HICL Infrastructure Company Limited

Numis Investment Companies Conference 2018

5 June 2018

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Past performance is not a reliable indicator of future performance.

HICL's Characteristics

History	▲ IPO in 2006; first infrastructure investment company to list on the main market of the London Stock Exchange ▲ Member of the FTSE 250 index
Portfolio	▲ 116 investments, as at 31 March 2018 (113 operational and three under construction) ▲ Assets spread across six sectors and seven countries
Net Asset Value	▲ Directors' Valuation of £2,836.5m at 31 March 2018[1] ▲ NAV per share of 149.6p at 31 March 2018 ▲ Directors' Valuation based on a weighted average discount rate of 7.4%
Board and Governance	▲ Board comprises six independent non-executive Directors ▲ Investment Adviser and Operator is InfraRed, a leading global investment manager focused on infrastructure and real estate
Fees and ongoing charges	▲ Tapered annual management fee based on the portfolio's Adjusted Gross Asset Value (GAV)[2] ▲ Ongoing charges percentage (as defined by the Association of Investment Companies) of 1.08% at 31 March 2018

1. Including £41.9m of future investment obligations (2017: £32.5m)
2. Annually: 1.1% on GAV up to £750m, 1.0% thereafter up to GAV of £1.5bn, 0.9% thereafter up to GAV of £2.25bn, 0.8% thereafter up to GAV of £3.0bn, and 0.65% thereafter; plus a £0.1m investment advisory fee. In addition, a one-off 1.0% acquisition fee on new investments

InfraRed is the Investment Adviser and Operator of the Group

HICL Infrastructure

- Proven track record in target markets of Europe, North America, Latin America, Australia and New Zealand
- Focused teams including:
  - Origination and Transaction team responsible for sourcing, diligencing and acquiring new opportunities;
  - Asset Management team manages the portfolio;
  - Portfolio Management team responsible for financial reporting and management;
  - Corporate shared services including Finance, Compliance, Risk
- Strong sector and geographic experience with in-depth technical, operational and investment knowledge

70+	4	20
infrastructure professionals	continent coverage	spoken languages

Investment Proposition and Business Model

Delivering Real Value.

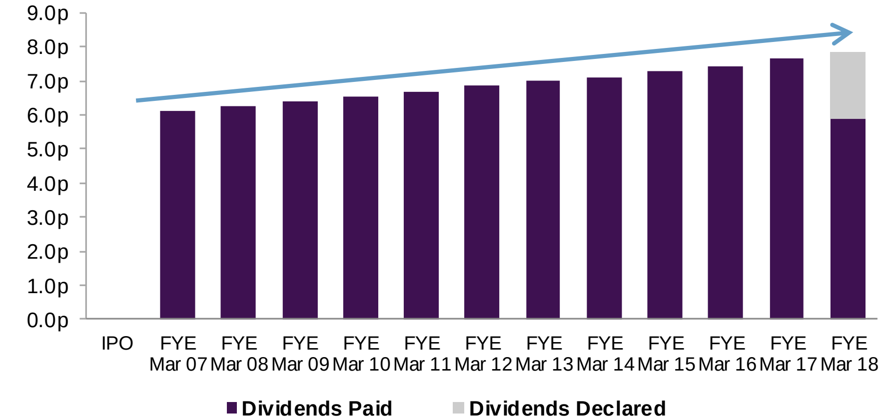
DELIVERING LONG-TERM, STABLE INCOME FROM A DIVERSIFIED PORTFOLIO OF INFRASTRUCTURE INVESTMENTS AT THE LOWER END OF THE RISK SPECTRUM

Low single asset concentration risk	**45%**	Ten largest assets as a proportion of the portfolio[1]
Strong inflation correlation	**0.8**	Correlation of portfolio returns to inflation[1,2]
Good cash flow longevity	**29.5yrs**	Weighted avg asset life[1]

