2 February 2017

HICL Infrastructure Company Limited

Interim Update Statement

The Board of HICL Infrastructure Company Limited ("HICL" or "the Company" or "the Group"), the listed infrastructure investment company advised by InfraRed Capital Partners Limited, is issuing this Interim Update Statement, which relates to the period from 1 October 2016 to 1 February 2017.

Ian Russell, Chairman of HICL Infrastructure Company Limited, said:

"The period since 1 October 2016 has been a successful one for HICL. The Group has made £265m of investments, including commitments of around £146m. These include further investments in both the PPP and demand-based market segments. We continue to see a pipeline of potential investments in our three target segments and key geographies, and we are confident of our ability to source further attractive investments.

The current portfolio's performance and cash receipts remain in line with our expectations. In addition, the unaudited NAV per share at 31 December 2016 was 147.4p, representing a 1.7p increase since 30 September 2016. This was based on a full valuation of the Group's portfolio at 31 December 2016.

We are pleased to re-affirm the target dividends of 7.65p per share for the current financial year and 7.85p per share for the year to 31 March 2018. In addition, we are announcing further guidance of 8.05p per share for the subsequent year to 31 March 2019, reflecting the Board's confidence in the future performance of the Group's portfolio."

Investment Activity and Portfolio Performance

- Since 1 October 2016, the Group has made investments of £265m including future commitments. Completed investments, for a combined investment of around £119m, comprised:
    - the loan note subscriptions on Zaanstad prison and the RD901 road as construction has been successfully completed on these projects;
    - the acquisitions from HOCHTIEF PPP Solutions GmbH and from Ballast Nedam in Q4 2016; and
    - the completion of the investment in the A63 motorway project announced on 23 January 2017.

- On 2 December 2016, the Group announced the signing of a contract to acquire a 33.3% equity interest in Northwest Parkway, a toll road located in Denver, Colorado, USA for approximately US$166m.

- The Group now has a portfolio of 114 investments located in the UK, Australia, Canada, France, Ireland, the Netherlands and the USA.

- Overall, the portfolio continues to perform in line with expectations with no new material issues affecting investment performance.

- As previously notified, one of the Group's UK schools projects has been voluntarily terminated by its public sector client. The Group expects to receive market value for its investment and is in dialogue with the client to complete the handover.

Valuation of the Portfolio

- The Company routinely values the portfolio twice a year at 30 September and 31 March. At 30 September 2016, the Company's NAV per share on an investment basis was 145.7 pence.

- As the Company is considering raising capital by way of an issue of new Ordinary Shares, the Investment Adviser has prepared a fair market valuation for each of the Group's investments as at 31 December 2016, which the Board has approved.

- This valuation is based on discounted cashflow analysis of future forecast cashflows of the Group. The key economic assumptions used are (i) appropriate discount rates for each of the investments; (ii) inflation rates; (iii) bank deposit rates; and (iv) tax rates.

- The Directors' valuation of the portfolio (including A63 and Northwest Parkway commitments) was £2,363.1m as at 31 December 2016 (gross, including future investment commitments of £241.6m). This compares to £2,189.9m (gross, including future investment commitments of £133.1m) as at 30 September 2016.

- The Company's NAV per share on an Investment basis at 31 December 2016 rose by 1.7 pence to 147.4 pence from 145.7 pence at 30 September 2016. An interim dividend of 1.91 pence per share was also paid in the quarter.

- The net increase in valuation in the quarter is attributable primarily to a combination of:
    - revaluation of acquisitions completed since 31 March 2016;
    - lower future UK and French corporation tax rates reflecting enacted legislation;
    - lower deposit interest rate assumptions with an extension of the 1.0% p.a. assumption for short-term deposit interest rates in the UK, Eurozone and Canada for one further year to 31 March 2021; and
    - lower actual inflation in the quarter compared to base assumptions.

- Other valuation assumptions remain unchanged from those used in the 30 September 2016 Directors' valuation.

- Whilst there was no change in discount rates used at 31 December 2016 compared to those used at 30 September 2016, the weighted average discount rate has increased to 7.4% from 7.3%, largely due to the higher discount rate used to value Northwest Parkway.

- The Group has 23% (by value, including Northwest Parkway commitment) of investments located outside the UK.

