

25 February 2016

HICL Infrastructure Company Limited

Quarterly Update Statement

The Board of HICL Infrastructure Company Limited, the listed infrastructure investment company advised by InfraRed Capital Partners Limited, is issuing this Quarterly Update Statement, which relates to the period from 1 October 2015 to 24 February 2016.

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

“In the period, we made two incremental investments into social infrastructure projects in which the Company already had an interest. We also contracted for the purchase of a toll road in France. This road project offers a number of attractive features including good traffic history, a long concession duration and good inflation-linkage.

Despite a market imbalance between weak supply and high demand for new investments, we retain a positive outlook. The Investment Adviser’s team continues to unlock new and incremental acquisition opportunities here in the UK, as well as originating complementary deal flow from Continental Europe and beyond. As ever, the key to translating this pipeline into value accretive investments is risk-adjusted pricing coupled with disciplined due diligence. Our reputation for efficiency in deal execution continues to serve us well.

The portfolio continues to perform well from an operational standpoint. Cash generation from the projects remains broadly in line with full year expectations and the Board re-affirms the target dividend per share of 7.45p for the current financial year and 7.60p for the financial year ending 2017.

This is my last formal communication with shareholders as Chairman of the Board. Although I do not retire from the Company until 30 June 2016, Ian Russell will succeed me as Chair with effect from 1 March 2016.

May I take this opportunity to thank shareholders for their support and confidence in the Company. I shall leave knowing that we are well placed for the future with a committed and diligent Board, an experienced and highly competent Investment Adviser, and a strongly performing portfolio of high quality investments.”

Investment Activity and Portfolio Performance

- ▲ Since 1 October 2015, the HICL Group has invested £29.4m in the acquisition of two incremental stakes in the Sheffield Schools PFI Project and the Southmead Hospital PFI Project.
- ▲ In addition, the HICL Group has reached agreement to acquire a 13.8% interest in the A63 motorway project in France. The acquisition is subject to a number of conditions precedent and should complete in early 2017, when the consideration of up to EUR87m will become payable. In addition to the long concession life and good inflation-linkage, the project benefits from a robust capital structure with long-tenor amortising debt which was put in place at an attractive margin as part of a refinancing in June last year.

- ▲ As previously announced, the HICL Group, as part of a consortium, had been selected as preferred bidder to deliver 14 primary care centres across Ireland for Ireland's Health Service Executive with an anticipated equity commitment for the HICL Group of around €10m. It is expected that this project will reach financial close before the Company's annual results announcement in May.
- ▲ The Investment Adviser's Portfolio Management function continues to focus on effective treasury and cost management at both portfolio and company level. This includes a number of project-level debt refinancings, the benefits of which will be shared with the public sector clients but will equally deliver small upsides for the Company.
- ▲ Material progress has been made at the Zaanstad Prison PPP project, following the bankruptcy of one of the joint venture construction partners (which was previously communicated at the time of the interim results). As a consequence, the event of default under the terms of the project's financing agreements (which was triggered by the bankruptcy) has been waived and the €20.0m additional funding provided by the HICL Group, as noted in the Company's interim results, has now been repaid. Construction is on track for completion in March, in line with the contracted delivery date.
- ▲ The public sector client on one of the HICL Group's smallest school projects (by value) has informed the project company that it intends to serve a voluntary termination notice on the project. If this proceeds, it will bring the concession to an end later this year. Under the terms of the project agreement, the HICL Group will receive 'market value' compensation in lieu of ongoing investment returns. Through the Investment Adviser, the Company remains focused on ensuring the project continues to provide services in accordance with the contractual requirements, while working proactively with the local authority to determine a mutually agreeable outcome for the situation.
- ▲ Overall, the portfolio continues to perform in line with expectations with no new material issues affecting investment performance overall.
- ▲ Cash generation for the year to 31 March 2016 is expected to be broadly in line with the Board's expectations. The Board also expects the aggregate dividend for the year to 31 March 2016 to be cash covered, albeit at a marginally reduced level compared to the previous financial year.

Dividends and Financing

- ▲ The Company announced a second quarterly interim dividend for the financial year ended 31 March 2016 of 1.86 pence per ordinary share (the "Q2 Dividend") on 12 November 2015. The shares went ex-dividend on 26 November 2015 and the Q2 Dividend was paid on 31 December 2015. The take-up of the scrip dividend was approximately 3.14%, resulting in an additional 0.51m ordinary shares being issued on 31 December 2015.
- ▲ The Company announced a third quarterly interim dividend for the financial year ending 31 March 2016 of 1.86 pence per ordinary share (the "Q3 Dividend") on 16 February 2016. The shares will go ex-dividend on 25 February 2016 and the Q3 Dividend will be

paid on 31 March 2016 to shareholders on the register as at the close of business on 26 February 2016.

