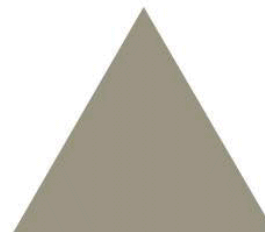




**HICL Infrastructure Company Limited**  
Interim Results Presentation  
Six Months to 30 September 2014

**19 November 2014**



# Agenda



<b>Section</b>	<b>Page</b>
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This presentation and subsequent discussion may contain certain forward looking statements with respect to the financial condition, results of operations and business of HICL Infrastructure Company Limited and its subsidiaries (the "Group"). These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report & Consolidated Financial Statements for the year ended 31 March 2014 and in the New Ordinary Share Prospectus of 26 February 2013 which are available from the Company's website.

Past performance is not a reliable indicator of future performance.

# Interim Results



# Summary Highlights

For the half year to 30 September 2014



## Portfolio Performance

- NAV per share up 7.4p post-dividend; driven by investment performance, 0.2% reduction in weighted average discount rate and revaluation of certain assets, including the asset the Group is contracted to sell

## Dividends

- Move to quarterly dividends; 1.81p paid, 1.81p declared; target of 7.25p for year
- Guidance of 7.40p per share for year to 31 March 2016

## New Investments

- 3 new investments and 3 incremental stakes for £63.7m in period
- 4 further incremental stakes post period end for £103.6m
- All meet return objectives

## Funding

- £50.7m of equity raised through oversubscribed tap issue in June
- Current net funding requirement of £104m

## Board and Governance

- Frank Nelson appointed as 7<sup>th</sup> Board Director; all are non-executive and independent
- HICL now a self-managed AIF under AIFMD

## Outlook and Pipeline

- Pipeline of further investment opportunities, both in the UK and overseas

# Summary Financials

<b>Income Statement (six months ended)</b>	<b>30 September 2014</b>	<b>30 September 2013</b>
Total Income	£142.3m	£82.1m
Fund expenses & finance costs	(£10.3m)	(£10.7m)
Profit before tax	132.0m	71.4m
<b>Earnings per share</b>	<b>10.7p</b>	<b>6.2p</b>

<b>Ongoing Charges<sup>1</sup></b>	<b>1.12%</b>	<b>1.15%</b>
------------------------------------	--------------	--------------

<b>Balance Sheet (as at)</b>	<b>30 September 2014</b>	<b>31 March 2014</b>
<b>Investments at fair value</b>	<b>£1,631.0m</b>	<b>£1,495.5m</b>
NAV per share (before interim dividend)	132.3p	126.7p
Interim dividend	(1.81p)	(3.6p)
<b>NAV per share (after interim dividend)</b>	<b>130.5p<sup>2</sup></b>	<b>123.1p</b>

<sup>1</sup> Ongoing charges percentage annualised

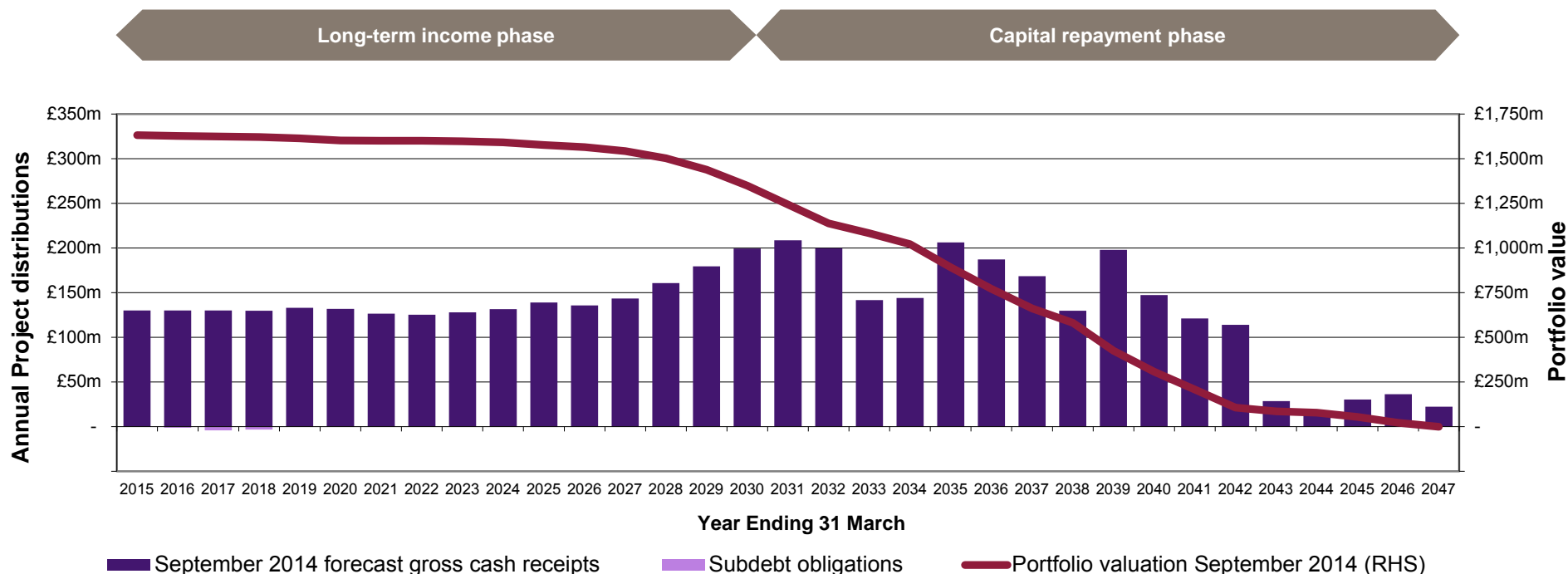
<sup>2</sup> After second interim dividend of 1.81p

## Summary Financials II

Cash Flow (six months ended)	30 September 2014	30 September 2013
Opening net cash	£42.7m	£144.9m
<b>Net Operating Cashflow</b>	<b>£53.9m</b>	<b>£45.1m</b>
Investments	(£61.3m)	(£213.2m)
Equity Raised	£50.3m	£84.9m
Forex movements	£1.8m	£2.2m
Dividends Paid	(£60.5m)	(£30.1m)
<b>Net Cash</b>	<b>£26.9m</b>	<b>£33.8m</b>
<b>Dividend Cash Cover</b>	<b>1.3<sup>1</sup></b>	<b>1.5</b>

<sup>1</sup> Dividend cash cover on a proforma basis adjusting for introduction of quarterly dividends which resulted in 9 months of dividends paid in 6 months. Unadjusted dividend cash cover is 0.9 times

# Portfolio Overview - Cashflow Profile<sup>1</sup>



Source: Investment Adviser

1. The illustration represents a target only as at 30 September 2014 and is not a profit forecast. There can be no assurance that this target will be met
2. The illustration assumes a Euro to Sterling exchange rate of 0.78, a Canadian dollar to Sterling exchange rate of 0.55, an Australian dollar to sterling exchange rate of 0.54, and a weighted average discount rate of 8.0 per cent. per annum. These and the value of the Group's portfolio may vary over time
3. The cashflows and the valuation are from the portfolio of 96 investments as at 30 September 2014 and does not include other assets or liabilities of the Group, and assumes that during the period illustrated above, (i) no new investments are purchased, (ii) no existing investments are sold and (iii) the Group suffers no material liability to withholding taxes, or taxation on income or gains

# Key Valuation Assumptions

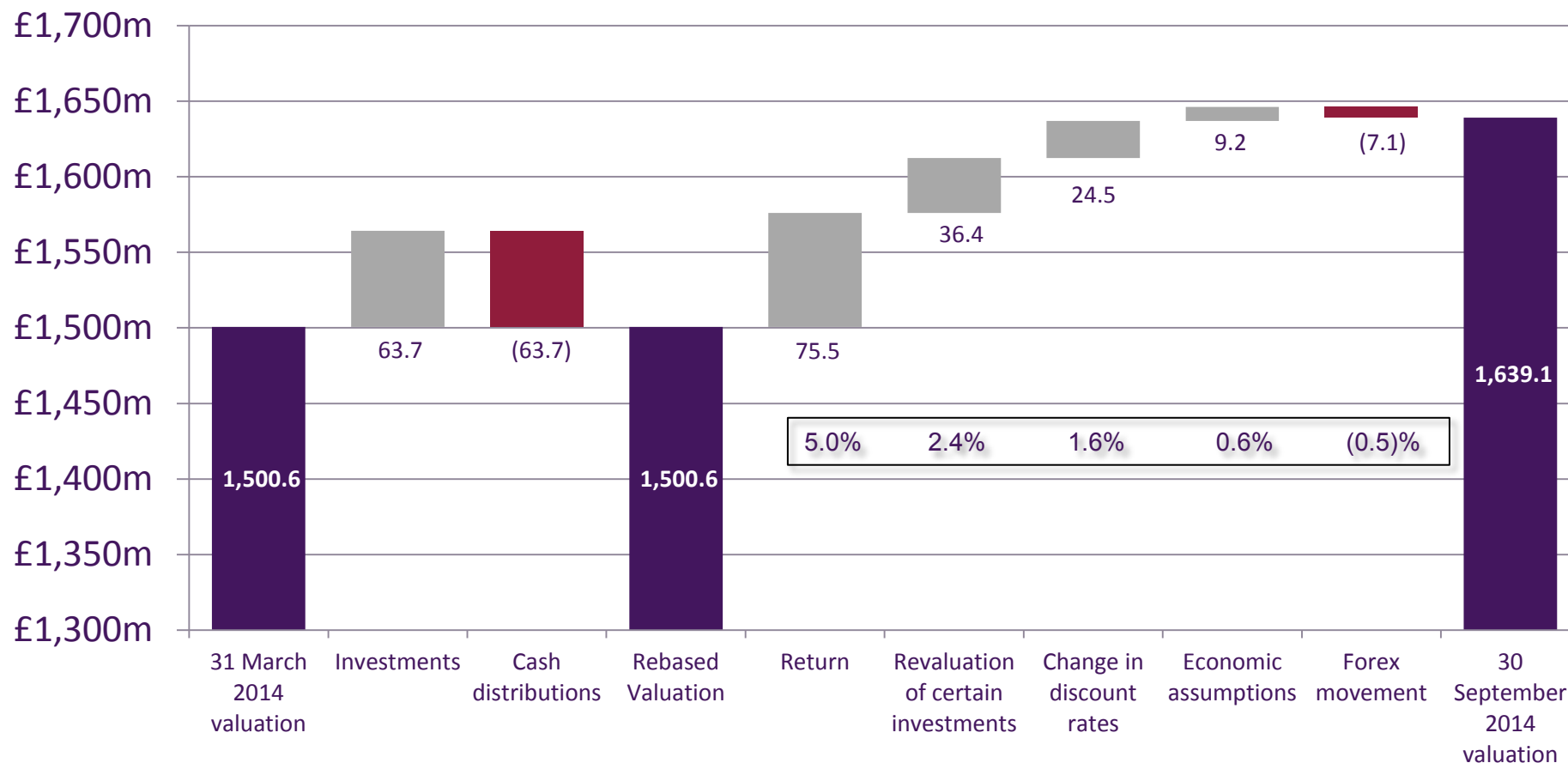
		Movement	30 September 2014	31 March 2014
<b>Discount Rate</b>	Weighted Average	↓	8.0%	8.2%
<b>Inflation<sup>1</sup></b>	UK (RPI <sup>2</sup> & RPIx <sup>2</sup> ) Euro (CPI) Canada (CPI) Australia (CPI)	↔	2.75% 2.00% 2.00% 2.50%	2.75% 2.00% 2.00% n/a
<b>Deposit Rates</b>	UK  EU  Canada  Australia	↔	1.0% to 31 Mar 2018, and 3.5% thereafter  1.0% to 31 Mar 2018, and 3.5% thereafter  1.0% to 31 Mar 2018, and 2.5% thereafter  2.6% with a gradual increase to 5.0%	1.0% to 31 Mar 2018, and 3.5% thereafter  1.0% to 31 Mar 2018, and 3.5% thereafter  1.0% to 31 Mar 2018, and 2.5% thereafter  n/a
<b>Foreign Exchange</b>	CAD / GBP EUR / GBP AUS / GBP		0.55 0.78 0.54	0.54 0.83 n/a
<b>Tax Rate</b>	UK	↓	20%	21%

<sup>1</sup> Some project income fully indexed, whilst some partially indexed

<sup>2</sup> Retail Price Index and Retail Price Index excluding Mortgage Interest Payments



