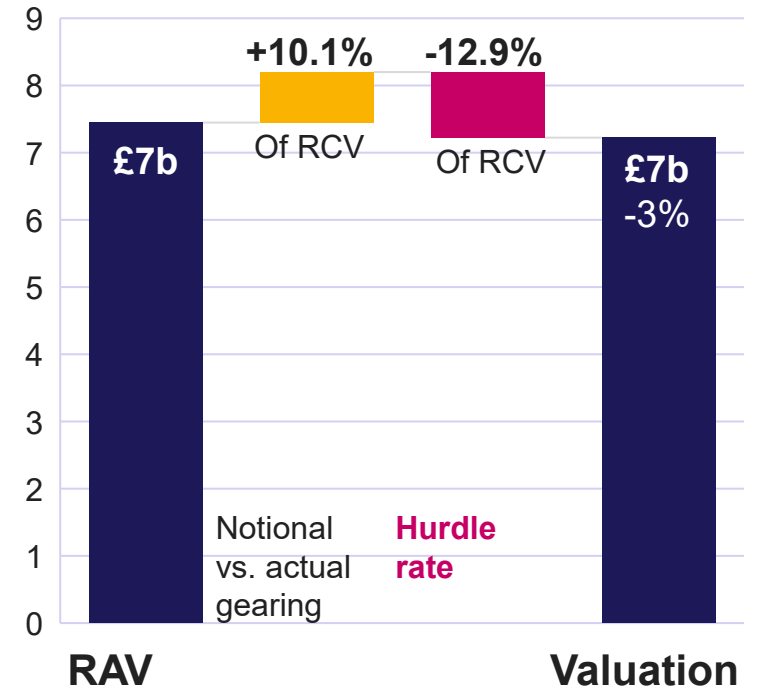
Low gearing and low risk means low WACC- and high risk-arbitrage

Valuation Waterfall, Severn Trent £b 



Gearing and low risk means WACC and risk arbitrage

Valuation Waterfall, Southern £b 



High gearing means WACC arbitrage but also high return risk

Source: Vallorri analysis; uses 2025 RCV values for implied valuation calculation

UK water case study

2025 figures

High MEAV and high gearing increase operational and refinancing risk, leading investors to require a higher CoE and lower valuations

* £2024/25 MEAV values based on 2009 Ofwat numbers, RPI indexed

** Investor hurdle rate relative to CAPM CoE

1) 2025 Holdco gearing












2) Diff. to March RT (source: Thames & Ofwat)

3) Thames Water gearing refers to 03/2023 (due to accounting period extension)

4) Estimated gearing using 2023 Holdco net debt, 2025/6 equity raise and 2026 RAV

5) Anglian: Gross debt scaled to 89% gearing to account for equity raise

6) Southern: initial OCF set to RCV × Ofwat allowed WACC

Utility (HoldCo)	OpCo	MEAV* (£b)	RCV (£b)	Gearing ¹	HR Δ** (bps to CAPM)	Valuation Δ (% of RCV)
Bazalgette Tunnel Ltd	 Tideway	5	5 100% of MEAV	69%	-175bps	+ 22%
Portsmouth Water Ltd	 Portsmouth Water	2	0.5 30% of MEAV	74%	-175bps	+ 25%
Severn Trent Plc	 SEVERN TRENT	86	14 16% of MEAV	72%	-175bps	+ 24%
United Utilities Group Plc	 United Utilities	102	15 15% of MEAV	63%	-163bps	+20%
Pennon (SWW)	 South West Water	17	5 28% of MEAV	74%	-159bps	+ 23%
Northumbrian Water Group Ltd	 NWG living water	24	6 24% of MEAV	73%	-114bps	+ 17%
Kelda Group Ltd	 YorkshireWater	64	9 15% of MEAV	69%	-107bps	+ 15%
Wessex Water Ltd	 Wessex Water YTL GROUP	26	5 17% of MEAV	80%	-88bps	+ 18%
Anglian Water Group Ltd	 love every drop anglianwater	57	11 20% of MEAV	81%	36bps ⁵	+ 11% ⁵
Greensands Holdings Ltd	 Southern Water	46	7 16% of MEAV	76% ⁴	349bps ⁶	- 3% ⁶
Kemble Water Hold. Ltd	 Thames Water	128 ²	21 16% of MEAV	82% ³	N/A	N/A

Our outlook for 2026: We build the VAPRI risk catalogue and discuss immediate impacts.

