

1 August 2012

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 2012 to 1 August 2012. References to the Group below refer to the Company and its wholly-owned corporate subsidiaries.

Highlights

- ▲ Successful C share conversion on 27 April, with vast majority of funds successfully deployed as planned and only £16m yet to be invested
- ▲ Three new UK PFI investments acquired and one additional stake in an existing investment made during the period, for a total consideration of £91.5m
- ▲ Investment portfolio performance and cashflow in line with projections
- ▲ Active engagement with project stakeholders at all levels, but especially on those projects acquired in the last year
- ▲ New investment opportunities which meet the Group's investment strategy continue to be assessed both in the UK and other target geographies.
- ▲ Second interim dividend of 3.5p per share, for the year ended 31 March 2012, paid on 29 June 2012 with a 7.7% take up of the scrip dividend alternative, creating £1.8m of capital to be invested

Graham Picken, Chairman of HICL Infrastructure Company Limited, said

"The Company continues to perform well and the Directors are pleased that the majority of the proceeds of the C Share in March have repaid the Group's debt and invested in attractive investments which complement our portfolio.

There are no material operating issues in the portfolio and the two projects currently in construction are expected to become fully operational during the summer.

With the remaining C share proceeds, the Group's undrawn credit facilities, and the Company's ability to undertake tap issuance, the Group is well placed to take advantage of new, suitable investment opportunities when they arise.

In the UK secondary market, we are seeing growing interest from investors wishing to acquire infrastructure assets. The Company remains careful not to compromise on quality or to overpay for investments in this environment.

We have a healthy pipeline with some exclusive opportunities and expect to make further investments in the coming months.”

Portfolio Developments

Following the acquisition of three new investments and an incremental stake since 31 March 2012, the Group now owns a portfolio of 73 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 and none requires refinancing to meet its long-term business plans. Two projects are currently still in construction: the M80 DBFO Road project in Scotland and the Birmingham Hospitals project. They account for circa 6% of the portfolio by value and construction is expected to be completed on both projects during the summer.

The Investment Adviser’s asset management team has been actively engaging with our public sector clients, sub-contractors and other service providers in respect of the portfolio and recent acquisitions. This work is to both protect and enhance the value of the Group’s portfolio and to assist clients implement efficiency savings programmes.

Cashflow from the portfolio is currently ahead of projections for this financial year though this is mostly a timing issue.

The recent press coverage concerning the management and financial position of a number of UK NHS Trusts has been linked to those with PFI projects. Whilst the Group currently invests in a number of healthcare projects, the Board and the Investment Adviser have noted that these projects have comparable structures to contracts in place in other PFI sectors and that they have central government support in the form of letters of comfort or deeds of safeguard. The Investment Adviser monitors the creditworthiness of each project’s key counterparties and remains confident that all the contractual obligations will continue to be met.

Pipeline of new opportunities

With a portfolio of 73 investments, of which only 13 are owned outright, there continues to be opportunities to acquire incremental stakes in projects where the Group is already an investor. Such acquisitions are efficient as the Investment

Adviser is already familiar with the project and these types of acquisition are invariably value accretive.

The UK secondary PFI market remains active with increasing competition from new players providing upward pressure on pricing. If this trend continues, it may lead to a slight increase in the value of the portfolio, as a result of a marginal tightening of discount rates.

The Group is seeing an increasing number of PPP investments available for purchase in Southern Europe. However, the Investment Adviser is cautious and currently does not believe it appropriate for the Group to invest in these markets due to the potential future macro-economic risks in those jurisdictions.

New opportunities that fit the Group's strategy for investment, however, are being considered in the UK, as well as in certain countries in Europe, and in North America.

Whilst deal flow in the primary PFI market in the UK remains uncertain and the successor procurement model is yet to be defined, the PFI/PPP/P3 procurement model continues to be popular in other developed economies around the world and the Investment Adviser maintains an active presence in those markets.

As part of the analysis being developed to aid the Board in setting the Company's dividend policy after March 2013, the Board is working with the Investment Adviser to assess the likely performance of the current portfolio and options for flexing the current Investment Strategy for new investments in light of the emerging investment opportunities with attractive risk, value and return characteristics.