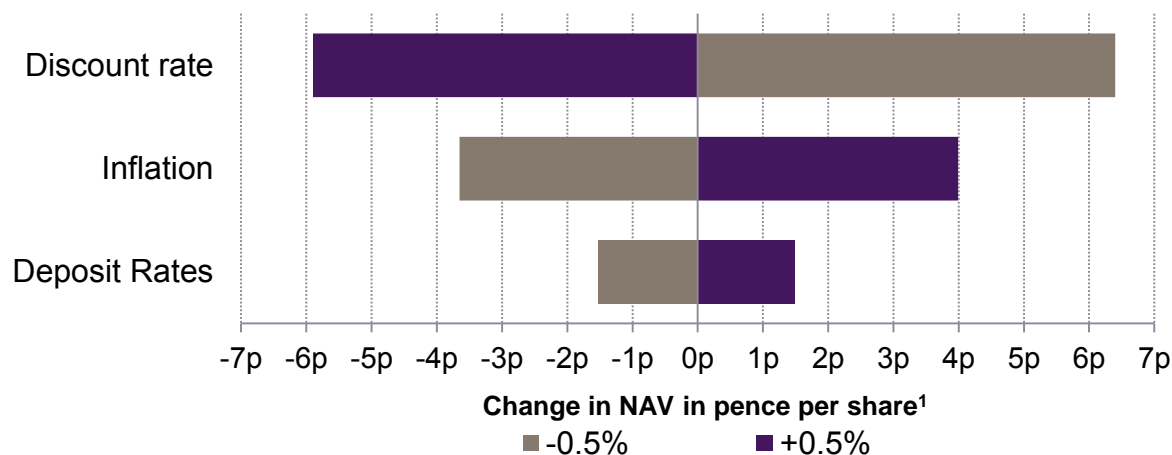
# Analysis of Change in Directors' Valuation



- ▲ “Return” comprises the unwinding of the discount rate and project outperformance
- ▲ Growth over the rebased valuation of £1,500.6m at 31 March 2014 was 9.2%
- ▲ £1,639.1m reconciles to £1,631.0m Investments at fair value through £8.1m of future investment obligations

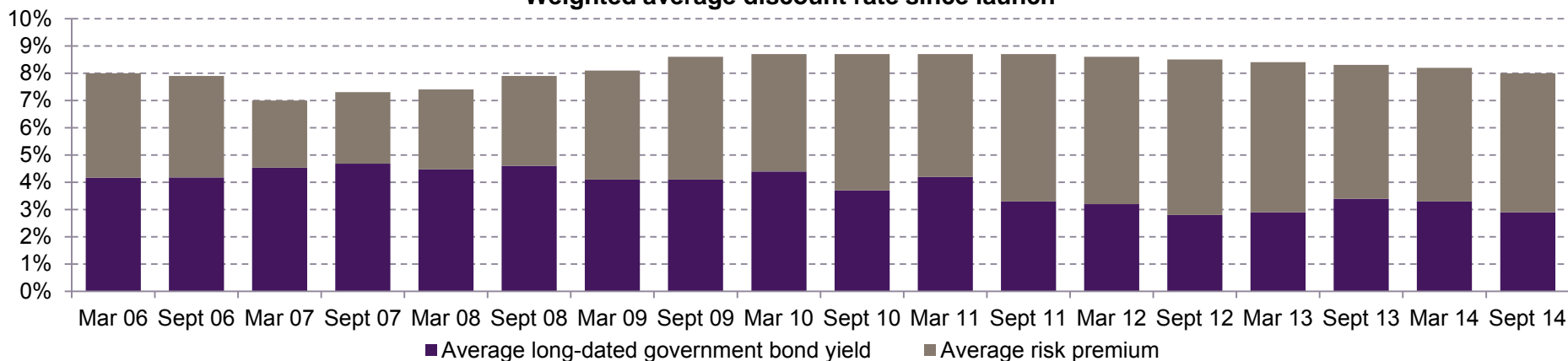
# Key Valuation Sensitivities

Sensitivity to key macroeconomic assumptions



- ▲ If the annual inflation assumption were 3.75% p.a. (i.e. up 1.0%), the expected return<sup>2</sup> from portfolio (before Group expenses) would increase from 8.0% to 8.6%
- ▲ Weighted average discount rate of 8.0%, down from 8.2% at 31 March 2014

Weighted average discount rate since launch



<sup>1</sup> Based on 1,248m shares in issue <sup>2</sup> Return is expected gross internal rate of return

An aerial photograph of the Aquasure desalination plant in Melbourne, Australia. The image shows a large industrial complex with several large buildings, numerous parking lots filled with cars, and various pipes and infrastructure. The plant is situated near a coastline with a sandy beach and waves. In the background, there are green fields and a road. A dark purple banner is overlaid on the top right of the image, containing the text 'Investment Activity' in white.

# Investment Activity



# Summary Investment Activity

## Investment activity during the period

- ▲ 3 new investments and 3 incremental stakes during the period for £63.7m
- ▲ £50.7m oversubscribed tap issue in June at the prevailing market price was accretive to existing shareholders

Amount	Type	Stage	Project	Sector	Stake Acquired	Overall Stake	Date
£5.1m <sup>1</sup>	New	Construction	N17/18 road in Ireland	Transport	10.0%	10.0%	8 May-14
	Follow-on	Operational	Miles Platting Housing in Manchester	Accommodation	16.7%	50.0%	
£53.5m <sup>1</sup>	New	Operational	Bradford BSF Schools I	Education	29.2%	29.2%	28 May-14
	New	Operational	AquaSure desalination plant in Australia	Accommodation	5.85%	5.85%	
£5.1m <sup>1</sup>	Follow-on	Operational	Sheffield Schools BSF	Education	19.0%	59.0%	22 Sep-14
	Follow-on	Operational	Oldham Library	Accommodation	40.0%	90.0%	
<b>£63.7m</b>							

<sup>1</sup> Aggregate value of consideration paid

# Summary Investment Activity

Investment activity post-period end

▲ Four incremental stakes since the period end for an additional £103.6m

Amount	Type	Stage	Project	Sector	Stake Acquired	Overall Stake	Date
£61.5m	Follow-on	Operational	Pinderfields and Pontefract Hospitals	Health	50.0%	100.0%	2 Oct-14
£25.2m	Follow-on	Operational	AquaSure desalination plant in Australia	Accommodation	3.4%	9.25%	9 Oct-14
£16.9m <sup>1</sup>	Follow-on	Operational	Birmingham and Solihull LIFT	Health	30.0%	60.0%	Nov-14
	Follow-on	Operational	Staffordshire LIFT	Health	30.0%	60.0%	Nov-14
<b>£103.6m</b>							

- ▲ Group has contracted to sell one significant investment. Subject to third party consents
- ▲ Proceeds will be used to pay down Group's revolving debt facility and for making new investments
- ▲ Current net funding requirement of c.£104m

<sup>1</sup> Aggregate value of consideration paid

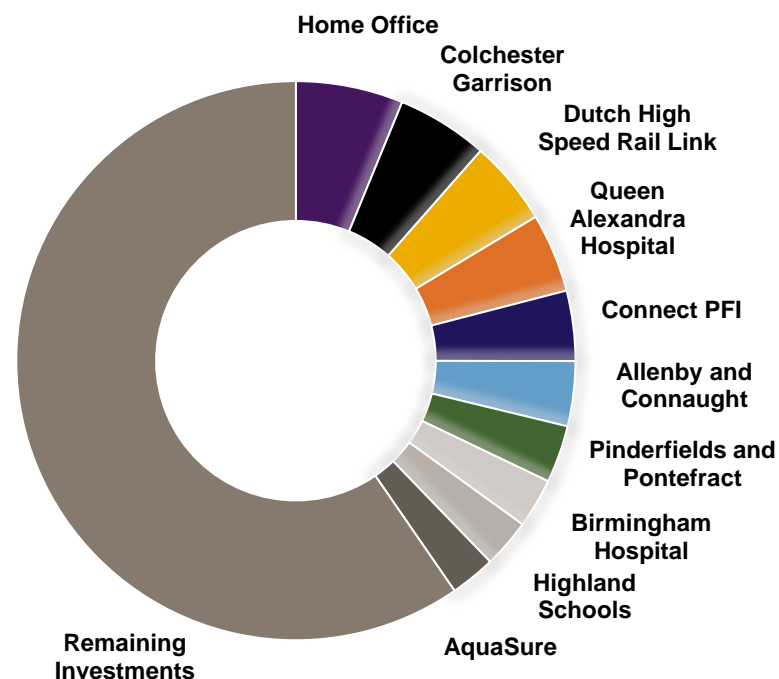
# Portfolio and Asset Management



# The Portfolio, Performance and Asset Management

- ▲ 96 investments at 30 September 2014 valued at £1,639.1m<sup>1</sup>
  - 10 largest assets represent 40% of portfolio by value
  
- ▲ Average concession life of 21.6 years (22.0 years at 31 March 2014)
  - long-term debt financing with average remaining maturity of 19.6 years (20.3 years at 31 March 2014)
  
- ▲ Portfolio performing well with no material issues
  - One health investment revalued down to reflect our assessment of its current operational issues
  - One road investment, previously revalued down, with a number of construction and operational problems
  - Believe a satisfactory settlement will be found for contractual issues on both assets

## Ten largest Investments



<sup>1</sup> £1,639.1m reconciles to £1,631.0m Investments at fair value through £8.1m of future investment obligations



# The Portfolio, Performance and Asset Management

Continued



- ▲ Five projects currently under construction:
  - Allenby and Connaught Ministry of Defence Accommodation: construction completion of last building expected in 2015
  - RD901 road in France : financial close January 2014 with construction in progress
  - University of Bourgogne academic buildings : financial close July 2013 with construction in progress
  - Royal School of Military Engineering : construction completion scheduled for 2015
  - N17/N18 PPP road in Ireland : construction began shortly after financial close in May 2014
  
- ▲ Investment Adviser's portfolio and asset management teams continue to work on generating incremental value
  
- ▲ Cost savings and value enhancements initiatives undertaken jointly with clients and subcontractors with a collective sharing of financial benefit generated
  - New initiatives are harder to find and deliver where investment has been held for a number of years
  
- ▲ Regular and active dialogue between InfraRed's asset managers and the stakeholders in each project, not just at project company level
  
- ▲ Strong focus on ESG at the project company level; InfraRed is a signatory to the UN Principles of Responsible Investment
  
- ▲ HICL Directors have undertaken a number of site visits to attend project company board meetings and client liaison meetings; key to understanding the day-to-day issues involved in the portfolio

