

HICL Infrastructure Company Limited

Alternative Investment Fund Managers Directive – Pre-investment Disclosure Document

Article 23 AIFMD

The regulatory regime in the European Union covering the management, administration and marketing of alternative investment funds, widely referred to as “AIFMD”, requires the alternative investment fund manager (the “AIFM”) of a fund such as HICL Infrastructure Company Limited (“HICL” or the “Company”) to comply with an extensive set of requirements in connection with the marketing of shares in the capital of the Company in the European Union. The regime is intended to offer an appropriate level of protection to investors in investment products that do not fall under the European Union regime for regulation of certain investment products known as “UCITS”. HICL is a Guernsey domiciled, internally managed non-EU alternative investment fund for the purposes of the AIFMD and the UK Alternative Investment Fund Managers Regulations 2013 (the “UK AIFM Regulations”) as the board of directors of the Company (the “Directors”) has overall responsibility for the Company’s activities, including its risk and portfolio management activities. HICL itself is therefore the AIFM for the purposes of AIFMD.

AIFMD has been implemented in the United Kingdom by a combination of HM Treasury Regulations and FCA Handbook rules and requires that, among other things, certain information is made available by the AIFM to potential investors prior to their making an investment in the Company. The required information is set out in Article 23 of the AIFMD. The UK AIFM Regulations also require the AIFM to disclose certain information on a periodic basis.

To the extent that the AIFM has determined that the requisite information is already set forth in the Company’s Annual Report for the year ended 31 March 2015 (or in any other source document to which investors have access or which they may request), this supplement contains references to the relevant source materials; and to the extent that the AIFM has determined that the requisite information has not been provided to investors, this supplement contains additional disclosure items.

1. A Description of the Investment Strategy and Objectives of the Company, Types of Assets the Company may invest in, Investment Techniques and Associated Risks and Investment Restrictions

For information about the Company’s investment strategy and objectives, the types of assets in which the Company may invest, the investment techniques, principal risks and any investment restrictions, investors are directed to the following disclosures contained in the Company’s annual report and accounts for the year ended 31 March 2015 (the “Annual Report”):

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Disclosure requirement	Heading in Annual Report	Page(s) in Annual Report
Investment Strategy and Objectives	2.1 Overview, Approach, Objectives, History and Structure	9 (Financial Objectives and Non-Financial Objectives)
	2.2 Strategy and Investment Policy	10-12
Types of asset in which the Company may invest	2.1 Overview, Approach, Objectives, History and Structure	9 (Approach)
	2.2 Strategy and Investment Policy	10-12 (Investment Selection and Pricing, sub-headings Acquisition Strategy and Investment Policy)
Investment Techniques and Associated Risks	2.2 Strategy and Investment Policy	10-12
	2.3 Business Model, Organisational Structure and Processes	12-13 (Business Model), 17 (Organisational Structure and Processes, sub-headings Origination and Asset and Portfolio Management)
	2.8 Risks and Risk Management	41-49
Investment Restrictions	2.2 Strategy and Investment Policy	11-12 (Investment Selection and Pricing, sub-heading Investment Policy onwards)

2. Leverage

The Company intends to make prudent use of leverage to finance the acquisition of investments, to enhance returns to investors and to finance outstanding subscription obligations. Under the Company's articles of incorporation, the Group's outstanding borrowings, excluding intra-group borrowings and the debts of underlying investee companies, but including any financial guarantees to support subscription obligations, are limited to 50% of the Adjusted Gross Asset Value (meaning the fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations) of its investments and cash balances at any time.

The Company may from time to time employ different types and sources of leverage. This would typically involve the use of bank borrowings, but also encompasses indebtedness incurred through the issue of debt securities (which may or may not convert into equity). An analysis of the current leverage used by the Company can be found on page 15 of the Annual Report in the section headed "Group Financing, Gearing and Interest Rate Hedging".

The Company uses leverage in the financing of its investments. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market. It is possible that the Company may not be able to

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refinance borrowing which becomes repayable during the life of the Company, in which case the performance of the Company may be adversely affected. The Company's borrowings may be secured on the assets of the Company. A failure to fulfil obligations under any financing documents may permit lenders to demand early repayment of the loan and to realise their security.

The Company does not have in place any collateral or asset reuse arrangements.

3. Modification of Investment Strategy

In accordance with the Listing Rules of the UK Listing Authority, any material change to the Company's published investment policy will require the prior approval of both the Financial Conduct Authority and the shareholders of the Company. In considering what is a material change the Company will have regard to the cumulative effect of all the changes since the Company's shareholders last had the opportunity to vote on the investment policy.