- In line with the Company's stated policy, foreign exchange hedging has limited the impact of currency fluctuations on the Company's NAV in the quarter.

- Demand-based assets (including the Northwest Parkway committed investment), where the underlying revenues are linked to usage of the asset, represent c.12%, by value, of the current portfolio. The Company has limited appetite for further GDP-linked investment income streams as part of its portfolio construction.

Dividends and Financing

- The Company announced a second quarterly interim dividend for the financial year ending 31 March 2017 of 1.91 pence per ordinary share (the "Q2 Dividend") on 10 November 2016. The shares went ex-dividend on 24 November 2016 and the Q2 Dividend was paid on 30 December 2016. The take-up of the scrip dividend was approximately 7.17% of the Ordinary Shares in issue. The Company is due to declare a third quarterly interim dividend for the financial year ending 31 March 2017 (the "Q3 Dividend") on 22 February 2017.

- The Board remains confident that the target aggregate dividend per share of 7.65 pence for the financial year to 31 March 2017 will be achieved and re-affirms the guidance of a target 7.85 pence per share for the financial year to 31 March 2018. In addition, the Board is giving new dividend guidance of a target of 8.05 pence per share for the year ending 31 March 2019.

- In light of the pipeline of new opportunities that the Company is evaluating, the Company increased its revolving credit facility from £200m to £300m. The terms of the facility remain the same, with a margin of 1.70% and expiry in May 2019.

- The Company currently has a net funding requirement of approximately £200m, which includes the capital required to purchase the Northwest Parkway investment (US$166m), due to complete in H1 2017.

- As announced on 12 January 2017, the Board intends to address this funding requirement by proceeding with a Placing, Open Offer and Offer for Subscription of Ordinary Shares (the "Issue"). Further details as to the precise timing and quantum of the Issue will be announced in due course. For indicative purposes, however, it is envisaged that a prospectus will be published in February and that (subject to shareholder approval) the new Ordinary Shares will be issued and commence trading by the end of March.

Issued Capital

- As at 1 February 2017, the Company's issued share capital consists of 1,458,943,663 ordinary shares of 0.01p each, all of which carry voting rights.

Outlook

- The Investment Adviser continues to remain active across the key market segments identified in the Company's Acquisition Strategy forming part of the Company's Interim Results announced on 16 November 2016. These are: PPP (social and transportation projects); regulated assets (e.g. gas and electricity transmission and distribution; water utilities) and demand-based assets (e.g. student accommodation and operational toll road concessions).

- Geographically, the Group remains focused on the UK, selected European markets, North America and Australia.

- The current pipeline includes potential new investments in all three target segments and in all geographic sectors noted above. Whilst some are at an early stage of evaluation, the Investment Adviser is confident that further suitable, accretive investments can be sourced for the Group. As noted above, appetite for further GDP-linked investment income streams is limited.

- The Board is therefore optimistic that despite market conditions, pricing pressure and competition, there are opportunities to make further suitable investments enhancing the Company's value, diversity and liquidity.

- In light of this and the continuing confidence in the performance of the Group's current portfolio, the Board is giving new dividend guidance of a target of 8.05 pence per share for the year ending 31 March 2019.

This announcement contains Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.

Ends

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HICL Infrastructure Company Limited

HICL Infrastructure Company Limited is an investment company registered in Guernsey. The Company seeks to provide investors with long-term income, at sustainable levels, and to preserve the capital value of its investment portfolio with the potential for capital growth.

As a 'buy-and-hold' equity investor, HICL is focused on managing and growing a portfolio of infrastructure investments positioned at the lower end of the risk spectrum. Its target infrastructure market segments are PPP (social and transportation projects), regulated assets (e.g. gas and electricity transmission and distribution; water utilities) and demand-based assets (e.g. student accommodation and operational toll road concessions). HICL's current investments are located primarily in the UK, but also in Australia, Europe and North America.

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

This Interim Update Statement provides an explanation of material events and transactions that have taken place during the period from 1 October 2016 to 1 February 2017 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, 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 60 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.

InfraRed implements best-in-class practices to underpin asset management and investment decisions, promotes ethical behaviour and has established community engagement initiatives to support good causes in the wider community. InfraRed is a signatory of the Principles of Responsible Investment.

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