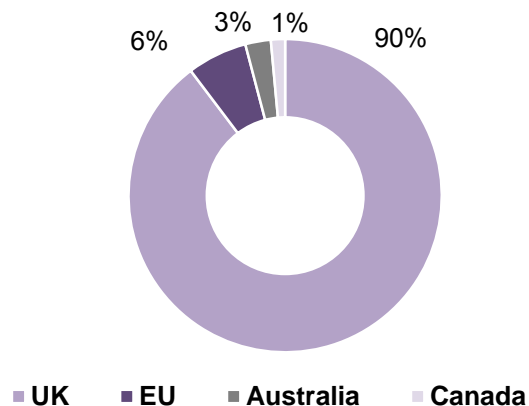


# Portfolio Characteristics

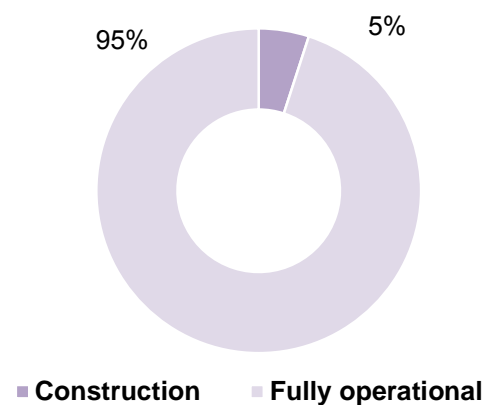
As at 30 September 2014



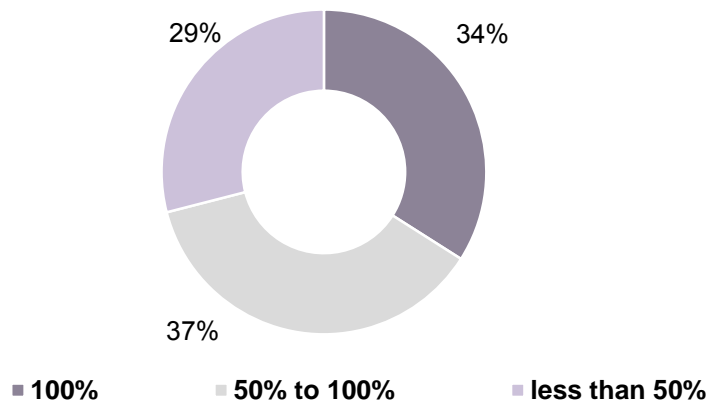
## Geographic location



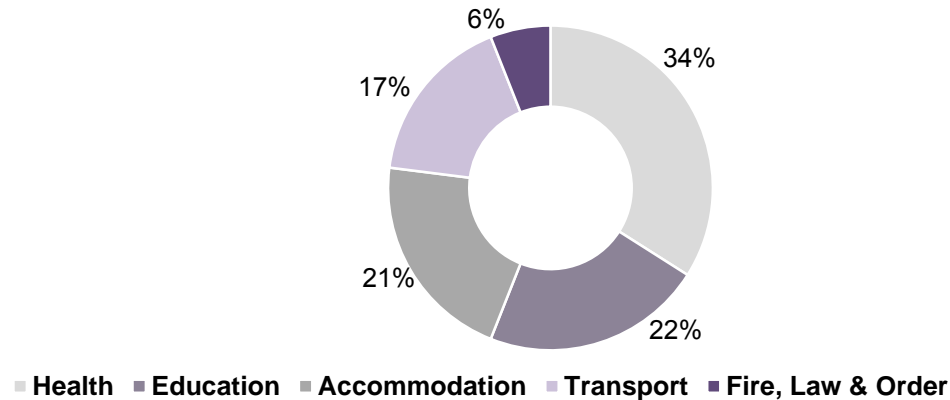
## Investment Status



## Ownership Analysis



## Sector



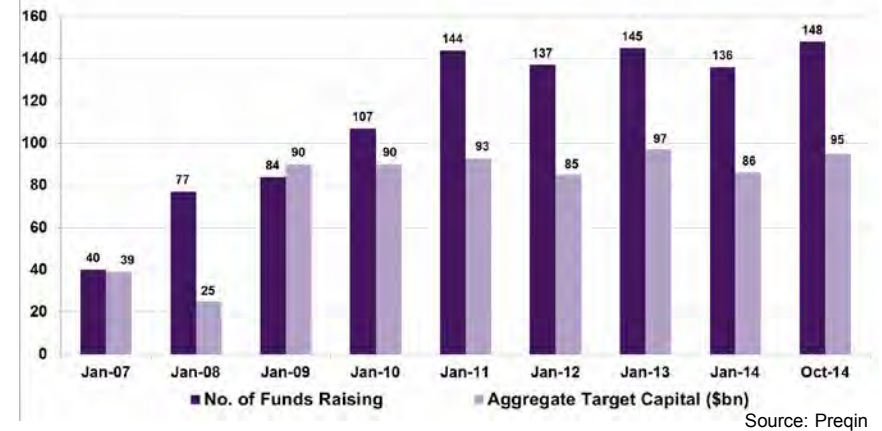
All charts are by value, as at 30 September 2014, using Directors' valuation

# Market Conditions and Outlook

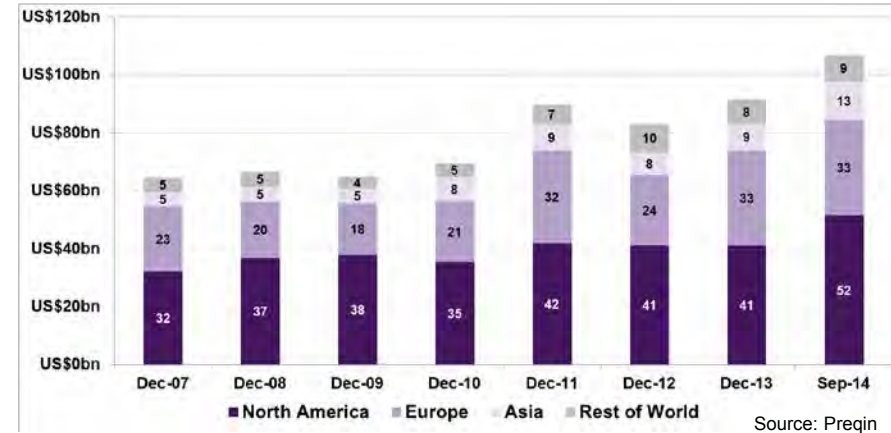
# Market Update

- ▲ Strong and increasing structural demand for infrastructure exposure
- ▲ More investors globally making allocations of capital to the sector
- ▲ Pressure to invest capital allocated or committed
- ▲ Increased pricing pressure pushing down returns on all infrastructure investments
- ▲ Supply and demand imbalance set to continue
- ▲ UK National Infrastructure Plan unlikely to be progressed materially until after general election in 2015
- ▲ Whilst pool of suitable UK investments currently declining, number of suitable opportunities overseas is growing
- ▲ Number of opportunities for the Group increasing in North America and Australia as procurement continues – need to maintain focus and discipline

## Unlisted Infrastructure Funds in the Market to Raise Capital



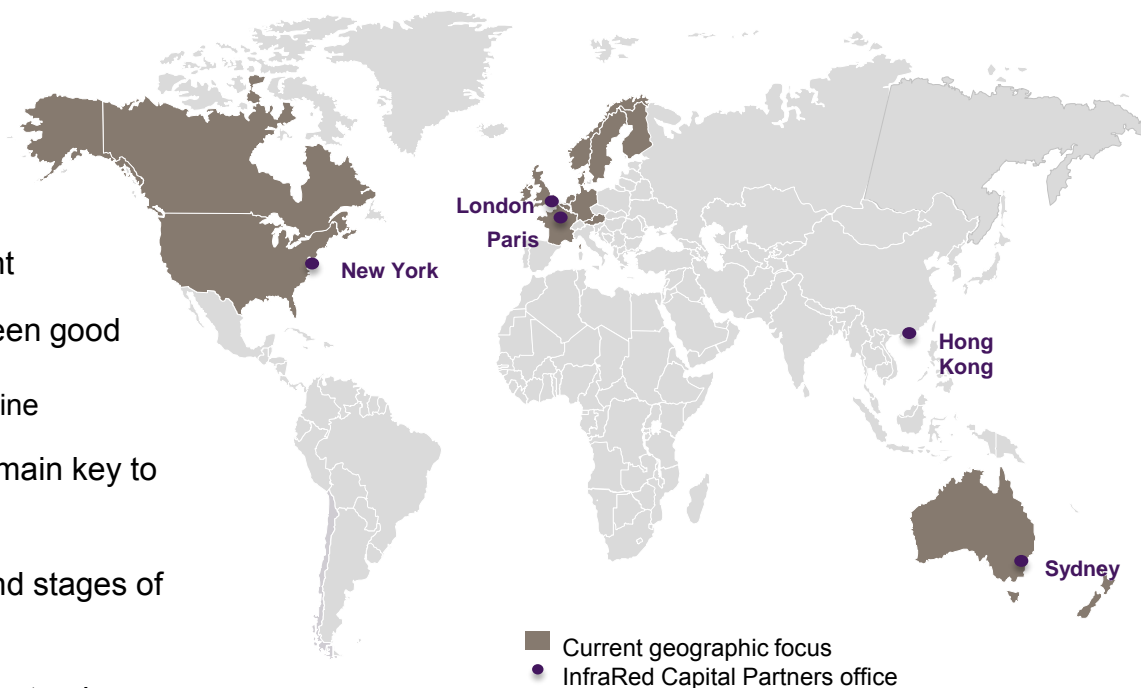
## Unlisted Infrastructure Funds' Dry Powder by Geography





# Sourcing and Pipeline

- ▲ Harder to source opportunities 'off-market' as vendors increasingly undertaking formal auction processes
- ▲ Disciplined approach to avoid over-paying and diluting returns from existing portfolio
- ▲ Management of unsuccessful bid costs important
- ▲ Increasing stakes in existing investments has been good source of supply so far this year
  - further incremental stake purchases in the pipeline
- ▲ Relationships and reputation for deliverability remain key to finding value
- ▲ Broader pipeline across sectors, geographies and stages of development - focus on finding value
- ▲ Following a strategic review with the Board in September:
  - Geographic focus remains the UK, certain countries in Europe, North America, and Australasia.
  - Whilst operational social and transportation infrastructure assets remain core, other areas of focus include:
    - ▲ Investments in assets under construction
    - ▲ Investments in transmission lines, including OFTOs which have availability-type payment mechanisms
    - ▲ Investments in transportation projects, where income is from user-paid revenue streams
- ▲ The Board and its Risk Committee review the strategy and risk appetite of the Group on a quarterly basis



# Performance and Summary



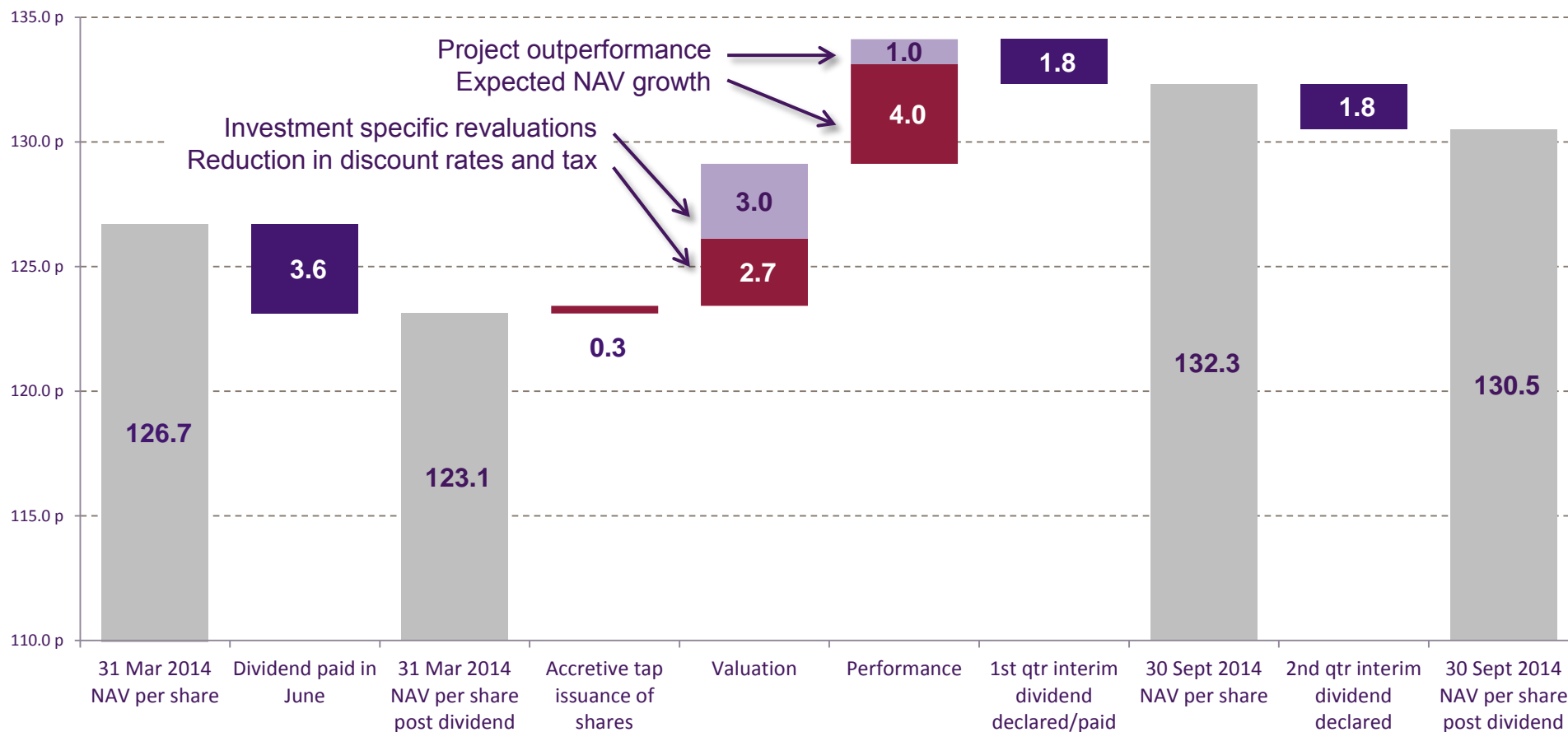
# Company's Key Performance Indicators (“KPIs”)

