

23 February 2015

HICL Infrastructure Company Limited

Quarterly Update Statement

Despite the removal of the DTR requirement to issue Interim Management Statements, the Board of HICL Infrastructure Company Limited, the listed infrastructure investment company advised by InfraRed Capital Partners Limited, believes it is appropriate to update its shareholders and the market more frequently than solely in respect of its semi-annual reporting cycle. Consequently, it is issuing this Quarterly Update Statement, which relates to the period from 1 October 2014 to 22 February 2015.

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

“Our focus on delivering value for shareholders has been evident not only in new acquisitions and active asset management but also in selective disposals where the Board believes that an offered sale price is exceptional and the proceeds can be reinvested to achieve a better return.

The Board is confident that the target dividend per share of 7.25p for this financial year to 31 March 2015 can be met and reaffirms its target dividend of 7.40p per share for the financial year ending 31 March 2016.

The UK market for the type of assets sought by the Group remains competitive with prices continuing to rise. Whilst the success of December’s tap issue demonstrates ongoing investor appetite for share issuance by the Company, the Board and InfraRed Capital Partners will continue to exercise investment discipline. Although this approach may moderate the rate of asset growth, it serves to safeguard the level of return from the Group’s portfolio.

The Board remains positive about the prospects for the Company, both in terms of portfolio performance and the ability of InfraRed Capital Partners to source value-accretive acquisitions.”

Investment Activity and Portfolio Performance

- ▲ Since 30 September 2014, the Group has invested or committed an aggregate £115m in the acquisition of a new investment in France and in incremental stakes in six existing projects. The largest investment was the acquisition of an additional 50% stake in Pinderfields & Pontefract Hospital for £61.5m, taking the Group's ownership to 100%.
- ▲ Construction work in accordance with the original scope of the Royal School of Military Engineering PPP Project is virtually complete. However, due to a contract variation, comprising a new accommodation block, the full programme of works is now expected to be finalised in the autumn of 2015.
- ▲ The Company recently announced the disposal of the Group’s 56% equity and subordinated debt interest in Colchester Garrison MoD Project. This was flagged in the Company’s Interim Results in November 2014, and delivered a profit, after costs, of £21.7m over the Directors’ valuation of £86.6m as at 30 September 2014. The decision to sell was taken following the recent disposal by a co-shareholder of its holding in the project. The co-shareholder’s disposal was undertaken by way of a competitive tender process, and it provided a benchmark value for the Company’s interest, which the Board considered to be significantly ahead of the value that could be achieved by retaining the project.
- ▲ Overall, the portfolio continues to perform well with no operational issues material to investment performance overall. Cash generation is expected to be ahead of the Company’s forecasts for the twelve months to 31 March 2015.

The Company

- ▲ The Company now operates as a self-managed Alternative Investment Fund in accordance with the EU's Alternative Investment Fund Managers Directive and the Board has formed a Risk Committee, the terms of reference for which are on the Company's website.
- ▲ As at the date of this announcement, the Company's issued share capital consists of 1,266,663,923 ordinary shares of 0.01p each, all of which carry voting rights.

Dividends and Financing

- ▲ The Company announced a second quarterly interim dividend for the financial year ending 31 March 2015 of 1.81 pence per ordinary share (the "Q2 Dividend") on 14 November 2014. The shares went ex-dividend on 27 November 2014 and the Q2 Dividend was paid on 31 December 2014 to shareholders on the register as at the close of business on 28 November 2014. The take-up of the scrip dividend was approximately 8%, resulting in an additional 1.2m ordinary shares being issued on 7 January 2015.
- ▲ The Company announced a third quarterly interim dividend for the financial year ending 31 March 2015 of 1.81 pence per ordinary share (the "Q3 Dividend") on 18 February 2015. The shares will go ex-dividend on 26 February 2015 and the Q3 Dividend will be paid on 31 March 2015 to shareholders on the register as at the close of business on 27 February 2015.
- ▲ The Board is confident that the fourth interim dividend of 1.82p, and therefore the target aggregate dividend per share of 7.25p for the financial year to 31 March 2015, can be achieved.
- ▲ The Board previously communicated a target dividend of 7.40p per share for the financial year ending 31 March 2016 which remains unchanged.
- ▲ On 22 December 2014, the Company raised gross proceeds of £25.0m through an oversubscribed tap issue of 17m ordinary shares at a price of 147.0p, such price representing a premium to the then prevailing net asset value ("NAV") per share.
- ▲ The Company currently has a net funding cash surplus of approximately £25m, resulting from the recent Colchester Garrison disposal. The Board is confident this will be re-invested shortly.

Outlook

- ▲ The Investment Adviser's infrastructure team is active in social and transportation infrastructure across the UK, Europe, Australia and Canada and is confident of sourcing new investments which meet the Group's investment policy and strategy and which have similar risk reward characteristics to the existing investment portfolio.
- ▲ That said, market appetite in the UK for the type of secondary infrastructure projects in which the Company invests remains strong. Demand currently outstrips supply, resulting in higher asset prices than a year ago.
- ▲ The Company will not compromise its investment quality standards by acquiring projects which, in the Investment Adviser's view, contain inadequately structured contractual arrangements or necessitate making overly-optimistic assumptions with regard to key revenue and cost variables.
- ▲ The Company, through The Infrastructure Forum, is engaging in consultation with the OECD in respect of its proposed Base Erosion and Profit Shifting (BEPS) project and is monitoring its progress. The BEPS project was endorsed by the G20 in July 2013 and, depending on whether and how it is implemented, it could affect the Group's future cashflows.

- ▲ The next valuation of the Group's portfolio will be as at 31 March 2015, and will be published as part of the Company's annual results in May. The key variables expected to impact this valuation include:
 - downward pressure on discount rates reflecting the higher prices seen in the market;
 - inflation rate assumptions in light of current low RPI/RPIx rates in the UK and low CPI in Europe; and
 - deposit rate assumptions based on latest market expectations.

- ▲ Although foreign asset values and net cashflows will be impacted by the recent strength of UK Sterling, the Company's hedging policy will largely mitigate any adverse consequences for cashflow and the balance sheet.

- ▲ The Company's NAV as at 31 March 2015 will reflect the sale of the Colchester Garrison MoD Project (providing an uplift of approximately 1.7p per share), changes in the value of the Group's portfolio and the accretive tap issue in December 2014.

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 96 social and transportation infrastructure investments it is seeking further suitable investment opportunities which fit its stated Investment Strategy.

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

This Quarterly Update Statement provides an explanation of material events and transactions that have taken place during the period from 1 October 2014 to 22 February 2015 and their impact on the financial position of the 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 ("InfraRed"), whose infrastructure investment team has successfully invested in over 160 infrastructure projects since 1997. InfraRed manages specialised funds and co-investment capital on behalf of a broad range of investors from around the world, creating value through investing in infrastructure and real estate projects. Its head office is in London, with offices in Hong Kong, New York, Paris, Seoul and Sydney.

InfraRed is authorised and regulated in the UK by the Financial Conduct Authority.

Further details of the Investment Adviser can be found on its website www.ircp.com.