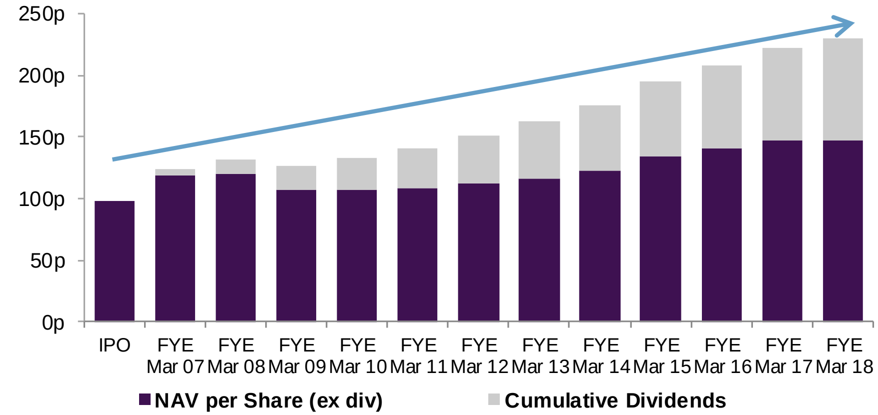
1. As at 31 March 2018
2. If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Group expenses) would increase by 0.8%

HICL's Historic Performance

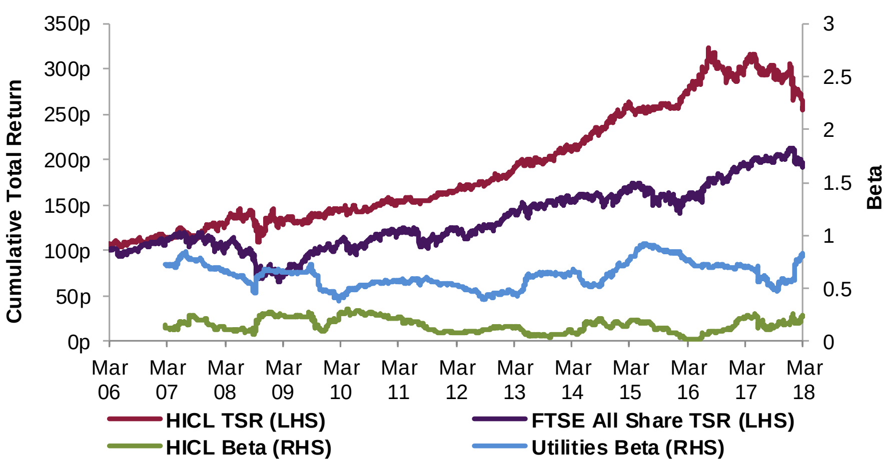
HICL has grown its dividend for each of the last 11 years