The current strategy is narrower than the Company's Investment Policy, which is not changing, and has been in place for four years. Refinements of the strategy are evaluated periodically and the Investment Adviser believes that there could now be suitable investment opportunities in projects with user-paid revenues, with good prospects from proven trading histories and which are appropriately priced. Examples include operational toll roads and bridges with stable traffic and operating costs. Any such acquisitions, if made, would only represent a limited proportion of the overall portfolio.

Acquisitions and Additional Investments

Since 31 March 2012, the Group has made three new investments and one incremental acquisition.

Following shareholder approval at the EGM held on 23 March 2012, the Group completed in May the acquisition of a 19.5% interest in the Connect PFI project for £39.0m from another fund managed by the Investment Adviser in a related party transaction.

Also in May 2012, the Group acquired an incremental 14% stake in the Colchester Garrison project from a subsidiary of WS Atkins plc for £15 million, taking the Group's interest to 56%. This fully operational facility provides accommodation for approximately 3,500 military and 750 civilian personnel.

On 21 May, the Group acquired a 30% interest in the Birmingham Hospitals project for £34.6m from a division of RBS. Whilst the project is still in construction, the hospital is largely operational with some minor car park landscaping and other non-critical works expected to be completed during the summer.

On 9 July, the Group acquired a primary care facility in the north-west of England for £2.9m through a joint venture holding company (in which the Group has a 75% shareholding) which it owns with Kajima Partnerships Ltd. The PFI project, which became operational in 2009, offers a range of services including diagnostics, a GP practice, children's services, a physiotherapy and mental health unit and a community cafe.

Valuation of the Portfolio

The Company values the portfolio twice a year as at 30 September and 31 March. At 31 March 2012, the Company's Net Asset Value per share on an investment basis ('NAV') was 112.8p per share (after payment of the 3.5p 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 2012. This will be based on discounted cashflow analysis of future forecast cashflows of the Group's investments. The key economic assumptions used in this valuation are (i) risk free rates in the countries in which the investments are located; (ii) the risk premium of each investment taking into account whether it is operational or in construction; (iii) foreign exchange rates; (iv) bank deposit rates; and (v) inflation.

As noted above, the Investment Adviser is currently seeing some upward market pressure on valuations from increased competition. Whether this is sufficient to change the discount rates used in the valuation will be assessed as part of the 30 September valuation process, as will any macro UK economic assumptions which are trending less favourably.

As part of the annual results for the year ended 31 March 2012, detailed guidance was given on the sensitivity of the valuation to key economic assumptions 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

Proceeds from the £250m C Share issue in March were used to repay all the outstanding borrowings (£141.3m) and currently the Group's revolving credit facility remains undrawn. Taking into account the £91.5m of acquisitions up to 30 July, the Group has £19m of cash available for investment, which includes £1.8m previously earmarked for the second interim dividend, but ultimately taken in scrip form by some shareholders.

Under the Prospectus Rules and the approval granted at the recent annual general meeting on 25 July 2012, the Company can issue a further 88.5m 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 investment commitments.

Following the repayment of currency drawings under the Group's credit facility, the Investment Adviser has adjusted the Group's foreign currency hedging strategy. It now seeks to manage the balance sheet volatility in the valuation of non-Sterling assets through the forward sale of Euros and Canadian Dollars. Using the same technique, the hedging of future income from overseas assets now provides cover on a one to two year rolling basis.

Dividends

On 12 April 2012, the Company declared a second interim dividend of 3.5p per share for the year to 31 March 2012, taking the total dividend per share for the year to 6.85p. This was paid to shareholders on 29 June 2012. A scrip dividend alternative was offered and there was a 7.7% take-up, resulting in an additional 1,496,645 ordinary shares being issued on 29 June 2011.

Outlook

The global economy remains susceptible to instability in financial markets, especially in Europe, as well as political uncertainty. Nevertheless, by maintaining a cautious approach to new investments, active asset management of the existing portfolio, and tight risk monitoring and management, the Board and the Investment Adviser believe that the Group's investment portfolio will remain stable and resilient to external shocks and volatility.

There remains a broad secondary market of UK PFI projects which meet the Group's investment criteria but, with more purchasers increasingly active in the market, indications are for asset pricing to become more competitive.

The overseas secondary asset pool of PFI/PPP/P3 projects continues to grow steadily and will present opportunities as and when the original equity sponsors choose to realise their investments.

Nonetheless, the Board is confident that further acquisitions will be made in the coming months.

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

In February 2012, the Company undertook a successful C share issue which raised £250m. 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 2012 to 1 August 2012 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.