

29 July 2013

HICL Infrastructure Company Limited

Interim Management Statement

HICL Infrastructure Company Limited ('HICL' or the 'Company'), the listed infrastructure investment company, is issuing this Interim Management Statement ('IMS') in accordance with FCA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 April 2013 to 26 July 2013. References to the Group below refer to the Company and its wholly-owned corporate subsidiaries.

Highlights

- ▲ Ten new investments acquired during the period, for a total consideration of £185.5m, bringing the total number of projects in the portfolio to 89
- ▲ Long-standing relationships with key industry participants continue to provide a healthy pipeline of appropriately priced investment opportunities, in a secondary market where valuations have been seen to increase and where there has been upward pressure on prices during the period
- ▲ The investment portfolio continues to perform well, and cash inflows from the investments are on track to deliver the targeted 7.1p per share dividend for the year ending 31 March 2014
- ▲ 66.7m new ordinary shares issued by way of tap issuance on 5 July raising proceeds of £86m to fund new investments made in the period
- ▲ The second interim dividend of 3.575p per share was paid on 22 April 2013 and there was a 13.7% take up of the scrip dividend alternative

Graham Picken, Chairman of HICL Infrastructure Company Limited, said:

"The Board is pleased with the Company's performance in the period, as we continue to deliver on our stated strategy and objectives. The Company's track record and positioning within the infrastructure investment spectrum remains attractive to those investors seeking access to long term, stable, inflation-linked cashflows.

The Board continues to maintain a disciplined approach to capital raising. Despite the significant oversubscriptions of recent equity issuances, the Company has accepted funds sufficient only to repay the debt utilised to complete acquisitions or to cover imminent pipeline opportunities.

The Investment Adviser, InfraRed Capital Partners Limited, continues to be successful in leveraging industry relationships to source value-accretive investments in the Company's core market of social infrastructure PFI projects. The ten acquisitions concluded since March have all been new investments for the Group and have been sourced in this way.

The market for secondary infrastructure assets remains active and the upward pressure on pricing looks set to continue, albeit most prevalent in auction processes. This is leading to higher valuations which, and if the trend continues, will positively impact the Company's valuation of the portfolio at 30 September 2013.

The underlying portfolio's performance is in line with our projections and the Board expects the Company's cashflows to support fully the 7.1p per share dividend target for this financial year."

Acquisitions

Since 31 March 2013, the Group has made ten new investments for an aggregate consideration of £185.5m as set out below:

- ▲ April 2013
 - a £15.9m acquisition of a 50% stake in Tameside Hospital
 - a £9.8m acquisition of 60% stakes in the Medway LIFT and the Redbridge & Waltham Forest LIFT schemes
- ▲ May 2013
 - a £10.3m acquisition of a 33% stake in Addiewell Prison
 - a £41.6m acquisition of a 39% stake in Enniskillen Hospital and a 50% stake in the University of Sheffield Accommodation project
- ▲ 1 July 2013 – A £107.9m acquisition of:
 - a 75% stake in Gloucester Fire & Rescue;
 - a 50% stake in Salford Hospital;
 - a 33% stake in Miles Platting Social Housing; and
 - a 12.5% stake in Allenby & Connaught MoD Accommodation project.

Portfolio

Following the acquisitions in the period, the Group now owns a portfolio of 89 infrastructure investments (up from 79 at 31 March 2013), all of which are social and transportation infrastructure concessions, with predominantly availability-based income streams. The investments are mainly located in the UK, with two in Canada, two in Ireland and one in Holland.

The £12.7m outstanding subscription obligation at 31 March 2013 relating to the Perth and Kinross Schools acquisition on 13 December 2012 has now been met.

There are no material concerns with the portfolio and the cash inflows from the investments in the six months to 30 September are likely to be ahead of the

Company's forecasts. This is mainly a matter of timing and the cashflow projections remain on plan for the year to 31 March 2014.

Pipeline of new opportunities

The Investment Adviser continues to evaluate a healthy pipeline of new investment opportunities that meet the Company's stated investment strategy, and is confident of making further investments in the period to 30 September 2013.

Acquisitions are only considered if they meet the Company's investment criteria and strategy. In the UK, the Investment Adviser believes it will still be able to source further investments with attractive returns for the Group, by careful selection and avoiding processes which encourage price risk taking.

Opportunities in Europe, North America and Australia will be considered and will be pursued if they meet our risk/return criteria.

New investment opportunities within the Company's wider investment strategy are also considered from time to time and will be pursued if they prove attractive on a risk-adjusted basis.