Total Return (NAV growth and dividends) of 9.3% p.a. since IPO



HICL has outperformed FTSE All Share while offering a low beta



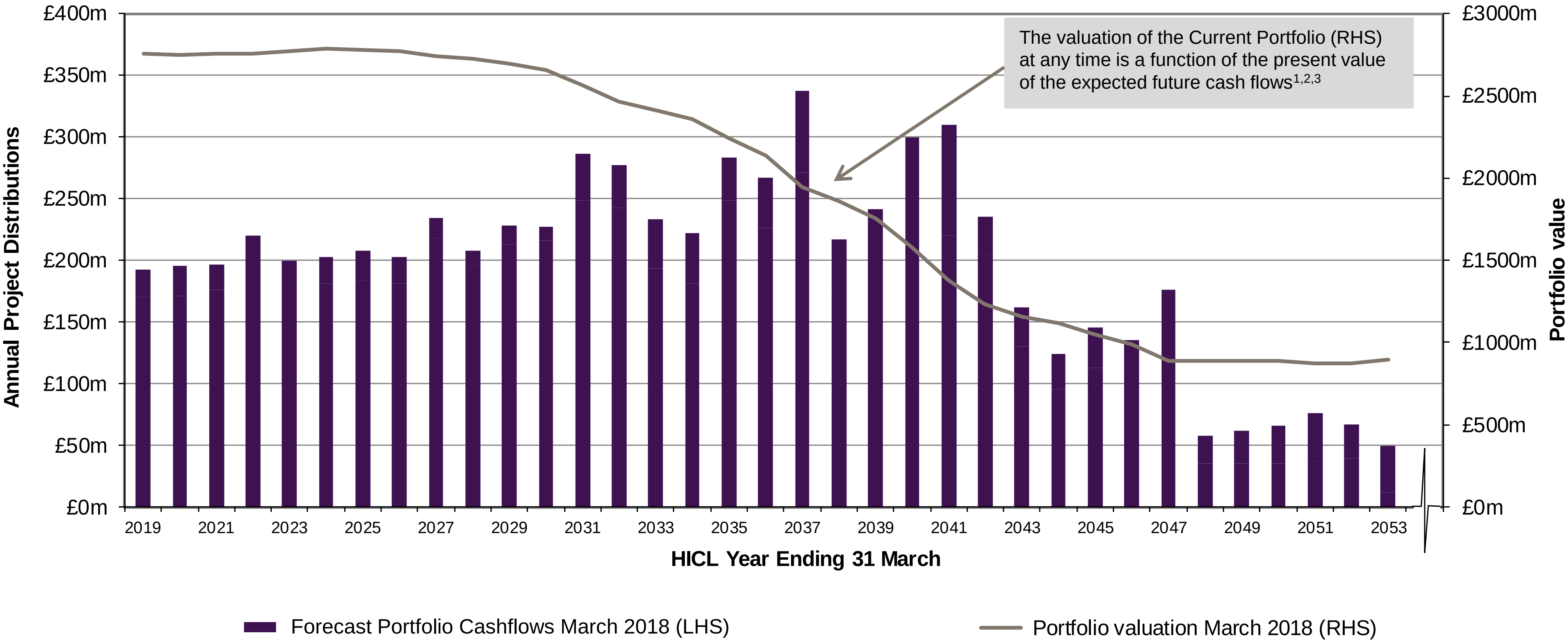
- Total Return, on NAV growth plus dividends paid basis, has been 9.3% over the period since IPO
- HICL has delivered 11 successive years of dividend growth; in 2018, the AIC[1] recognised HICL in its *Next Generation Dividend Hero* category
- The Company's returns are uncorrelated to the wider market

Source: InfraRed, Thomson Reuters Datastream.
Past performance is not a reliable indicator of future performance. Investments can fluctuate in value and there can be no assurance of future returns

1. Association of Investment Companies

Portfolio Overview – Cash Flow Profile[1,2,3]

- Forecast shows steady long-term cash flows combined with a stable portfolio valuation in the medium term
- Portfolio cash flows underpin two years of forward dividend guidance



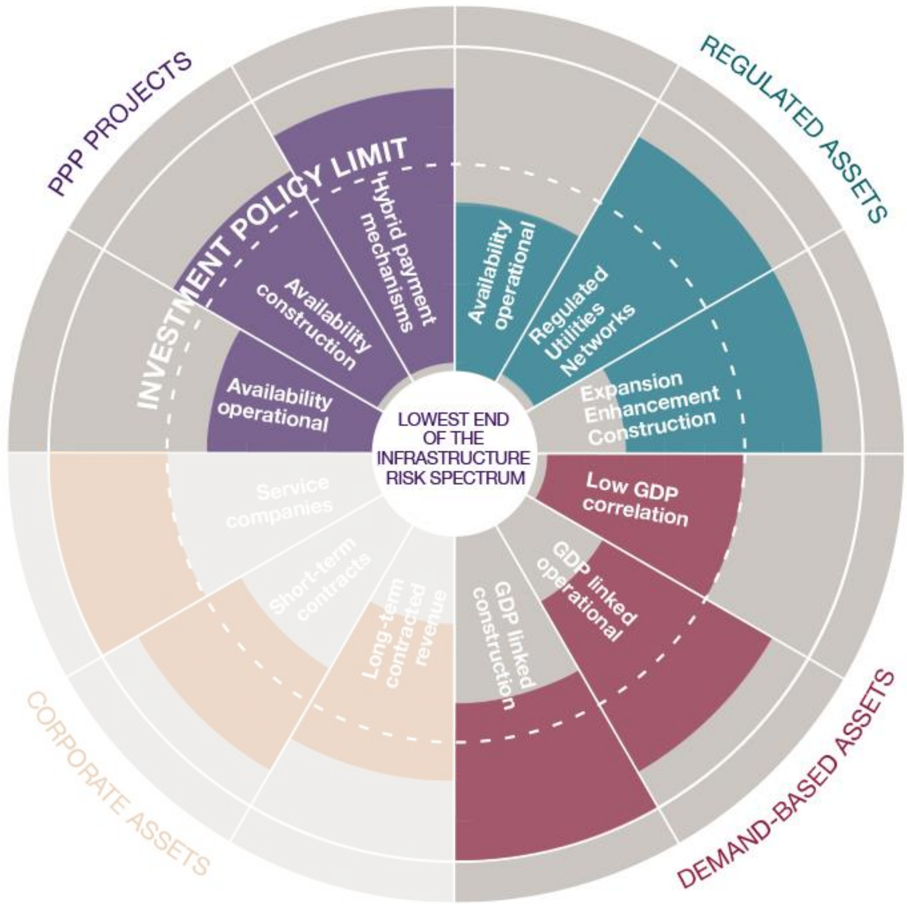
1. The illustration represents a target only at 31 March 2018 and is not a profit forecast. There can be no assurance that this target will be met
2. Valuation considers cash flows beyond 2053, for example for Northwest Parkway 89 years of cash flows are assumed
3. Subject to certain other assumptions, set out in detail in the Company's Annual Report for the year to 31 March 2018