KPI	30 September 2014	30 September 2013	Target
<b>Dividends declared in half year</b>	3.62p per share	3.5p per share	7.10p dividend per share 2014 achieved 7.25p dividend per share 2015 target
<b>Total return in half year</b> (NAV per share growth plus dividends per share)	9.0%	5.8%	7% p.a. IRR as per latest guidance <sup>2</sup>
<b>Total return in half year</b> (share price plus dividends per share)	10.2%	2.7%	7% p.a. IRR as per latest guidance <sup>2</sup>
<b>Total return since IPO</b> (NAV per share plus dividends per share)	9.5% p.a.	8.9% p.a.	7% to 8% p.a. as set out at IPO
<b>Total return since IPO</b> (share price plus dividends per share)	10.4% p.a.	9.4% p.a.	7% to 8% p.a. as set out at IPO
<b>Cash cover in half year</b>	1.3 times <sup>1</sup>	1.5 times	To be cash covered
<b>Ongoing Charges (annualised) in half year</b>	1.12%	1.15%	To reduce ongoing charges where possible
<b>Weighted average discount rate</b>	8.0%	8.3%	To equate to the market rate
<b>Rebased valuation growth in the half year (annualised)</b>	18.4%	11.6%	To outperform the discount rate
<b>Weighted average portfolio life</b>	21.6 years	22.4 years	Seek to maintain, where possible, by suitable acquisitions
<b>Weighted average life of portfolio project debt</b>	19.6 years	20.9 years	To limit refinancing risk
<b>Ten largest investments as percentage of the portfolio by value</b>	40%	42%	To limit concentration risk
<b>Largest investment</b> (as percentage of portfolio valuation)	6%	7%	To be less than 20%
<b>Inflation correlation of the portfolio</b>	0.6% change in gross return for a 1.0% p.a. change in inflation	0.6% change in gross return for a 1.0% p.a. change in inflation	To maintain current correlation

<sup>1</sup> On a pro-rata basis as move to quarterly dividends in the period

<sup>2</sup> February 2013 prospectus based on 119.5p issue price

# Analysis of Change in NAV per Share



# Summary

- ▲ Strong results from a portfolio of mainly operationally, quality assets complemented by recent acquisitions
  - Total return of 11.0p per share in the six months
- ▲ Quarterly dividend cash flow underpinned by strong portfolio cashflows
  - Target dividend of 7.25p per share this financial year; 7.4p per share target for next year; pro-forma cash cover of 1.3 in period
- ▲ Ongoing demand for HICL shares evidenced by over-subscribed tap issuance and good scrip dividend take up
- ▲ More challenging market conditions, but finding value still possible
  - Needs focused approach and discipline in competed auctions
- ▲ Selective and modest geographic diversification of the portfolio with focus on selected countries in Europe, North America and Australia
- ▲ Risk appetite and pricing disciplines actively determined and managed by the Board and Investment Adviser
- ▲ Continuing secondary demand and market pricing likely to lead to further reductions in discount rates in second half of the year



# Appendix I

## Valuation Methodology and Sensitivities

## The Company's valuation methodology is consistent with industry standard

- ▲ Semi-annual valuation and NAV reporting:
  - Carried out by Investment Adviser
  - Approved by Directors
  - Independent opinion for Directors from third-party valuation expert
  
- ▲ Non traded - DCF methodology on investment cash flows
  - Discount rate comprising Government bond yield plus investment specific premium
    - ▲ For bond yield, average of 20 and 30 year government bonds (matching concession lengths)
  
- ▲ Traded (not currently applicable): market quotation

# Discount Rate Analysis

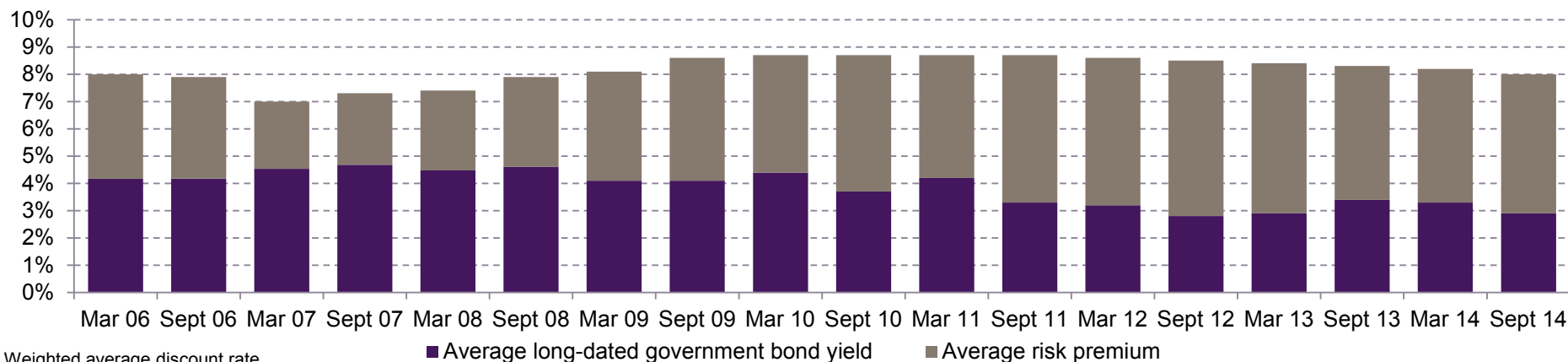
Directors' Valuation as at 30 September 2014

## Market valuation of assets increased in the period

- ▲ Discount rates for projects range between 7.6% and 11.0%
- ▲ Weighted average discount rate of 8.0%, down from 8.2% at 31 March 2014
- ▲ Risk premium over long-dated government bonds increased by 0.2% in the period to 5.1%

	Appropriate long-dated government bond yield		Risk Premium		Total Discount Rate <sup>1</sup> 30 Sep 2014	Total government 31 Mar 2014
UK	3.0%	+	5.0%	=	8.0%	8.2%
Australia	3.8%	+	4.5%	=	8.3%	n/a
Canada	2.6%	+	5.1%	=	7.7%	7.9%
France	2.2%	+	8.4%	=	10.6%	10.6%
Holland	1.8%	+	6.3%	=	8.1%	8.3%
Ireland	1.9%	+	7.0%	=	8.9%	9.0%
<b>Portfolio<sup>1</sup></b>	2.9%	+	5.1%	=	8.0%	8.2%

## Weighted average discount rate since launch



<sup>1</sup> Weighted average discount rate

■ Average long-dated government bond yield    ■ Average risk premium

# Portfolio Valuation - Sensitivities

Sensitivities		- 0.5% change	Base Case	+ 0.5% change
			<b>8.0%</b>	
<b>Discount Rate<sup>1</sup></b>	Directors' valuation, and change	<b>+ £79.8m</b>	£1,639.1m	<b>- £73.9m</b>
	Implied change in NAV <sup>5</sup> per Ordinary Share	<b>+ 6.4 pence</b>		<b>- 5.9 pence</b>
			<b>2.75%</b>	
<b>Inflation Rates<sup>2,3</sup></b>	Directors' valuation, and change	<b>- £45.6m</b>	£1,639.1m	<b>+ £49.8m</b>
	Implied change in NAV <sup>5</sup> per Ordinary Share	<b>- 3.7 pence</b>		<b>+ 4.0 pence</b>
			<b>1% to 2018 and 3.5% thereafter</b>	
<b>Deposit Rates<sup>2,3</sup></b>	Directors' valuation, and change	<b>- £19.1m</b>	£1,639.1m	<b>+ £18.6m</b>
	Implied change in NAV <sup>5</sup> per Ordinary Share	<b>- 1.5 pence</b>		<b>+ 1.5 pence</b>

## Sensitivity to inflation depends on a project's initial structuring<sup>2,3</sup>

- ▲ PFI/PPP/P3 projects' income and costs linked (partially or wholly) to RPI/RPIx<sup>4</sup> in UK and CPI in Holland, Canada, Ireland, and Australia
  - Availability payments fully or partially indexed to inflation and operating costs also indexed to inflation
  - Financing costs can be indexed-linked and some projects have long-term RPI hedges in place

## Deposit Rates - positive sensitivity results from cash deposits held by project companies<sup>2,3</sup>

- ▲ Financing structure typically includes cash reserve accounts – e.g. debt service reserve account, Lifecycle reserve account, Change in law reserve account
- ▲ Debt financing in each project hedged to interest rate exposure

1 Sensitivity analysis based on the 96 investments as at 30 September 2014

2 Analysis based on extrapolation from 20 largest investments

3 Changing all future periods from the base assumption – all other assumptions unchanged

4 Retail Price Index and Retail Price Index excluding mortgage interest payments

5 NAV per share based on 1,248m ordinary shares in issue as at 30 September 2014

# Appendix II

## The Investment Adviser

# Overview of InfraRed Capital Partners Ltd

InfraRed is the Investment Adviser and Operator



- ▲ InfraRed is the investment adviser to HICL and is authorised and regulated by the Financial Conduct Authority
- ▲ Strong, 15+ year track record in raising and managing 15 value-add infrastructure and real estate funds (including HICL and TRIG)
- ▲ Currently over US\$7bn of equity under management
- ▲ Independent manager 80.1% owned by 26 partners following successful spin-out from HSBC Group in April 2011<sup>1</sup>
- ▲ London based, with offices in Hong Kong, New York, Paris and Sydney, with over 100 partners and staff
- ▲ There is a clear ‘conflict’ policy and each fund has a clearly defined investment strategy

Infrastructure funds	Strategy	Amount (m)	Years	Status
Fund I	Unlisted , greenfield , capital growth	£125	2001-2006	Realised
Fund II	Unlisted , greenfield , capital growth	£300	Since 2004	Materially realised
HICL Infrastructure Company Limited (“HICL”)	Listed, secondary, income yield	£1,799 <sup>2</sup>	Since 2006	Evergreen
Environmental Fund	Unlisted , greenfield , capital growth	€235	Since 2009	Investing
Fund III	Unlisted , greenfield , capital growth	US\$1,217	Since 2011	Investing
Yield Fund	Unlisted , secondary, income yield	£500	Since 2012	Invested
The Renewables Infrastructure Group (“TRIG”)	Listed , secondary, income yield	£442 <sup>2</sup>	Since 2013	Evergreen

Source: InfraRed

1. InfraRed is an indirect subsidiary of InfraRed Partners LLP which is 80.1% owned by 26 partners and 19.9% by HSBC Group

2. Market capitalisation as at 30 September 2014

# InfraRed – Team Skills and Experience

- ▲ Experienced infrastructure professionals with proven track record
- ▲ Well established and respected team
  - Recent additions to portfolio management and asset management
  - Part of a wider infrastructure team of 50
- ▲ Detailed, ‘tried and tested’ investment processes
- ▲ Active asset management with regular review
- ▲ Proactive value management
- ▲ Wide range of skills and knowledge of
  - Assets in the portfolio
  - Construction
  - Facilities management
  - Corporate finance and M&A
  - Treasury management

