

24 July 2017

HICL Infrastructure Company Limited

Interim Update Statement

The Board of HICL Infrastructure Company Limited (“HICL” or “the Company” or, together with its subsidiaries, “the Group”), the listed infrastructure investment company advised by InfraRed Capital Partners Limited (“InfraRed”), is issuing this Interim Update Statement, which relates to the period from 1 April 2017 to 21 July 2017.

Ian Russell, Chairman of HICL Infrastructure Company Limited, said:

“The Company has made steady progress, with portfolio performance and cash generation in line with expectations since the financial year end.

“We were pleased to announce the investment in Affinity Water and also a commitment to invest in HS1. Subsequently, £25m of the Affinity Water investment was sold down at completion, which represented an important step for HICL as it builds strategic relationships with aligned long-term co-investors. These partnerships create opportunities to work on larger investments and we intend to develop further this strategy on the HS1 investment.

“The Company’s principal objective is to deliver long-term, stable returns to shareholders and to preserve the capital value of the portfolio, with the potential for capital growth over the long term. In an environment that remains competitive, the Investment Adviser continues to prioritise pricing discipline whilst evaluating a number of attractive opportunities across HICL’s target segments and geographies.

“The inflation correlation of returns from the Group’s portfolio has increased to 0.8. This stands the Company in good stead as we expect to continue to see relatively elevated near-term inflation in the UK. However, we believe that the assumption for UK inflation carried in the Group’s valuation of its portfolio remains appropriate.

“On behalf of the Board, I am pleased to re-affirm the dividend guidance of a target 7.85 pence for the financial year to 31 March 2018 and a target 8.05 pence for the financial year to 31 March 2019. This reflects our continued confidence in the future cash flow generation from the portfolio and the overall performance of the Company.”

Investment Activity and Portfolio Performance

- ▲ Since 1 April 2017:
 - ▲ The Group acquired a 36.6% equity interest in Affinity Water for £269m, representing a premium to regulatory capital value of 1.39x¹, which completed on 22 May 2017. This investment has increased the weighted average asset life of the portfolio to approximately 32 years and increased its positive inflation correlation to 0.8².
 - ▲ The Group subsequently sold down a £25m portion of the Affinity Water investment to a small group of co-investors, exemplifying the Group's strategy of building key relationships with aligned co-investors to enable HICL to manage its portfolio

exposure to larger investment opportunities. This targeted sell-down completed in June 2017 and leaves HICL with a 33.2% equity interest in Affinity Water.

- ▲ The Group announced on 14 July 2017 that it had signed an agreement to acquire a 35% equity interest in the High Speed 1 project ("HS1") for a consideration of up to £320m. Completion will occur following satisfaction of provisions in the HS1 concession agreement relating to a change of control of HS1. Following completion, HICL intends to bring in minority co-investors managed by InfraRed, representing up to £120m of its commitment.
- ▲ The Group now has a portfolio of 116 investments located in the UK, France, Ireland, the Netherlands, Canada, the USA and Australia.
- ▲ The Board takes safety matters, including the fire safety of the buildings in the HICL portfolio, very seriously. We are taking appropriate steps to review the use of cladding across the Group's portfolio. This is a complex issue, which is impacted by a number of factors including the type of cladding used, the method of installation and the other active and passive fire protection systems in place within the buildings. We continue to work closely with our project companies to prioritise fire safety.
- ▲ The portfolio continues to perform in line with expectations with no material issues affecting investment performance.
- ▲ On 1 June 2017, construction was completed on Ecole Centrale Supélec, a PPP project to finance, construct, and maintain a new facility for the Ecole Centrale Supélec on Plateau de Saclay, near Paris, France. Following completion, and in line with the business plan, the Group injected €3.4m of shareholder loans into the project.

Dividends and Financing

- ▲ The Company announced a fourth quarterly interim dividend for the financial year ended 31 March 2017 of 1.92 pence per Ordinary Share (the "Q4 Dividend") on 18 May 2017. The shares went ex-dividend on 25 May 2017 and the Q4 Dividend was paid on 30 June 2017. The aggregate interim dividends declared in the year were 7.65 pence per Ordinary Share, in line with guidance.
- ▲ The take-up of the scrip dividend was approximately 2.91% of the Ordinary Shares in issue.
- ▲ The Company announced a first quarterly interim dividend for the financial year ending 31 March 2018 of 1.96 pence per Ordinary Share on 18 July 2017.
- ▲ The Board re-affirms the dividend guidance of a target 7.85 pence per Ordinary Share for the financial year to 31 March 2018 and a target 8.05 pence per Ordinary Share for the financial year to 31 March 2019.
- ▲ The Company undertook a materially oversubscribed tap issue, which closed on 5 June 2017, following the acquisition of an interest in Affinity Water in May 2017. In light of the Group's investment pipeline, the size of the Issue was increased from its initial target size of £205m to the maximum available to the Company, which was £267.7m.

