1 August 2011

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 FSA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 April 2011 to 1 August 2011. References to the Group below refer to the Company and its wholly-owned corporate subsidiaries.

Highlights

- Five new UK PFI investments acquired and three additional stakes in existing investments made during the period, for a total consideration of £70.35m
- Net Asset Value per share at 30 June 2011 was circa 112.8p, positively impacted by higher UK inflation and acquisitions made
- 22.8m shares placed for cash at a price of 115p raising £26.2m before costs
- The £30.0m Kemble Water junior loan redeemed in April at par
- Investment portfolio performance and cashflow in line with projections
- The Investment Adviser’s team has been proactive in assisting public sector clients to evaluate and deliver efficiency savings within existing projects
- New investment opportunities which meet the Group’s Investment Strategy continue to be assessed
- The second interim dividend of 3.425p per share was paid on 30 June 2011 and there was an 11.07% take up of the scrip dividend alternative

Graham Picken, Chairman of HICL Infrastructure Company Limited, said

“The Directors are pleased with the Company's performance. We welcome the acquisitions made in the period, which complement the existing portfolio.

Individual investments have performed as expected, with no material operating issues.

Consequent upon the successful acquisitions made in May and June, the Company was able to manage the share premium to net asset value by issuing additional shares into the market, thereby raising further equity capital on terms at a premium to net asset value per share.

With the recent publication of HM Treasury's updated guidance on PFI, which reflects the review of the Romford PFI project, the Investment Adviser is now using these latest findings, together with the good practice already developed on other investments to assist public sector clients who seek to enhance the performance of their projects. This work will continue and we are confident of making good progress and of meeting our investment objectives."

Portfolio

Following completion of acquisitions in May and June 2011, together with the redemption of the Kemble Water junior loan at par, the Group now holds a portfolio of 43 infrastructure investments, all of which are PFI/PPP/P3 projects in the UK, Europe and Canada.

These PFI/PPP/P3 projects have long-term availability-based concessions with public sector clients, none of which require refinancing to meet their long-term business plans. Three of the projects are currently in construction, comprising North West Anthony Henday P3 Road project in Canada, the M80 DBFO Road project and the Pontefract and Pinderfield Hospitals project. These account for circa 11% of the portfolio by value.

Construction on Bradford Schools Phase II project was completed in May. Two phases of the M80 motorway were completed in July, ahead of programme. The remaining 40 PFI/PPP/P3 projects are operational and delivering their contracted services satisfactorily.

Cashflow from the portfolio is in line with our projections.

Pipeline of new opportunities

As previously reported, there was a strong pipeline at the start of 2011 and this has contributed to the successful acquisitions made in May and June. The Investment Adviser is currently working on a number of further potential PFI/PPP acquisitions, mainly UK operational projects.

Dividends

On 19 May 2011, the Company declared a second interim dividend of 3.425p per share for the year to 31 March 2011. This was paid to shareholders on 30 June 2011. A scrip dividend alternative was offered and there was an 11.07% take-up, resulting in an additional 1,920,795 ordinary shares being issued on 30 June 2011.

Acquisitions and additional Investments

Since 31 March 2011, the Group has made five new investments and three incremental acquisitions.

In May 2011, the Group acquired interests in Norwich Schools, Oldham Schools and Sheffield Schools from Kier and Dexia for £17.2m. All three projects are operational and are now jointly owned with Kajima, who are providing the day-to-day project company management.

In May 2011, the Group also acquired a 75% interest in the Brentwood Community Hospital project from Kajima for £4.6m, and this investment will be managed alongside the three schools mentioned above.

In June 2011, the Group acquired a 100% interest in the South Ayrshire Schools PPP Project for £15.75m. The project involves the operation of three new primary schools, two new secondary schools and a new performing arts annex at an existing secondary school.

Also in June 2011, the Group acquired a 50% interest in the Pontefract and Pinderfield Hospitals PFI Project together with three incremental stakes in existing investments. These three additional stakes were in the Oxford John Radcliffe Hospital and Queen Alexandra Hospital, Portsmouth, together with a small stake in the Medium Support Helicopter Aircrew Training Facility. Total consideration was £32.8m.

Valuation of the Portfolio

The Company values the portfolio twice a year as at 30 September and 31 March. At 31 March 2011, the Company's Net Asset Value per share on an investment basis ('NAV') was 109.7p per share (after payment of the 3.425p second interim dividend).