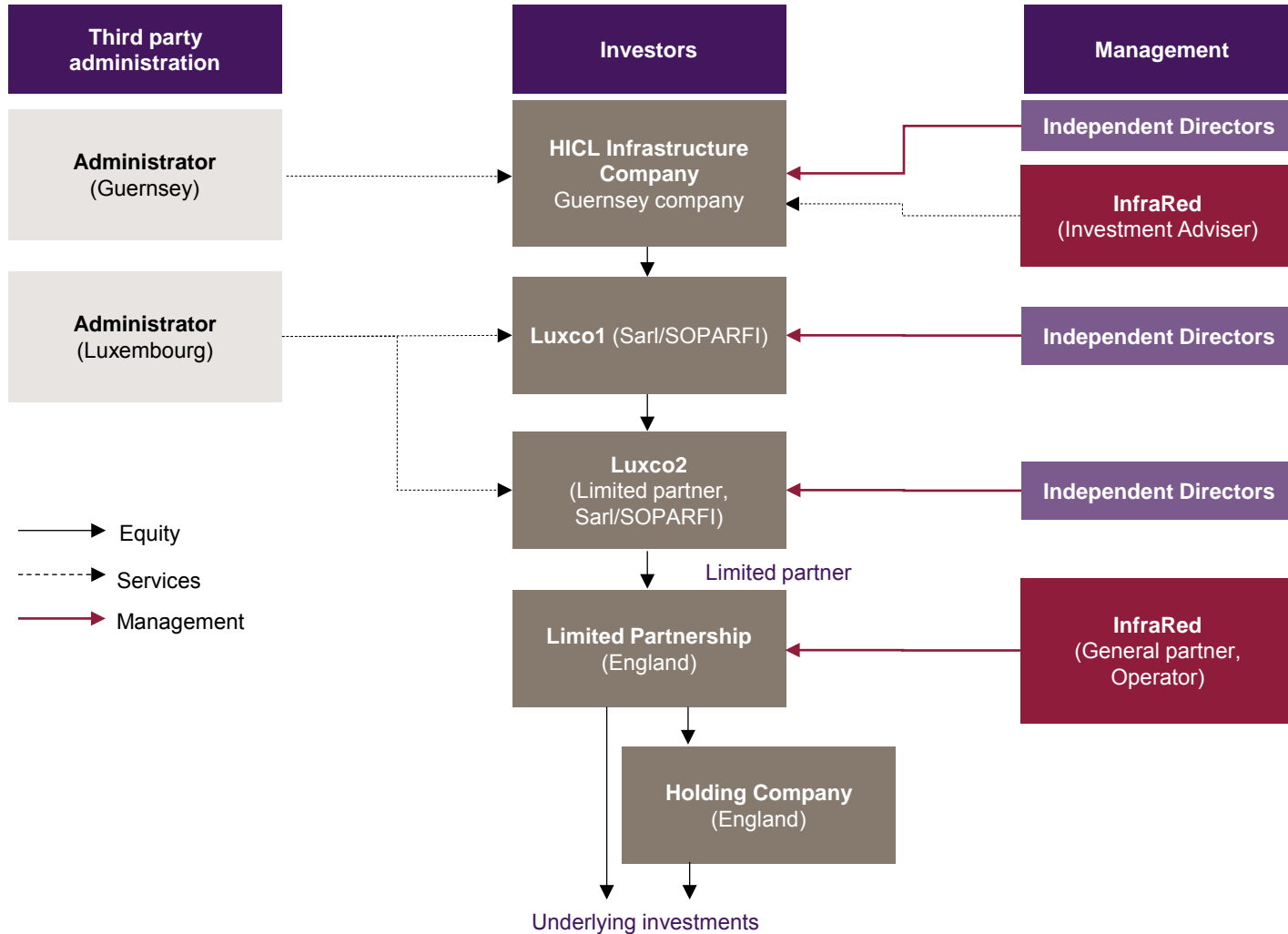


# Appendix III

The Company



# Group Structure Diagram



## ▲ Independent board of seven non-executive Directors

- Approves and monitors adherence to strategy
- Acts as the AIFM under the European Commission’s Alternative Investment Fund Managers Directive
- Determines risk appetite through formal Risk Committee
- Monitors compliance with, and implementation of, regulation for HICL
- Sets Group’s policies
- Monitors performance against objectives
- Oversees capital raising (equity or debt) and deployment of cash proceeds
- Appoints service providers and auditors

## ▲ Investment Adviser / Operator: InfraRed Capital Partners Limited, a subsidiary of InfraRed Partners LLP

- Day-to-day management of portfolio
- Utilisation of cash proceeds
- Full discretion within strategy determined by Board over acquisitions and disposals (through Investment Committee)
- Authorised and regulated by the Financial Conduct Authority

# HICL Board

The Board comprises seven independent, non-executive Directors



## Graham Picken, Chairman

Graham, a UK resident, is an experienced banker and financial practitioner and has been chairman of the Company since its launch. He is also chairman of Hampshire Trust Bank and a non-executive director of Skipton Building Society and of Connells Ltd, the estate agency group.

Until 2003, Graham's career spanned over thirty years with Midland and HSBC Banks where, before he retired, he was General Manager of HSBC Bank plc responsible for commercial and corporate banking (including specialised and equity finance).

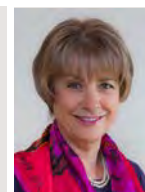


## John Hallam, Director

John, a Guernsey resident, is a former partner of PWC having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is a Fellow of the Institute of Chartered Accountants in

England and Wales and qualified as an accountant in 1971. He is currently chairman of Dexion Capital Ltd and Partners Group Global Opportunities Ltd, as well as being a director of a number of other financial services companies, some of which are London-listed.

He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years.



## Sarah Evans, Director

Sarah, a Guernsey resident, is a Chartered Accountant and a director of several other listed investment funds, as well as the Guernsey subsidiary of a global bank. She spent over six years with the Barclays Bank plc group

from 1994 to 2001. During that time she was a treasury director and, from 1996 to 1998, was the Finance Director of Barclays Mercantile, where she was responsible for all aspects of financial control and operational risk management. Previously she ran her own consultancy business advising financial institutions on all aspects of securitisation. From 1982-88 she was with Kleinwort Benson, latterly as head of group finance.



## Susie Farnon, Director

Sally-Ann (known as Susie), a Guernsey resident, is a Fellow of the Institute of Accountants in England and Wales and qualified in 1983. She was a Banking and Finance Partner with KPMG Channel

Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants and as a member of The States of Guernsey Audit Commission and The Guernsey Public Accounts Committee. She is Vice-Chairman of The Guernsey Financial Services Commission and a non-executive director of a number of property and investment companies. She is a director of several other public companies.



## Frank Nelson, Director

Frank is a UK resident and a qualified accountant. He has over 25 years of experience in the construction, contracting, infrastructure and energy sectors, and was Finance Director of construction and

house-building group Galliford Try plc from 2000 until October 2012. He was previously Finance Director of Try Group plc from 1987 up to the merger with Galliford in 2001. Following his retirement from Galliford Try, he took on the role of interim CFO of Lamprell plc, where he helped to complete a complex refinancing and turnaround, before leaving in October 2013.

Frank is currently a non-executive director of McCarthy and Stone and Thames Valley Housing Association.



## Chris Russell, Director

Chris, a Guernsey resident, is a non-executive director of investment and financial companies in the UK, Hong Kong and Guernsey. He is Chairman of F&C Commercial Property Trust Ltd and a

Director of the UK trade body, the Association of Investment Companies. Chris was formerly a director of Gartmore Investment Management plc, where he was Head of Gartmore's businesses in the US and Japan. Before that he was a holding board director of the Jardine Fleming Group in Asia.

He is a Fellow of the UK Society of Investment Professionals and a Fellow of the Institute of Chartered Accountants in England and Wales.



## Ian Russell, Director

Ian is resident in the UK and is a qualified accountant. He was Finance Director and then CEO of Scottish Power plc and spent eight years as Finance Director at HSBC Asset Management. He is currently the Chairman of Johnston Press plc

and a non-executive director of British Polythene Industries plc, Mercantile Investment Trust plc and British Assets Trust plc.

Ian was previously a non-executive director of The Scottish Investment Trust plc.

## Manage existing portfolio:

- ▲ Add value through active management
- ▲ Engage with public sector clients to generate cost savings

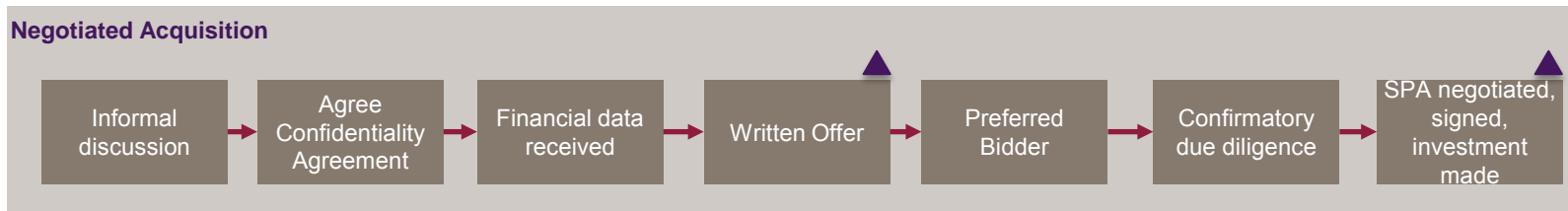
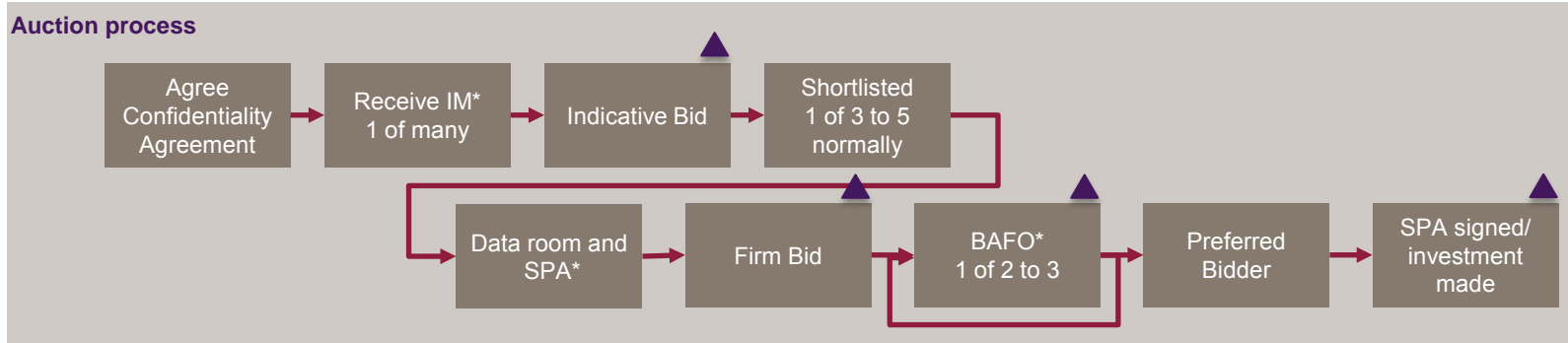
## Source and evaluate investment opportunities which are:

- ▲ Predominantly social and transportation infrastructure
  - PFI/PPP/P3 concession contracts with public sector clients, both operational and under construction
  - Availability-based revenues with inflation-linkage
- ▲ Of possible interest, if risk/return appropriate:
  - Transmission lines, which have availability-type payment mechanisms
  - Transportation projects, where income is from user-paid revenue streams supported by operational data

## Maintain position by:

- ▲ Adherence to clear, stated strategy and delivering target returns
- ▲ Maintaining pricing discipline
- ▲ Sourcing carefully, through relationships
- ▲ Achieving continued portfolio delivery

# Typical Bid Processes

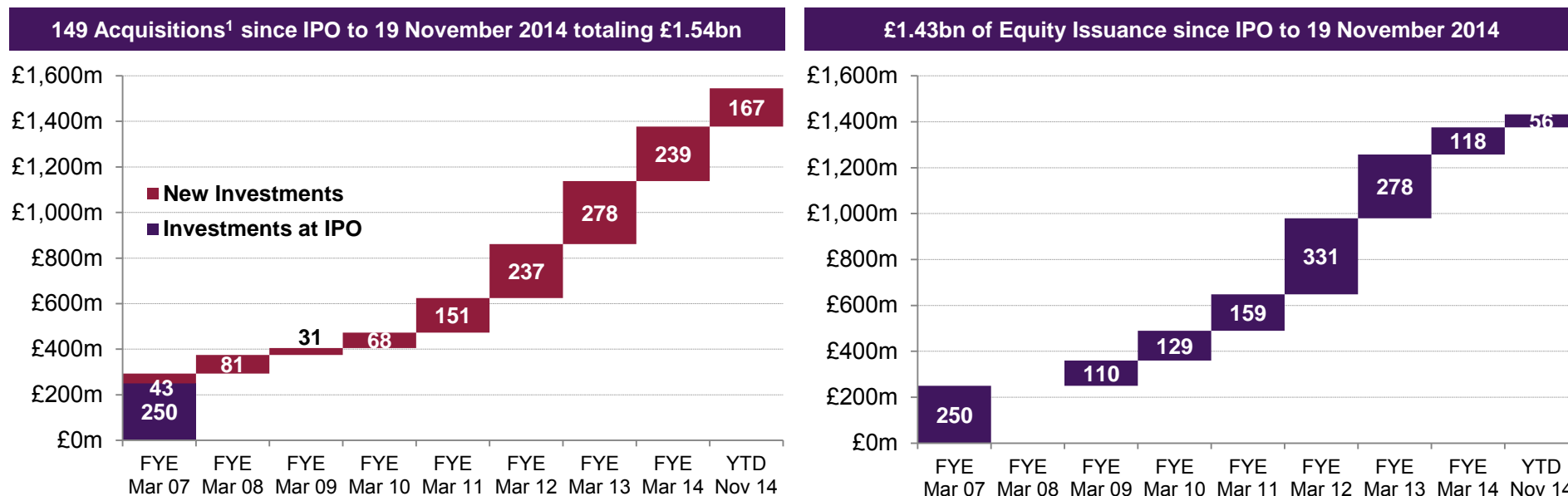


\* Note: simplified as processes vary on each acquisition process varies  
 IM Information memorandum  
 SPA Sale and purchase agreement  
 BAFO Best and final offer