4. Contractual Relationship between the Company and Investors, Applicable Law and the Enforcement of Judgments

HICL is an infrastructure investment company whose shares are listed on the Official List of the UK Listing Authority and are admitted to trading on the London Stock Exchange's main market for listed securities. The Company was incorporated with limited liability under the laws of Guernsey. The constitutional document of the Company is its memorandum and articles of incorporation ("**Articles**") which may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the amount uncalled on their shares. The Company has one class of shares in issue, namely ordinary shares, with standard rights as to voting, dividends and payment on winding-up and no special rights and obligations attaching to them. Transfers to US persons are restricted but otherwise there are no material restrictions on transfers of shares. The shares are not redeemable at the option of investors.

As the Company is incorporated under the laws of Guernsey, any disputes between an investor and the Company will be resolved by the Royal Courts of Guernsey in accordance with Guernsey law. A final and conclusive judgment, capable of execution, obtained in the Supreme Court and the Senior Courts of England and Wales (excluding the Crown Court) would be recognised and enforced by the Royal Courts of Guernsey without re-examination of the merits of that case, but would be subject to compliance with procedural and other requirements of the Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957.

As the Company is incorporated under the laws of Guernsey, it may not be possible for an investor located outside that jurisdiction to effect service of process within the local jurisdiction in which that investor resides upon the Company. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result (except as explained above), it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

5. Information on the AIFM, Depositary and Service Providers

AIFM

The Company is categorised as an internally managed non-EEA AIF for the purposes of the AIFMD and the UK AIFM Regulations. The Directors are responsible for managing the business affairs of the Company and have overall responsibility for the Company's activities, including its risk and portfolio management activities. The Company has appointed InfraRed Capital Partners Limited (the "Investment Adviser") as investment adviser to the Company to provide advice to the Directors to enable the Directors to make informed decisions for the Company, including but without limitation in respect of the portfolio and risk management of the Company and its investment portfolio. The Company makes its investments via a group structure involving two Luxembourg-

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domiciled investment companies and an English limited partnership. The Investment Adviser has also been appointed to operate and manage the partnership and its assets in accordance with and subject to the Company's investment policy and the investment guidelines that are adopted by the Directors from time to time.

The Investment Adviser also has responsibility for financial administration and investor relations, advising the Company and the Group in relation to the strategic management of the Holding Entities and the investment portfolio, advising the Company in relation to any significant acquisitions or investments and monitoring the Group's funding requirements.

Depositary

The Company is categorised as an internally managed non-EEA AIF and so is not subject to the AIFM Directive requirements relating to the appointment of depositaries.

The Investment Adviser, the Administrator, the Auditor and other service providers are detailed on the inside back cover of the Annual Report. Descriptions of the duties of the Investment Adviser, the Administrator, the Auditor and service providers to the Company are contained in this Disclosure Document. All key service providers are appointed directly by the Company. Service providers are appointed following appropriate evaluation and the Directors have ensured that the contractual arrangements with key service providers are appropriate. Investors enter into a contractual relationship with the Company when subscribing for Shares in the Company; they do not have any direct contractual relationship with, or rights of recourse to, the service providers in respect of any of such service provider's default pursuant to the terms of the agreement it has entered into with the Company.

Company Secretary

Dexion Capital (Guernsey) Limited acts as Company Secretary to the Company. The Company Secretary is required to provide company secretarial services including convening meetings of Directors, keeping the statutory books and records of the Company, maintaining the Company register, convening general meetings of the Company, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the AIFM may reasonably require.

Registrar

The Registrar of the Company is Capita Registrars (Guernsey) Limited. The register of Shareholders may be inspected at their office at Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey, GY2 4LH, during normal business hours.

The Company has delegated certain investor record-keeping and administration duties to the Registrar, together with associated data processing tasks in respect of the Company. In line with the regulations that govern such operational outsourcing, the Company retains full responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

Broker

Canaccord Genuity Limited acts as the Company's corporate broker, providing the Company with corporate broking and associated financial advisory services.

Administrator

Dexion Capital (Guernsey) Limited acts as Administrator to the Company, providing administrative and cash management services. Such services include, in particular, keeping the accounts of the Company, providing all information and assistance required by the Investment Adviser in relation to the Investment Adviser's preparation of the net asset value of the Company's Ordinary Shares, and arranging for and administering the issue of shares. In performance of all such duties, the Administrator is at all times subject to the control and review of the Board.