Infrastructure Market Map

Schematic showing HICL's Investment Policy[1] Scope

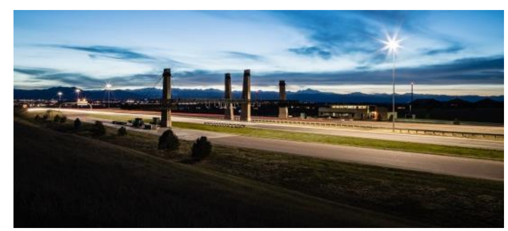
Examples: hospitals, schools, and availability transport (e.g. road/rail)

Examples: gas and electricity transmission and distribution; water utilities



Examples: rolling stock

Examples: operational toll roads, tunnels, bridges; student accommodation



1. The Investment Policy can be found on the HICL website

New acquisitions have increased diversification

MARKET SEGMENT

	Mar 2018	Mar 2017
▲ PPP Projects	74%	88%
▲ Demand-based Assets	18%	12%
▲ Regulated Assets	8%	0%

GEOGRAPHIC LOCATION

	Mar 2018	Mar 2017
▲ UK	80%	77%
▲ EU	10%	11%
▲ Australia	3%	4%
▲ North America	7%	8%

SECTOR

	Mar 2018	Mar 2017
▲ Accommodation	10%	12%
▲ Education	18%	20%
▲ Health	28%	35%
▲ Fire, Law & Order	7%	7%
▲ Transport	26%	22%
▲ Water	11%	4%

- Demand-based assets comprise six investments located in three geographies:
  - Assets with returns correlated to GDP: High Speed 1, Northwest Parkway (USA), A63 Motorway (France) and M1-A1 Link Road
  - Other demand-based assets: University of Sheffield Student Accommodation and Helicopter Training Facility
- Demand-based assets with returns correlated to GDP accounted for 17% of the portfolio at 31 March 2018 (2017: 10%), within the self-imposed 20% limit previously communicated to shareholders
- Addition of Transport assets improves sector spread and reduces exposure to Health and Education

1. All charts are by value using Directors' Valuation of £2,836.5m as at 31 March 2018

Case Study – A63 Motorway

Operational demand-based toll road delivering value

Essential European transport infrastructure

Environmental, Social & Governance

- The project's management team completed the installation of road surface technology that generates electricity from solar energy in October 2017
- Successful communication campaign launched in April 2017 to reduce the incidence of forest fires caused by discarded cigarette butts on the side of the road
- Sharing best practice on cyber security policies and the implementation of cyber security testing with Northwest Parkway

Well-understood Revenue Drivers

- A63 represents 4% of portfolio value[1]
- 5 years of operational performance; several decades of traffic history along the corridor
- The A63 has continued to outperform the traffic and revenue assumptions made at the time of the acquisition
- Baseline revenue performance has been adjusted accordingly in the latest portfolio valuation, while retaining future growth rates in line with acquisition expectations

1. As at 31 March 2018

Case Study – High Speed 1 (HS1)