▲ Meeting of Investment Committee

# Investment and Capital Raising

- ▲ Acquisitions driven by demand for HICL shares and availability of further investments which fit the Investment Strategy
- ▲ Acquisitions are initially debt-funded (using £150m committed revolving credit facility at Group level), to avoid cash drag and to give shareholders visibility over the new investments, and then refinanced through equity issuance
- ▲ HICL has raised c.£1.43bn of equity since launch in March 2006 - £250m at IPO and £1.18bn through subsequent share issues



1. Split into 100 new investments and 49 acquisitions of incremental stakes in existing investments as at 19 November 2014

# Appendix III

## The Investment Portfolio

# Current Portfolio

Portfolio of 96 investments as at 19 November 2014

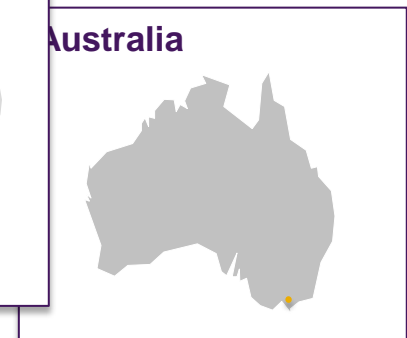
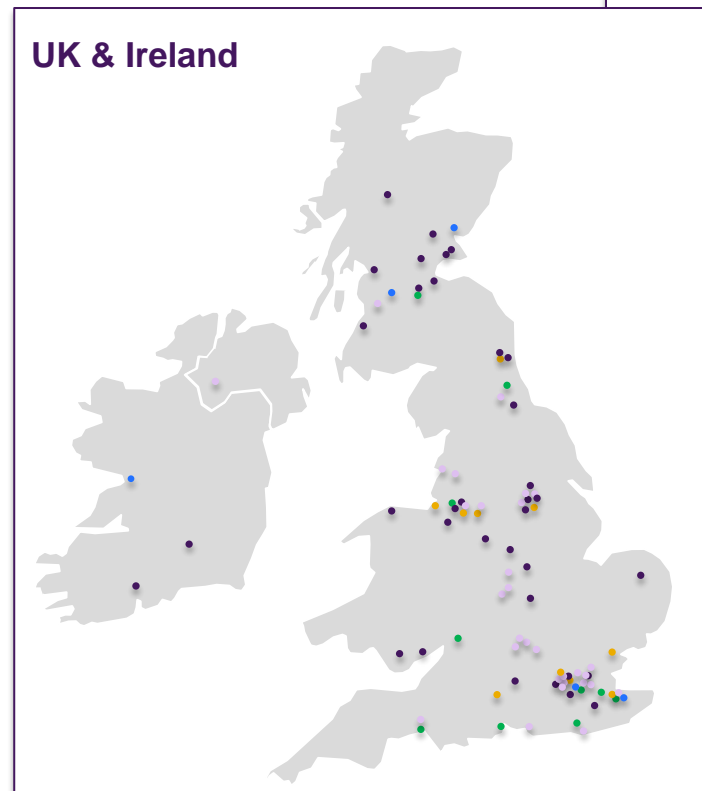
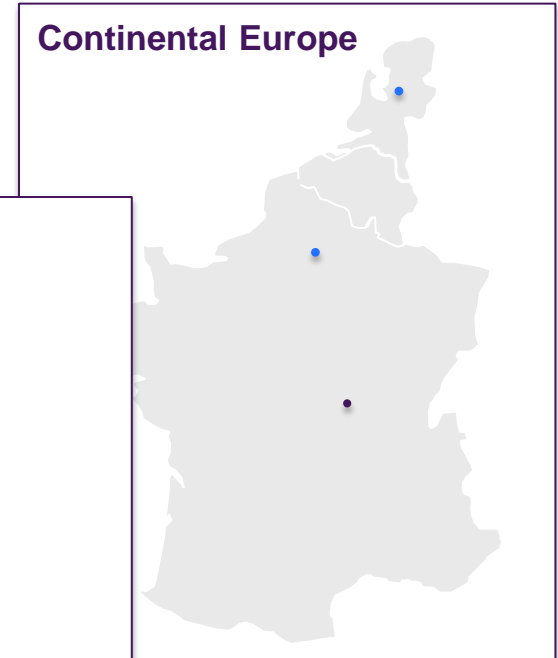
Education			Fire, Law & Order	Health		Accommodation	Transport
Barking & Dagenham Schools	Boldon School	Bradford Schools 1	Addiewell Prison	Barnet Hospital	Birmingham Hospitals	Allenby & Connaught MOD Accommodation	A249 Road
Bradford Schools 2	Conwy Schools	Cork School of Music	Dorset Fire & Rescue	Birmingham & Solihull LIFT	Bishop Auckland Hospital	AquaSure	A92 Road
Croydon School	Darlington Schools	Defence Sixth Form College	D & C Firearms Training Centre	Blackburn Hospital	Blackpool Primary Care Facility	Colchester Garrison	Connect PFI
Derby Schools	Ealing Schools	Edinburgh Schools	Exeter Crown Courts	Brentwood Community Hospital	Brighton Hospital	Health & Safety Headquarters	Dutch High Speed Rail Link
Falkirk Schools NPDP	Fife Schools	Fife Schools 2	Gloucester Fire & Rescue	Central Middlesex Hospital	Doncaster Mental Health Hospital	Home Office	Kicking Horse Canyon P3
Haverstock School	Health & Safety Labs	Helicopter Training Facility	Greater Manchester Police Stations	Ealing Care Homes	Glasgow Hospital	Miles Platting Social Housing	M80 Motorway DBFO
Highland Schools PPP	Irish Grouped Schools	Kent Schools	Medway Police	Lewisham Hospital	Medway LIFT	Newcastle Libraries	N17/N18 Road
Manchester School	Newport Schools	North Tyneside Schools	Metropolitan Police Training Centre	Newton Abbot Hospital	Nuffield Hospital	Northwood MoD HQ	NW Anthony Henday P3
Norwich Schools	Oldham Schools	Perth & Kinross Schools	South East London Police Stations	Oxford Churchill Oncology	Oxford John Radcliffe Hospital	Oldham Library	RD901
Rhondda Schools	Renfrewshire Schools	Sheffield BSF Schools	Sussex Custodial Centre	Pinderfields & Pontefract Hospitals	Queen Alexandra Hospital	Royal School of Military Engineering	
Sheffield Schools	South Ayrshire Schools	University of Bourgogne	Tyne & Wear Fire Stations	Redbridge & Waltham Forest LIFT	Romford Hospital	University of Sheffield Accommodation	
West Lothian Schools	Wooldale Centre for Learning			Salford Hospital	Sheffield Hospital		
				South West Hospital, Enniskillen	Staffordshire LIFT		
				Stoke Mandeville Hospital	Tameside General Hospital		
				West Middlesex Hospital	Willesden Hospital		

<b>Key:</b>	Incremental stake acquired	Incremental stake acquired since September 2014
	Portfolio as at 31 March 2014	Acquired in the period to 30 September 2014



# Portfolio Overview

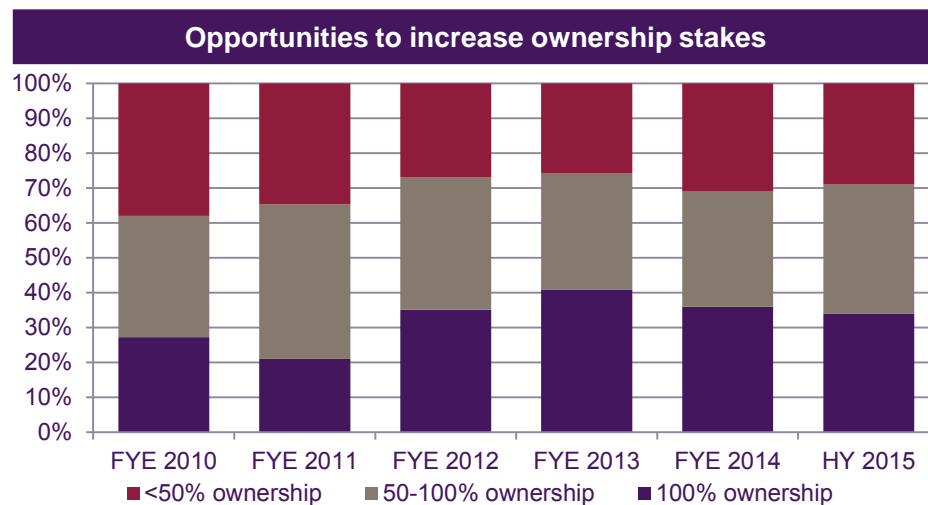
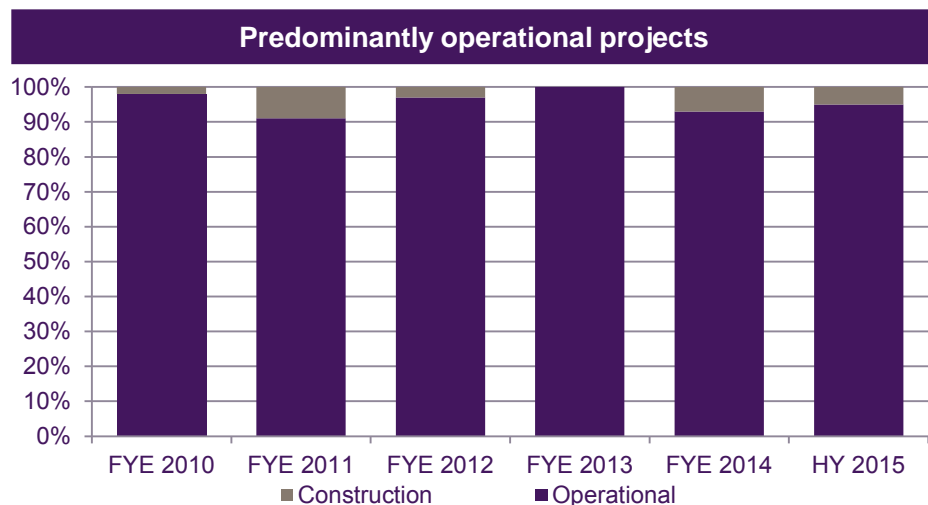
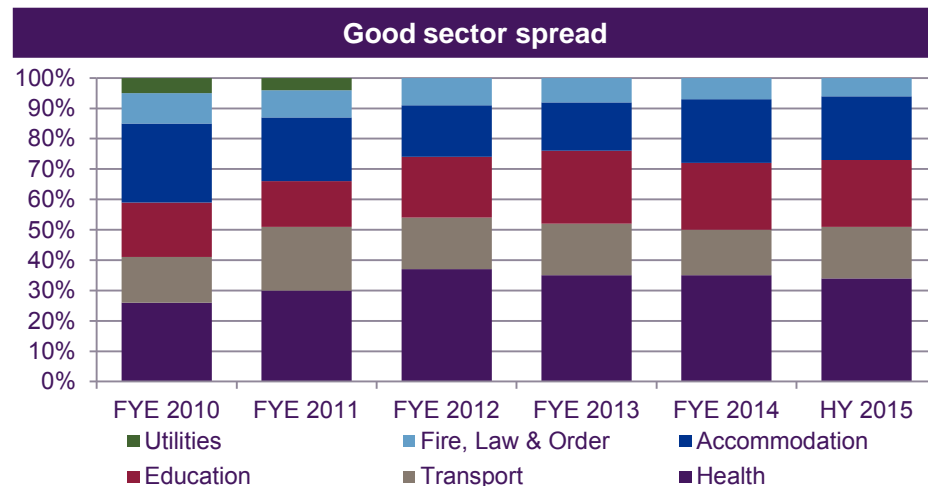
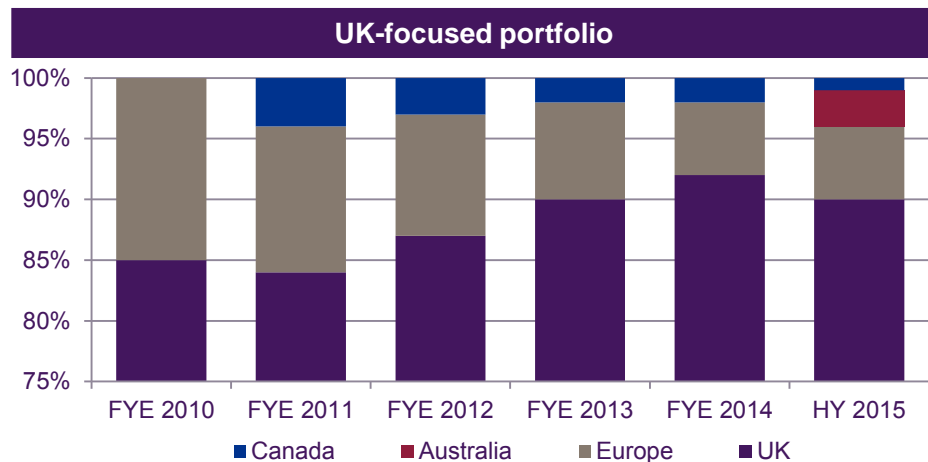