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Auditor

KPMG Channel Islands Limited acts as the Company's auditor. The Auditor is responsible for auditing the annual financial statements that have been prepared by the AIFM in accordance with auditing standards and, as appropriate, regulations, and for providing its report to shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

Solicitors

Hogan Lovells International LLP acts as the Company's solicitors in respect of English law. Carey Olsen acts as the Company's solicitors in respect of Guernsey law.

6. Protection from Professional Liability Risks

As an internally managed non-EEA AIF, the Company is not required to comply with Article 9(7) of the AIFM Directive relating to professional liability risk.

7. Delegation Arrangements and Management of Conflicts

Delegation Arrangements

From time to time, the AIFM may delegate certain management functions to third parties. As explained above, the AIFM has delegated:

- certain risk and portfolio management activities to the Investment Adviser, subject to the Company's investment policy and the investment guidelines that are adopted by the Directors from time to time;
- the company secretarial duties of the Company to Dexion Capital (Guernsey) Limited;
- certain record keeping duties to Capita Registrars (Guernsey) Limited; and
- administration of the Company to Dexion Capital (Guernsey) Limited.

Conflicts of Interests

As regards the conflicts of interest which may arise between the Company and the Investment Adviser in relation to the above delegation of portfolio management responsibilities, it is expected that future investments by HICL will be sourced by the Investment Adviser and it is likely that some of these will be investments that have been originated and developed by, and may be acquired from, the Investment Adviser (or its affiliates) or from a fund managed by the Investment Adviser (or its affiliates). In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the Group, the Investment Adviser (or its affiliates) or funds managed by the Investment Adviser (or its affiliates) (the "Rules of Engagement"). If the Group invests in funds managed or operated by the Investment Adviser (or its affiliates), the Group shall bear any management or similar fees charged in relation to such fund provided, however, that the value of the Group's investments in such funds shall not be counted towards the valuation of the Group's investments for the purposes of calculating the fees/profit share payable to the Investment Adviser or the General Partner.

It is possible that in future the Group may seek to purchase certain investments from funds managed or operated by the Investment Adviser (or its affiliates) once those investments have matured and to the extent that the investments suit the Group'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 include:

- the creation of separate committees within the Investment Adviser. These committees represent the interests of the vendors on the one hand (the "Sellside Committee") and the Group on the other (the "Buyside Committee"), to ensure arm's length decision making and approval processes. The membership of each

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committee is restricted in such a way as to ensure its independence and to minimise conflicts of interest arising;

- a requirement for the Buyside Committee to conduct an independent due diligence process on the assets proposed to be acquired prior to making an offer for their purchase;
- a requirement for any offer made for the assets to be supported by a report on the Fair Market Value for the transaction from an independent expert;
- the establishment of “Chinese walls” between the Buyside and Sellside Committees with appropriate information barrier procedures to ensure information that is confidential to one or the other side is kept confidential to that side; and
- the provision of a “release letter” to each employee of the Investment Adviser who is a member of the Buyside and Sellside Committees. The release letter confirms that the employee shall be treated as not being bound by his/her duties as an employee to the extent that such duties conflict with any actions or decisions which are in the employee’s reasonable opinion necessary for him/her to carry out as a member of the Buyside or Sellside Committee.

In considering any such acquisition the Directors will, as they deem necessary, review and ask questions of the Buyside Committee and the Group’s other advisers, to ensure that the Directors are satisfied that the terms of any such acquisitions are negotiated on an arm’s length basis.

8. Valuation Procedures

As an internally managed non-EEA AIF, the Company is not subject to the provisions concerning valuation procedures in Article 19 of the AIFM Directive.

The Company’s key accounting policies as well as its critical accounting judgments, estimates and assumptions are set out on pages 84-87 of the “Notes to the Consolidated Financial Statements” in the Annual Report, and its policy in relation to the valuation of investments is described on pages 26-33 of the Annual Report.

The Investment Adviser is responsible for carrying out the fair market valuation of the Group’s investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a six monthly basis as at 31 March and 30 September each year.

The Directors receive an independent report and opinion on this valuation from a third party valuation expert.

For non-market traded investments (being all the investments in the current portfolio), the valuation principles used are based on a discounted cash flow methodology, and adjusted in accordance with the European Venture Capital Association’s valuation guidelines where appropriate to comply with IAS 39 and IFRS 13, given the special nature of infrastructure investments. If an investment were traded, a market quote would be used.

9. Liquidity Risk Management and Redemption Rights

The Company is authorised as a closed-ended investment company pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Collective Investment Scheme Rules 2008, and redemptions at the option of Shareholders are not permitted; however, the Company’s Ordinary Shares are admitted to trading on the main market for listed securities of the London Stock Exchange and are freely transferable.