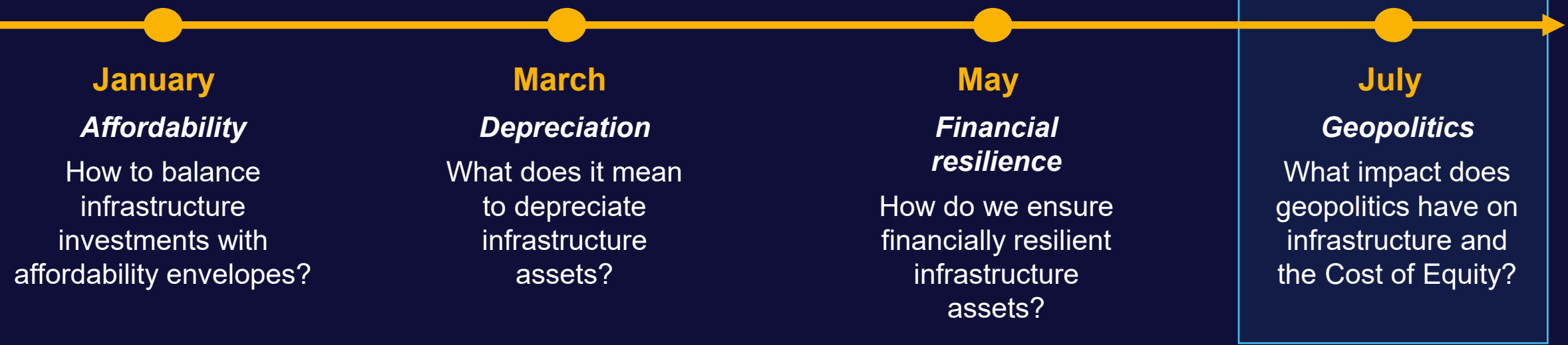
Preliminary

Next roundtable

July

Geopolitics

What impact does geopolitics have on infrastructure and the Cost of Equity?



Vallorii Leaders Forum

Invitation-only gathering of 50 senior leaders to explore how we can deliver infrastructure

January

Affordability

How to balance infrastructure investments with affordability envelopes?

March

Depreciation

What does it mean to depreciate infrastructure assets?

May

Financial resilience

How do we ensure financially resilient infrastructure assets?

September

Liquidity

What is liquidity and how does it impact the Cost of Equity?

November

Stock markets

What does the stock (& public fund) market tell us about the CoE?

Cost of Capital Monitor: Vallorii members will receive our monthly monitor of regulatory Cost of Capital.

Dashboard										
As of date: Tue 26 May 2026										
Metric	3m Ago	Δ 3m	1m Ago	Δ 1m	Today	Δ +1y	1y Fcast	Δ +5y	5y Fcast	FD
COST OF EQUITY (post-tax, real)										
REGULATORY DETERMINATIONS (CAPM) →										
Aviation — CAA H7	6.45%	+19	6.56%	+8	6.65%	-20	6.44%	-22	6.43%	8.32%
Electricity Transmission — Ofgem RII0-ET3	5.52%	+12	5.61%	+2	5.64%	+16	5.79%	+17	5.81%	—
Gas — Ofgem RII0-GD&T3	5.92%	+8	5.98%	+2	6.00%	+11	6.11%	+12	6.12%	—
Water — CMA PR24	5.78%	+42	6.10%	+10	6.20%	+3	6.24%	+4	6.25%	—
Water — Ofwat PR24	5.10%	+15	5.24%	+1	5.25%	+23	5.47%	+25	5.50%	—
ASSET BETA (10 year, daily, FTSE All-share)										
LISTED UTILITIES →										
National Grid (NG)	0.355	+110	0.361	+46	0.366	-32	0.362	-32	0.362	—
United Utilities (UU)	0.324	+115	0.328	+69	0.335	-45	0.331	-45	0.331	—
Severn Trent (SVT)	0.322	+113	0.326	+77	0.333	-53	0.328	-53	0.328	—
Pennon (PNN)	0.389	+153	0.397	+65	0.404	-49	0.399	-49	0.399	—
RISK FREE RATE (real)										
BY REGULATORY FRAMEWORK →										
Aviation — CAA H7	2.20%	+39	2.56%	+3	2.59%	+57	3.16%	+63	3.22%	0.59%
Electricity Transmission — Ofgem RII0-ET3	1.97%	+39	2.33%	+3	2.36%	+57	2.93%	+63	2.99%	—
Gas — Ofgem RII0-GD&T3	1.97%	+39	2.33%	+3	2.36%	+57	2.93%	+63	2.99%	—
Water — CMA PR24	1.88%	+39	2.24%	+3	2.27%	+57	2.84%	+63	2.90%	—
Water — Ofwat PR24	2.21%	+39	2.57%	+3	2.60%	+57	3.17%	+63	3.23%	—
MRP										
Implied MRP	4.29%	+25	4.54%	0	4.54%	—	—	—	—	—
PRICE-TO-NAV RATIO										
Vallorii Infrastructure Basket	69.72%	+321	71.55%	+138	72.93%	—	—	—	—	—

Where is regulatory CoE heading?

Monthly updates for future Cost of Equity allowances based on bond market expectations

What drives sectoral differences?

Compare regulatory methodologies across Energy, Water, Transport with every new price review

Who are the market makers?

Identify ownership changes and key drivers behind the Cost of Equity and Market-to-Asset ratio



VALLORII

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