- Key:**
- Accommodation
  - Transport
  - Education
  - Health
  - Fire, Law & Order

Source: InfraRed

# Current Portfolio – Key Attributes

Evolution of the Group's portfolio – last 5½ years to 30 September 2014<sup>1</sup>

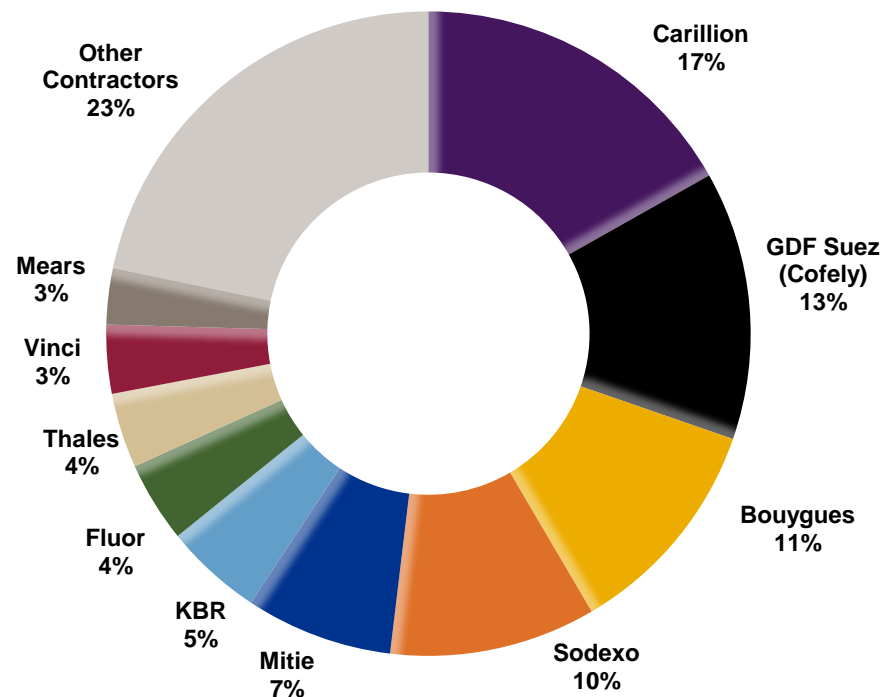


<sup>1</sup> By value, using Directors' valuation as at 31 March each year from 2010 to 2014, and as at 30 September 2014

# Portfolio Overview - Contractor Counterparty Exposure

Diversified spread of quality supply chain providers

- ▲ Counterparties continue to perform
- ▲ Diversity of contractors ensures no over-reliance on any single entity
- ▲ Quarterly reviews by Investment Adviser
- ▲ Two providers have consolidated relevant businesses during the reporting period (Lend lease selling to GDF Suez)



1 By value, as at 30 September 2014, using Directors' valuation

2 Ten largest exposures shown

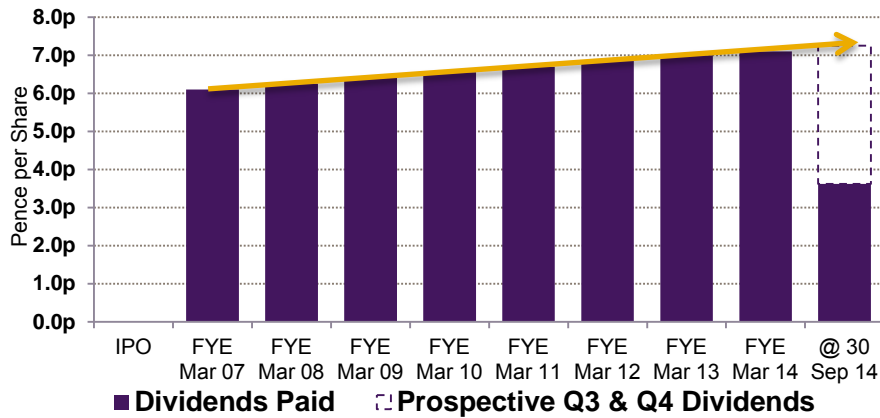
3 Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by the Investment Adviser)

4 Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' valuation

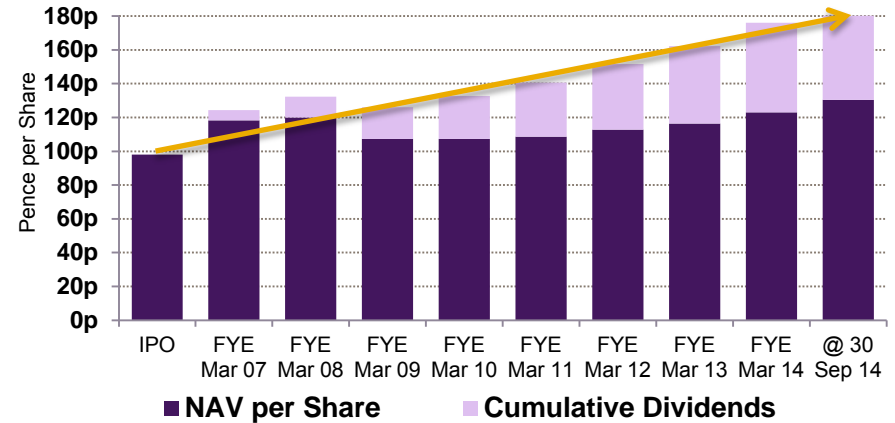
5 There were five projects under construction as at 30 September 2014, Allenby & Connaught with Carillion and KBR as construction contractors on a joint and several basis, RSME with Carillion; RD901 and University of Bourgogne with subsidiaries of Bouygues; and the N17/18 with Strabag

# Historic Performance

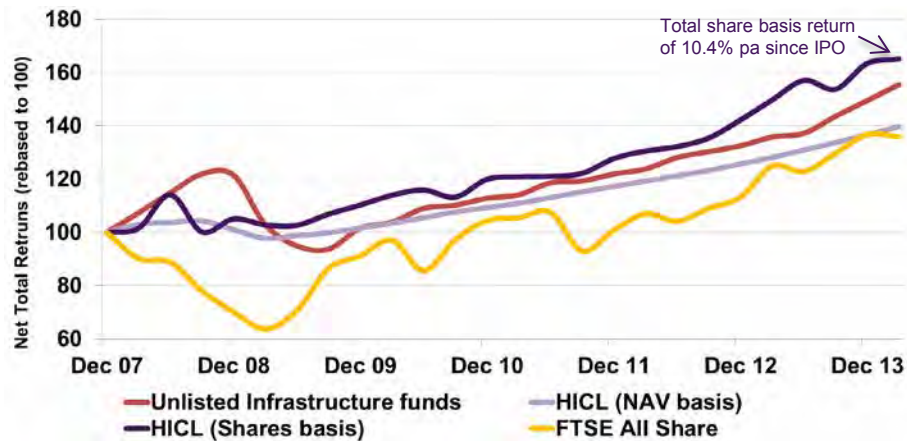
## HICL has grown its dividend for last 8 years



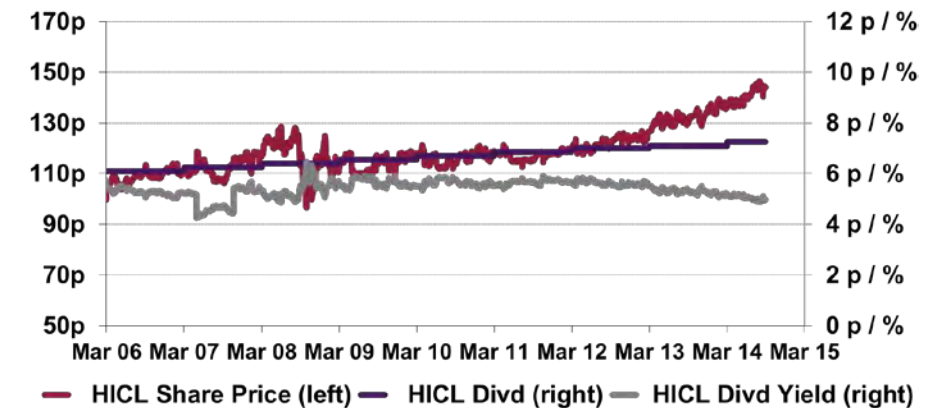
## Total Return (NAV growth and dividends) of 9.5% since IPO



## HICL has outperformed listed equities and unlisted infrastructure



## Stable yield due to growing dividend mitigating share price rise

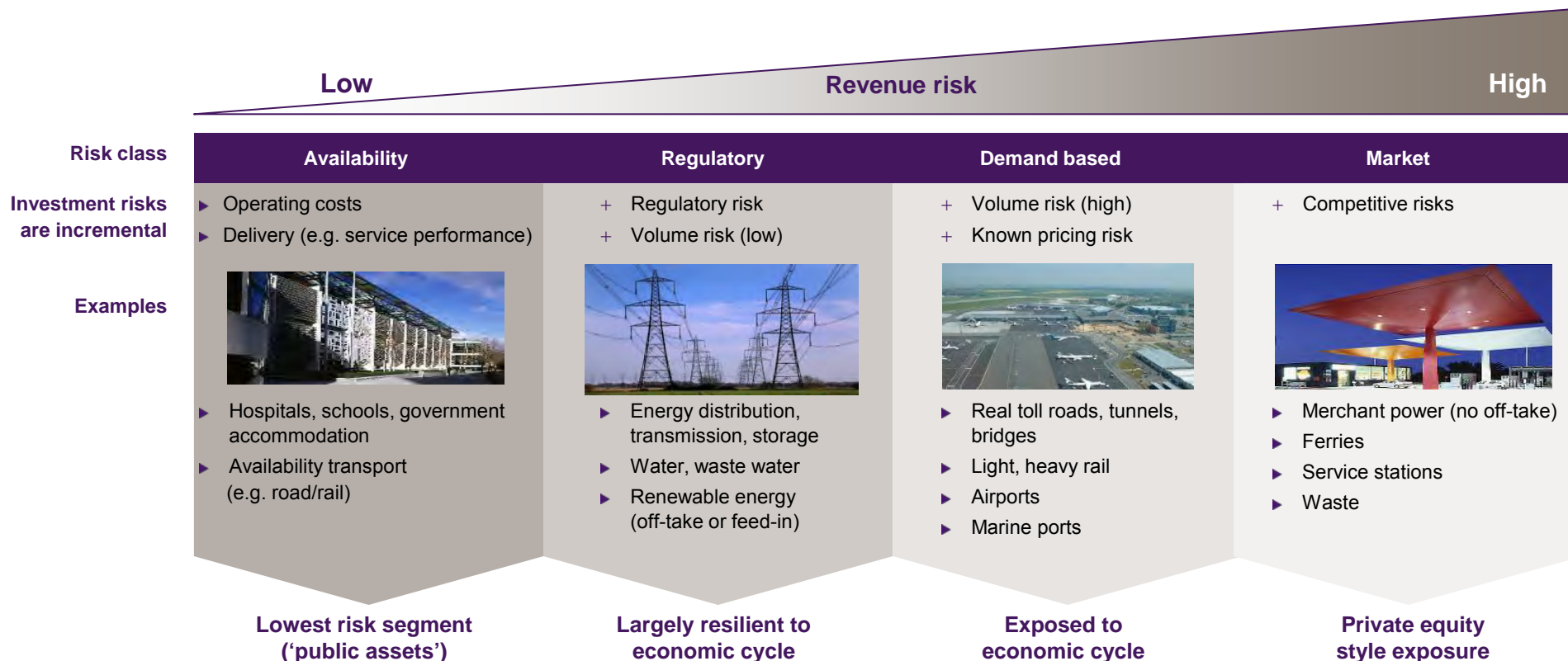


Source: Preqin; Thomson Reuters Datastream. InfraRed. Past performance is not a reliable indicator of future performance. Investments can fluctuate in value  
 NB: Total return on a share basis is share price appreciation plus cumulative dividends. Total return on an NAV basis is NAV growth plus cumulative dividends  
[www.hicl.com](http://www.hicl.com)