Valuation of the Portfolio

The Company values the portfolio twice a year as at 30 September and 31 March. At 31 March 2013, the Company's Net Asset Value per share on an investment basis was 116.4p (after payment of the 3.575p second interim dividend).

A number of factors are likely to impact positively upon the Company's net asset value per share as at 30 September 2013. As already mentioned, the Investment Adviser is seeing higher prices and increased competition for assets being sold in the UK secondary market. This development has the potential to lead to a reduction in the weighted average discount rate used in the Company's portfolio valuation. The valuation of the portfolio will also be affected positively by the actual UK inflation in the period being above the long term assumption of 2.75% p.a. and from possible changes to economic and tax assumptions. Furthermore, new investments made in the period have also been value accretive, as was the recent tap issuance on 5th July.

Capitalisation and gearing

The Group is currently ungeared with funding capacity of up to £100m for further acquisitions by utilising the Group's revolving credit facility. It also has authority from shareholders to issue a further 52m shares in accordance with the Prospectus Rules and the resolution approved by shareholders at the Company's 2013 AGM which also provided for the disapplication of pre-emption rights in respect of such issues.

The Company now has a market capitalisation in excess of £1.5bn and an average daily trading volume of around 4m shares.

Dividends

Due to the timing of the equity capital raising in March, the Company declared a second interim dividend of 3.575p per share for the year to 31 March 2013 on 1 March, which was paid to shareholders on 22 April 2013. A scrip dividend alternative was offered and there was a 13.7% take-up, resulting in an additional 3,891,968 ordinary shares being issued on 22 April 2013.

It is the Board's intention to revert to the customary dividend timetable for this financial year, with the first interim dividend being declared in November and paid at the end of December.

Governance

In February 2013, the Association of Investment Companies issued an update to its AIC Code of Corporate Governance following the update by the Financial Reporting Council to the UK Corporate Governance Code in September 2012. The Company intends to comply with this revised AIC Code in this financial year.

On 22 July 2013, the Alternative Investment Fund Managers Directive was formally implemented within the EU and transposed by member states into national law. The Company has taken advice on the measures which may need to be implemented and is taking advantage of the transitional provisions which effectively extend the deadline for authorisation or registration until 22 July 2014.

Although the Company is not expected to be required by the Directive to utilise a depository, it has entered into a safe-keeping arrangement with IAG, a Guernsey-based international fund administration group.

As announced on 19 April 2013, two additional independent non-executive Directors (Susie Farnon and Ian Russell) were appointed to the Board on 1 May 2013, and they, along with the existing four Directors, were re-elected at the AGM on 23 July 2013.

Following the publication in June 2013 of a Code of Conduct for Operational PFI/PPP Contracts in the UK by HM Treasury, the Investment Adviser became one of the early signatories. The signatories and the public sector are agreeing, on a voluntary basis, to identify and deliver efficiencies and savings in operational PFI and PPP contracts. The Company, through the Investment Adviser, has already been proactive and collaborative with clients in engaging to seek efficiency savings as a routine part of its asset management. The Code should further encourage and cement our well-established and largely productive relationships with public sector clients.

Outlook

Based on the current performance of the portfolio, the Company's cashflows are in line with projections and the target dividend per share of 7.1p for this financial year is confidently expected to be met. Growth in NAV per share in the period to 30 September has the potential to be relatively strong for the reasons set out above.

The Investment Adviser is satisfied that further investments can be acquired without compromising established risk/return criteria provided new acquisitions are sourced and selected carefully.

Ends

Enquiries

InfraRed Capital Partners Limited +44 (0) 20 7484 1800
Tony Roper
Keith Pickard
Robin Hubbard

Tulchan Communications +44 (0) 20 7353 4200
Ed Orlebar
Rebecca Scott

Canaccord Genuity Limited +44 (0) 20 7523 8000
Dominic Waters
Neil Brierley
Will Barnett
David Yovichic

HICL Infrastructure Company Limited

The Company 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. It currently owns a portfolio of 89 infrastructure investments, all of which are social or transportation infrastructure projects, and is seeking further suitable investment opportunities which fit its stated Investment Strategy. This includes social and transportation projects under construction.

Further details of the Company can be found on its website www.hicl.com.

This IMS provides an explanation of material events and transactions that have taken place during the period from 1 April 2013 to 26 July 2013 and their impact on the

financial position of the Investment group. These indications reflect the Investment Adviser's and the Board's current views. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, but are not limited to, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments owned by the Group.

Investment Adviser

The Investment Adviser to the Company is InfraRed Capital Partners Limited, whose infrastructure investment team has successfully invested in infrastructure projects since 1997.

InfraRed Capital Partners Limited is authorised and regulated by the Financial Conduct Authority.