Proven demand-based high speed rail asset with 10 years of operating history

Essential UK transport infrastructure

Business Plan Assumptions

- ▲ Domestic train paths assumed to have <1% growth p.a.
- ▲ International train paths and unregulated EBITDA[1] assumed to have low single-digit growth p.a.
- ▲ In a stress scenario, where forecast growth rates are reduced by 50% for each of the three key value drivers above (in each and every remaining year of the concession):
  - base case IRR[2] for the project would reduce by 1.8%
  - the project would continue to make equity distributions in all forecast periods

High Speed 1 Financing

- ▲ HS1 concessionaire's debt structure is rated A-
- ▲ The acquisition included a £500m non-recourse, long-term, amortising, investment grade debt facility
- ▲ No refinancing risk in either the concessionaire's debt or the above acquisition facility
- ▲ Efficient use of revenue swaps to optimise inflation linkage, removing excessive correlation and stabilising cashflow available to service debt

1. Earnings before interest, taxes, depreciation and amortisation
2. Internal rate of return

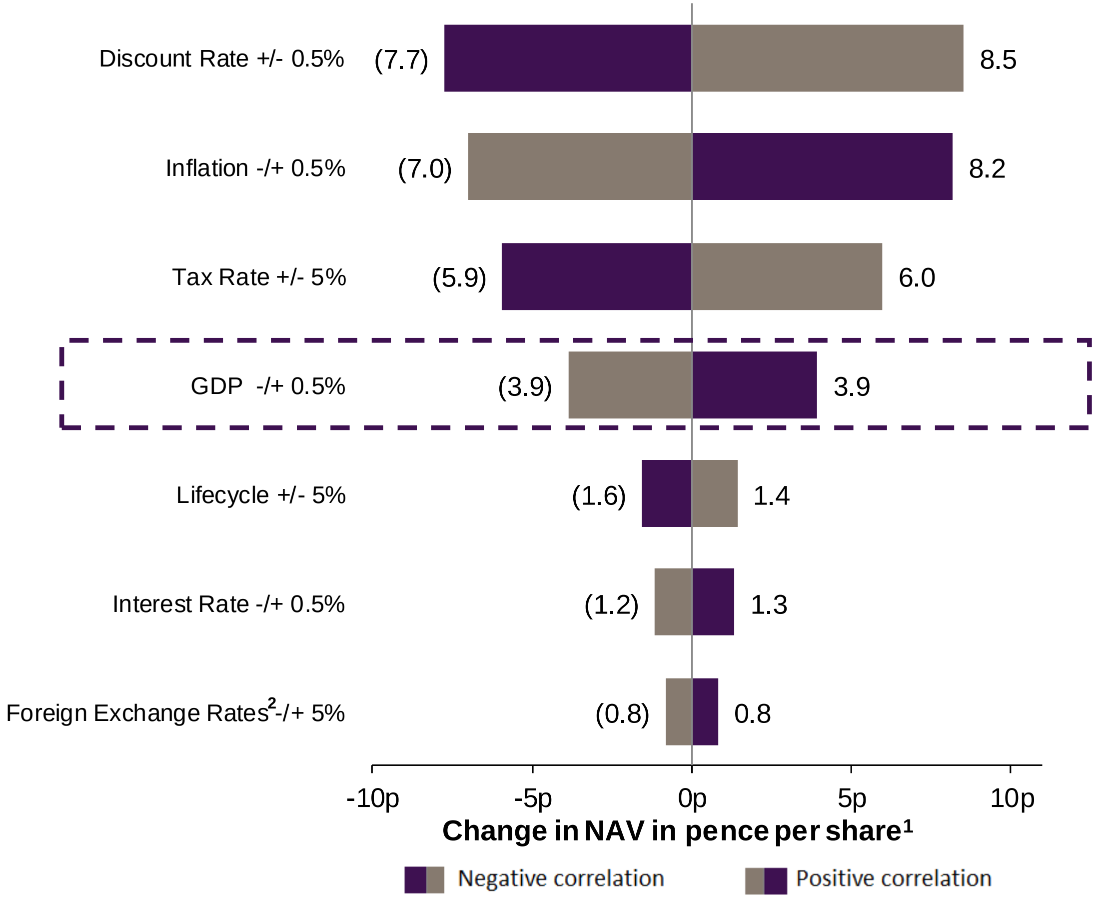
Different but complementary risk profiles