# Appendix IV

## The Infrastructure Asset Class

# What Defines Infrastructure

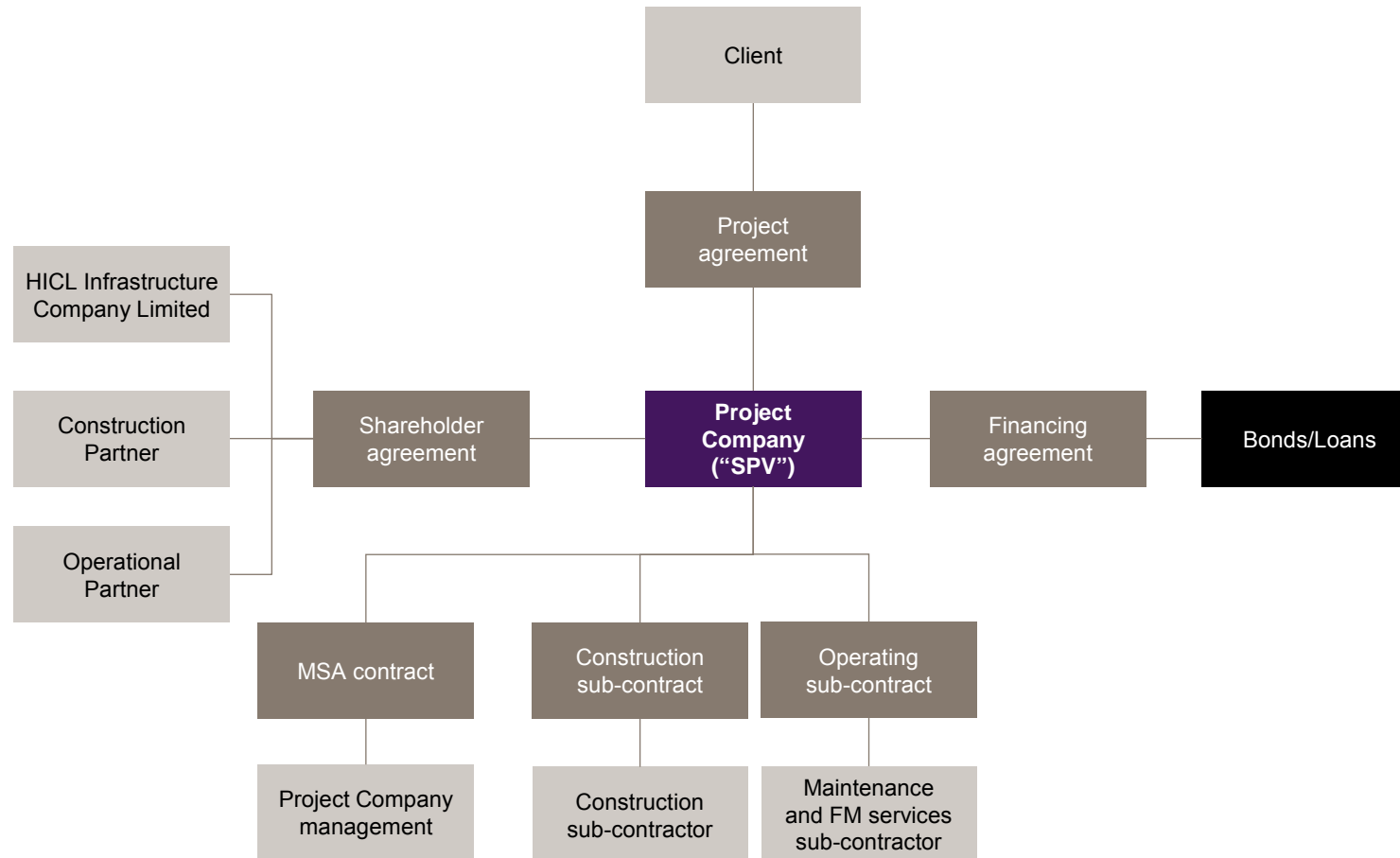


- ▲ Revenue risk is also heavily influenced by factors such as geographic jurisdiction and whether a project is operational or still under construction

For a full list of risk factors please refer to pages 17-29 of HICL's New Ordinary Share Prospectus dated 26 February 2013



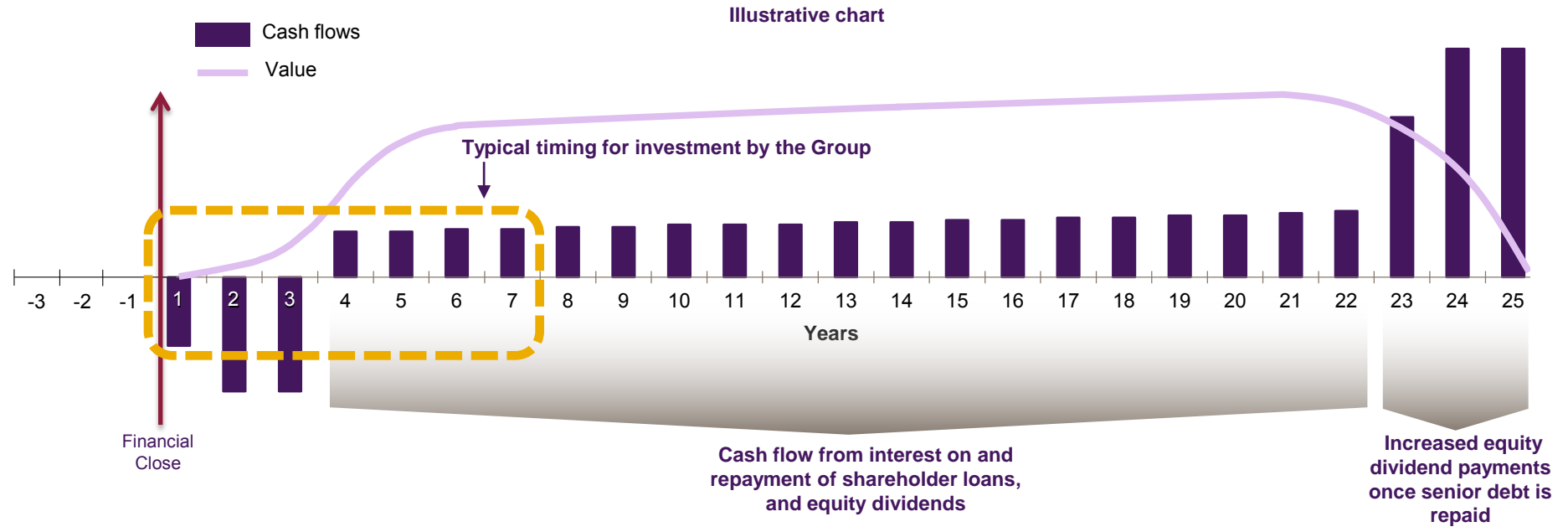
# Typical Infrastructure Project Structure



# Investment Cash Flow Profile over a Project's Life

Operational infrastructure projects benefit from long-term, predictable cash flows

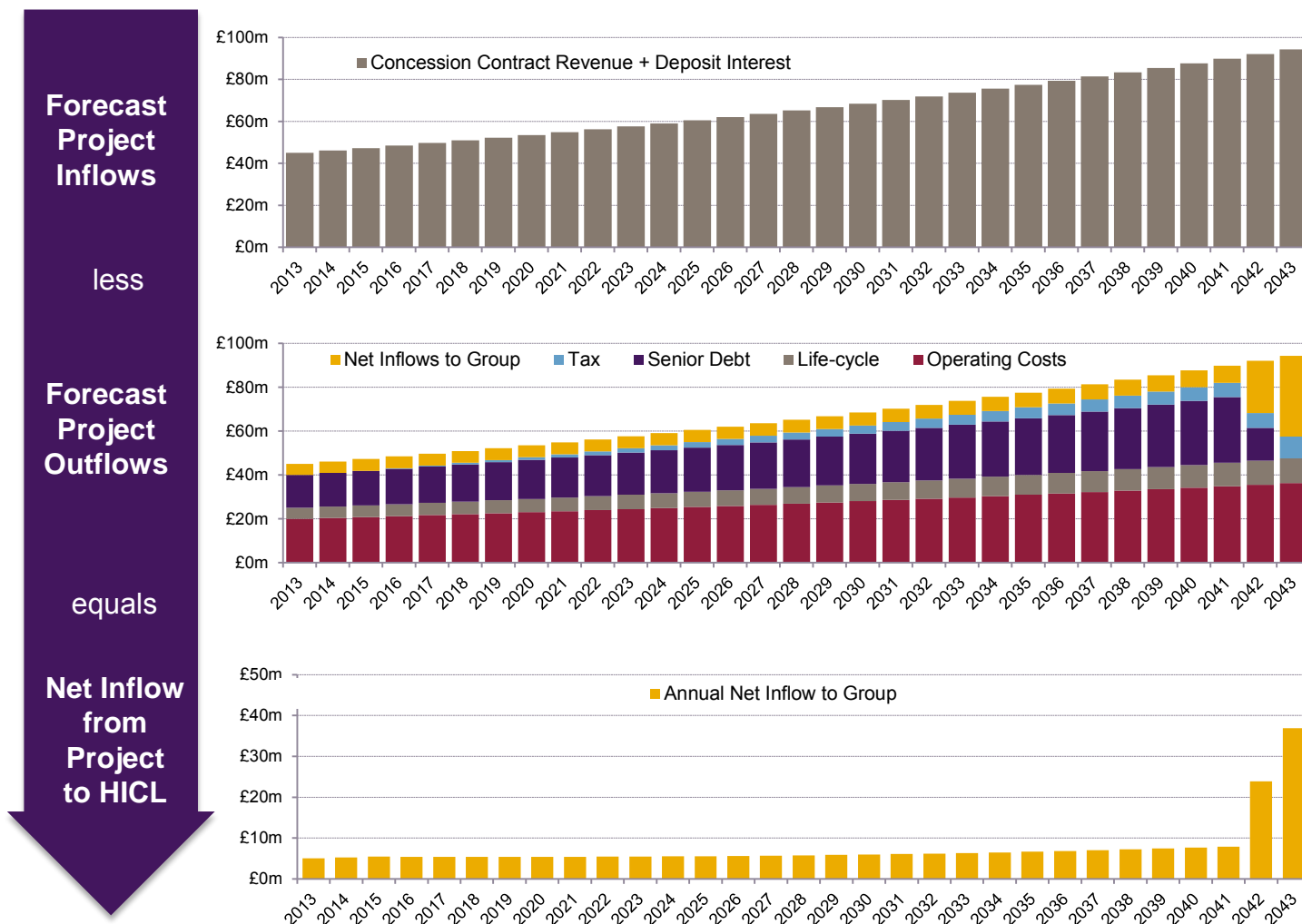
## Typical Social Infrastructure Investment Cash Flow Profile



Source: InfraRed

# Valuation - Methodology

Determining the net asset value of the portfolio and the Group (illustrative example)



## Key Variables/Assumptions

- ▲ Long-term Inflation Rate
- ▲ Deposit Interest Rate

- Whole-of-life concession revenue linked to inflation
- Interest income from cash reserves at individual project level

## ▲ Tax Rates

- Whole-of-life operating contracts fixed or linked to inflation
- Whole-of-life debt is fixed or inflation-linked
- Net Inflows to HICL in form of dividends, shareholder loan service & directors fees

## ▲ Discount Rate

## ▲ FX

- Net cashflows discounted to derive project valuation
- All project cashflows aggregated to give Directors' portfolio valuation
- Adjust for other Group net assets/liabilities to get Group NAV