- ▲ Following completion in the coming months of the acquisition of the equity interest in HS1, and on the basis of bringing in co-investment of up to £120 million of its equity interest, the Company will have a net funding requirement of approximately £140m.
- ▲ The Group increased its revolving credit facility from £300m to £400m on 2 May 2017. The terms of the facility remain the same, with a margin of 1.70% over LIBOR and expiry in May 2019. The banks providing the facility have expanded, with Santander joining National Australia Bank, Lloyds Bank, Royal Bank of Scotland, Sumitomo Mitsui Banking Corporation, ING and HSBC in the banking group.
- ▲ As highlighted in the Company's Annual Results, the Board is considering amending the Group's hedging policy. Currently the policy targets a movement of no more than 1% in NAV per Ordinary Share for a 10% movement in foreign exchange rates. The Board and the Investment Adviser are analysing whether it would be preferable from a cost-benefit perspective to target a movement of no more than 2% in NAV per Ordinary Share for a 10% movement in foreign exchange rates. The outcome of this review will be communicated in November 2017 when the Company's Interim Results are announced.

Company and Governance

- ▲ The Company's Annual Report and Financial Statements for the year ended 31 March 2017 were published on 12 June 2017, and copies were posted to those shareholders who have elected to receive a printed copy. This document contains case studies on the Company's performance in the period 2006-2016, new investments in toll roads, foreign exchange risk and responsible investment.
- ▲ An updated Company Factsheet was published on the Company's website on 9 June 2017.
- ▲ The Company held its Annual General Meeting ("AGM") on 17 July 2017. All resolutions were passed with a substantial majority.
- ▲ Following the renewal of shareholder approval at the AGM of the Board's authority to issue up to 10% of outstanding shares on a non pre-emptive basis during the next 12 months, and the recent update to the EU Prospectus Regulation, the Company's current tap capacity is now approximately 178.6m shares (limited by the AGM authority).

Outlook

- ▲ The next valuation of the HICL Group's portfolio will be at 30 September 2017, and will be published as part of the Company's Interim Results. In preparing this fair market valuation, consideration will be given to each of the assumptions in the light of expected economic conditions and market pricing of infrastructure projects.
- ▲ The Company's NAV as at 30 September 2017 will reflect changes in the value of the Group's portfolio (based on changes to assumptions and new investments made in the period) and accretive tap issues that occur in the period.
- ▲ As anticipated, on 11 July 2017 Ofwat published a consultation document outlining the proposed approach to setting price control methodology for the 2019 price review.

Alongside our co-shareholders, we are supporting Affinity Water as it participates in the ongoing consultation process. Ofwat is scheduled to make a further announcement in December in relation to the outcome of the consultation.

- ▲ The Investment Adviser continues to seek appropriate opportunities across the key market segments identified in the Company's Acquisition Strategy. These are: PPP projects (social and transportation projects); regulated assets (e.g. gas and electricity transmission and distribution; water utilities; district heating) and demand-based assets (e.g. student accommodation and operational toll road concessions).
- ▲ Geographically, the Group remains focused on the UK, select European markets, North America and Australia / New Zealand.
- ▲ The current pipeline includes potential new investments in all three target market segments and the geographies noted above. Whilst some are at an early stage of evaluation, the Investment Adviser is confident that in due course further suitable, accretive investments can be sourced for the Group, while maintaining focus on pricing discipline.

¹ Calculated on the basis of information available at the time of acquisition, including regulatory capital value per www.ofwat.gov.uk

² Portfolio information as at 30 June 2017

Ends

Enquiries

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HICL Infrastructure Company Limited

HICL Infrastructure Company Limited ("HICL" or "the Company", and together with its subsidiaries, "the Group") is a long-term investor in infrastructure projects which are predominantly in their operating phase and yielding steady returns. It was the first infrastructure investment company to be listed on the London Stock Exchange. With a current portfolio of 116 social and transportation infrastructure investments in projects with predominantly availability-based income streams, it is seeking further suitable investment opportunities which fit its stated Investment Strategy.

Further details can be found on the HICL website, www.hicl.com.

Investment Adviser

The Investment Adviser to HICL is InfraRed Capital Partners Limited ("InfraRed") which has successfully invested in over 200 infrastructure projects since 1997. InfraRed is a leading international investment manager focused on infrastructure and real estate. It operates worldwide from offices in London, Hong Kong, New York, Seoul and Sydney. With over 120 professionals it manages in excess of USD 9bn of equity capital in multiple private and listed funds, primarily for institutional investors across the globe. InfraRed is authorised and regulated by the Financial Conduct Authority.

The infrastructure investment team at InfraRed consists of 60 investment professionals, all with an infrastructure investment background and a broad range of relevant skills, including private equity, structured finance, construction, renewable energy and facilities management.

InfraRed implements best-in-class practices to underpin asset management and investment decisions, promotes ethical behaviour and has established community engagement initiatives to support good causes in the wider community. InfraRed is a signatory of the Principles of Responsible Investment.

Further details can be found on InfraRed's website www.ircp.com.