- ▲ The Board remains confident that the target aggregate dividend per share of 7.45p for the financial year to 31 March 2016 will be achieved and re-affirms the guidance of a target 7.60p per share for the financial year to 31 March 2017.
- ▲ Following the recent investment activity and a tap issue on 11 December 2015, raising approximately £51.0m of gross proceeds, the Company has a net funding requirement of approximately £7m. The Board is keeping its funding options under review and will provide an update on its equity capital raising plans in due course, commensurate with further developments surrounding the investment pipeline.

Company and Governance

- ▲ As at the date of this announcement, the Company's issued share capital consists of 1,364,314,897 ordinary shares of 0.01p each, all of which carry voting rights.
- ▲ Following a renewal of shareholder approval at the July 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, the Company's current tap capacity is approximately 33m shares.
- ▲ As previously advised, the following changes to the Board of Directors and to the Committees of the Board, will take effect from 1 March 2016:
 - Ian Russell will become the Chairman, replacing Graham Picken;
 - Frank Nelson will become the Senior Independent Director, replacing John Hallam;
 - Ian Russell will become the Chair of the Nomination Committee, replacing Graham Picken; and
 - Chris Russell will join the Boards of Managers of the two Luxembourg subsidiaries, replacing Sarah Evans.
- ▲ Graham Picken and John Hallam intend to stand down from the Board of Directors on 30 June 2016. The Board continues to appraise suitable candidates with a view to appointing one or two additional Directors in the near to medium term.
- ▲ In late January, the Company launched a new website which it believes offers a more user-friendly interface for investors, as well as enhancing the visibility of information, (including the reports and publications, and the portfolio of investments).
- ▲ On 4 February, the Company hosted a Capital Markets Seminar for institutional investors and equity analysts. The presentation sought to illustrate how the Company, through its Board of Directors and Investment Adviser, InfraRed Capital Partners, delivers real value to shareholders. No material new information was disclosed at the presentation and the slides are available on the website (www.hicl.com/investor-relations/reports-publications).

Outlook

- ▲ The next valuation of the HICL Group's portfolio will be as at 31 March 2016, and will be published as part of the Company's year end results in May. The key variables expected to impact this valuation are the continued downward pressure on discount rates (reflecting the on-going competitive dynamics seen in the market), offset by low historic inflation and by low deposit rates.
- ▲ The Company's NAV as at 31 March 2016 will reflect changes in the value of the HICL Group's portfolio and the accretive tap issues that occurred in the period.
- ▲ Following the September announcement of the OECD's final recommendations on its proposed Base Erosion and Profit Shifting (BEPS) initiative, the Company has participated in a written submission to HM Treasury alongside other industry groups. The Company expects that by April a policy response in the form of a 'tax roadmap' will be released by HM Treasury which may provide greater clarity. As commented previously, depending on whether and how the OECD proposals are implemented, it could affect the HICL Group's future cashflows.
- ▲ The Investment Adviser's infrastructure team is active in markets across the UK, Europe, North America and Australia. Based on observed deal flow and the current pipeline, the Investment Adviser remains confident of sourcing new investments which meet the Company's investment policy and previously communicated Acquisition Strategy. The Investment Adviser has evaluated deal flow since the publication of the Company's interim results in a number of sectors, including social and transportation PPPs, toll roads and electricity transmission lines (with appropriate revenue streams).
- ▲ Market appetite for the type of secondary infrastructure projects in which the HICL Group invests remains very strong. Demand continues to outstrip supply, resulting in a continuation of the increase in asset prices seen over the last 18 months. This is true of the UK and most other markets where the Investment Adviser is active.
- ▲ As noted at the recent Capital Markets Seminar, there are some mature markets, for example the UK, where open market auctions are currently unattractive as sources of value for the HICL Group. The Investment Adviser's focus remains on finding value from sourcing new investments in less competitive situations, particularly through key relationships.
- ▲ The Company will maintain its investment quality standards and will not acquire 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 Board remains confident that, despite pricing pressure and competition, the Company will continue to find opportunities to make further suitable investments.

Ends

Enquiries

InfraRed Capital Partners Limited

+44 (0) 20 7484 1800

Tony Roper
Keith Pickard
Laurence Richardson
Harry Seekings

Tulchan Communications +44 (0) 20 7353 4200
Martha Walsh
Latika Shah

Canaccord Genuity Limited +44 (0) 20 7523 8000
David Yovichic

HICL Infrastructure Company Limited

HICL Infrastructure Company Limited ("HICL" or the "Company", and together with its subsidiaries the "HICL 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 102 social and transportation infrastructure investments with predominantly availability-based income streams, 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 2015 to 24 February 2016 and their impact on the financial position of the HICL 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 HICL Group.

Investment Adviser

The Investment Adviser to HICL is InfraRed Capital Partners Limited ("InfraRed") which has successfully invested in over 160 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, Paris, 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 over 50 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.

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