As in previous periods, the Investment Adviser will prepare a fair market valuation for each of the Group's investments as at 30 September 2011. This will be based on discounted cashflow analysis of future forecast cashflows of the Group.

Whilst it is not yet possible to determine the key assumptions to be used in this valuation, the Investment Adviser has reviewed the assumptions used in the last valuation (31 March 2011) to assess whether there are any trends likely to affect the valuation and, hence, the Company's NAV as at 30 September 2011.

The following trends in key assumptions have been noted since 31 March 2011:

- The UK risk free rates as referenced by long term gilt rates (average of 20 and 30 year) have declined slightly from their levels as at 31 March 2011, and as at 27 July were 4.0% (compared to the average of 4.3% at 31 March 2011);

- As has been noted previously, movements in long term gilt rates do not mechanically move discount rates as the secondary PFI market seeks to look through any short term volatility. Since 31 March 2011, in the Investment Adviser's opinion, there has not been a significant shift in the overall discount rates used to value PFI assets bought and sold in the market;

- Inflation in the UK remains high, with UK RPI and RPIX both 5.0%;

- Bank deposit interest rates (relevant for cash held by projects on deposit) remain low.

It is the Investment Adviser's opinion that, apart from inflation, the combination of the above factors has not had a noticeable effect on the valuation of the Group's portfolio since 31 March 2011.

In the case of inflation, actual inflation has been higher than the assumed value used in the 31 March 2011 valuation which, coupled with the timing of annual contract indexation recalculations (a number of projects have a yearly start date of 1 April), has led to an increase in portfolio valuation. Hence the NAV per share has been positively impacted.

It is the Investment Adviser's view that the combination of higher inflation, contributions from new investments and the receipt of cashflows from existing investments held by the Group (net of dividends and operating costs paid), has added around 3p to the NAV per share over the three months to 30 June 2011.

As part of the annual results for the year ended 31 March 2011, detailed guidance was given on the sensitivity of the valuation to key economic assumptions (long term inflation rates and cash deposit rates) and changes to the weighted average discount rate used. Both the Annual Report and the Investor Presentation are available from the Company's website (www.hicl.com – Investor Relations - Publications).

Capital, gearing and hedging

The Group has a £200m five year revolving debt facility with Bank of Scotland. After the C share issue in December 2010, the full facility was available for further acquisitions. Since then acquisitions totalling £80.7m have been made, £30m has been repaid redemption of the Kemble Water junior loan and additional equity of

£26.2m (before costs) has been raised. This leaves capacity for up to £175m of further acquisitions using the debt facility assuming no further equity is raised.

Under the Prospectus Rules and the approval granted at the recent annual general meeting on 25 July 2011, the Company can issue a further 39.1m shares, provided the issue price is greater than the then current net asset value per share. Shares will be issued if there is sufficient demand, but as previously stated, the Company will only raise equity capital to repay the Group's revolving debt facility or to fund contracted investment obligations.

The Board and the Investment Adviser have discussed options for renewing the Group's debt facility and it is planned to commence negotiations in the second half of the year. At the same time, the Investment Adviser will revisit the Group's foreign currency hedging strategy (currently a 100% balance sheet hedge) to assess options for hedging the near term investment income from the three overseas assets.

Outlook

Whilst a number of uncertainties remain in global economies and financial markets, the Board and the Investment Adviser are reassured by both the quality and performance of the Group's investments. By deploying a range of risk mitigation measures and cautiously managing the overall profile of the portfolio, and its counterparties, the Group is positioned to maintain its competitiveness and stability.

The portfolio is performing as planned, but we are mindful of the continuing need to seek efficiencies whenever possible. Engagement with public sector clients remains a key component of asset management and, following HM Treasury's updated PFI guidance, the Group is confident of contributing meaningfully to the search for savings and more productive use of resources within the projects. Notwithstanding this, the Group also remains confident that its investment objectives are achievable.

PFI/PPP continues to be used as a procurement method in the UK, Europe, North America and Australia. This is leading to a growing pool of new projects and a stream of new investment opportunities for the future.

Ends

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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 43 infrastructure investments, all of which are PFI/PPP/P3 projects, and is seeking further suitable investment opportunities which fit its stated Investment Strategy.

In November 2010, the Company undertook a successful C share issue which raised £110m. The C Share Prospectus is available from the Company's website.

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 2011 to 1 August 2011 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 Services Authority.