As an internally managed non-EEA AIF, the Company is not subject to the provisions concerning liquidity management in Article 16 of the AIFM Directive. In that context, as regards liquidity risk management, the discount management mechanisms which may be employed by the Company involve (i) the ability to purchase

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Ordinary Shares in the market pursuant to a general authority sought from Shareholders at each annual general meeting of the Company and (ii) the ability to make tender offers from time to time.

The exercise by the Board of the Company's powers to repurchase Ordinary Shares pursuant to the general repurchase authority or by way of a tender offer is entirely discretionary and investors should place no expectation or reliance on the Board exercising such discretion on any one or more occasions. The Board ensures that the Company maintains a level of liquidity in its assets having regard to its obligations and monitors liquidity accordingly.

10. Fees, Charges and Expenses

The Investment Adviser, in its capacity as operator of the limited partnership which holds and manages the Company's investments, and the General Partner of that limited partnership 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 the Investments of the Group which have an Adjusted Gross Asset Value of up to (and including) £750 million in aggregate; (ii) 1.0 per cent. of the proportion of the Adjusted Gross Asset Value of the Investments of the Group that is not accounted for under (i) above, which, together with investments under (i) above have an Adjusted Gross Asset Value of up to (and including) £1,500 million; (iii) 0.9 per cent. of the proportion of the Adjusted Gross Asset Value of the Investments of the Group that is not accounted for under (i) and (ii) above, which, together with investments under (i) and (ii) above have an Adjusted Gross Asset Value of up to (and including) £2,250 million; and (iv) 0.8 per cent. of the proportion of the Adjusted Gross Asset Value of the Group that is not accounted for under (i), (ii) and (iii) above. The Investment Adviser is also entitled to a fixed advisory fee of £100,000 per annum.

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

The General Partner as part of its profit share is also entitled to receive an amount equal to 1.0 per cent. of the value of new portfolio investments made by the Group that are not sourced from entities, funds or holdings managed by the Investment Adviser or an affiliate of the Investment Adviser. This amount is payable on completion of the acquisition of the relevant investment and is calculated on the sum of: (i) the consideration paid (excluding costs); and (ii) the amount of the outstanding investment obligations assumed in relation to the investment.

The Investment Adviser does not receive any directors' or other fees from any Project Company in the Current Portfolio and any fees arising from any Project Company are for the benefit of the Group.

The Company also incurs fees, charges and expenses in connection with bank fees and charges, marketing, company secretarial fees, administrative fees, auditors' fees, lawyers' fees and corporate broker's fees. There is, however, no maximum cap on the total amount of fees, charges and expenses which may be indirectly borne by investors. There are no expenses charged directly to investors by the Company.

The Company's Ongoing Charges Percentage (which include the management fee), as calculated in accordance with guidance published by the Association of Investment Companies, for the last reported financial year amounted to 1.14%.

11. Fair Treatment/ Preferential Treatment of Investors

As its Ordinary Shares are admitted to the Official List and to trading on the Main Market of the London Stock Exchange, the Company is required to comply with, inter alia, the relevant provisions of the Listing Rules and the Disclosure and Transparency Rules and the City Code on Takeovers, all of which operate to ensure fair

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treatment of investors. No investor in the Company obtains, or has obtained, preferential treatment or has the right to obtain preferential treatment.

12. Availability of the AIF's latest annual report

The Company's latest annual report is available on the Company's website: www.hicl.com.

13. Procedure and Conditions for the Issue and Sale of Shares

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA Listing Rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker.

14. Latest NAV of the AIF

The Company's NAV is published by way of an announcement on a regulatory information service and is also available on the Company's website: www.hicl.com. As well as being available on the Company's website, its share price is also available at www.londonstockexchange.com and appears in the Financial Times and other national newspapers.

15. AIF's historical performance

The Company's historical performance data, including copies of the Company's previous annual reports and accounts, are available on the Company's website: www.hicl.com.

16. Prime Brokerage

The Company has not appointed a prime broker.

17. Periodic Disclosures

The AIFM will, at least as often as the annual report and accounts are made available to shareholders, make the following information available to shareholders:

- any changes to (i) the maximum level of leverage that the AIFM may employ on behalf of the Company and (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement;
- the total amount of leverage employed by the Company;
- the percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature;
- the current risk profile of the Company outlining (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed and (ii) if risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken; and
- the risk management systems employed by the AIFM outlining the main features of the risk management systems employed by the AIFM to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and the shareholders will be made available.

The AIFM will inform shareholders as soon as practicable after making any material changes to its liquidity management system and procedures.

The information described above will be provided to shareholders by way of a regulatory news service announcement on the London Stock Exchange.