Investment risks		Mitigants
Political and Regulatory	Low  High	Long-term contract with public sector client On-going programme of engagement with customers, the regulator and other stakeholders Long-term concession contract, performance conditions defined at the outset
Operational Delivery	Low  High	Performance obligations subcontracted on a pass-through basis Mature network, assets well-understood Operations subcontracted to experienced counterparty
Revenue (demand)	Low  High	Government-backed, availability-based income Regulator balances customer interests with a reasonable return for investors Track record of user demand prior to asset purchase
Financial and Market	Low  High	Interest rate swaps / fixed rate debt Long-dated, mostly fixed rate debt to match asset life Interest rate / inflation swaps

PPP Projects — Regulated Assets — Demand-based Assets

Key Valuation Sensitivities

Sensitivity to key macroeconomic assumptions



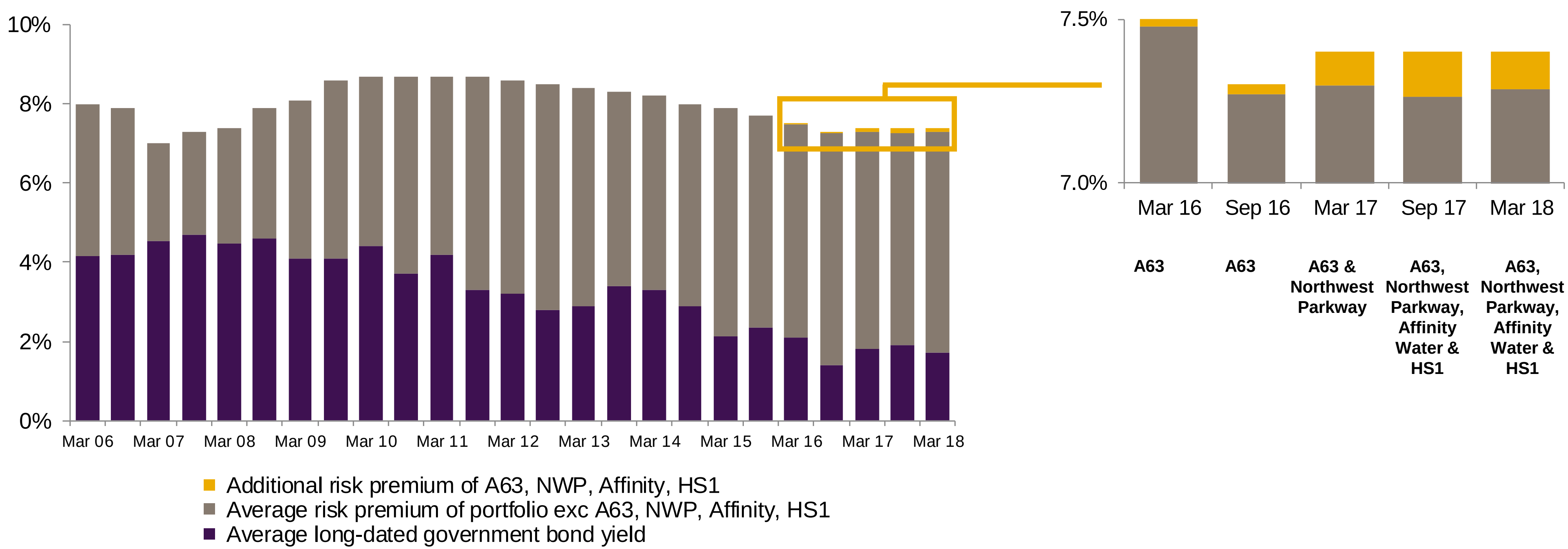
- The sensitivity of the NAV per share (149.6p at 31 March 2018) to changes to key economic assumptions is shown in this chart[1]
- The GDP sensitivity shows the impact of a 0.5% per annum change in GDP across the four assets[3] where revenues are to some degree correlated with economic activity
- If outturn GDP growth was 0.5% p.a. lower in all relevant geographies for all future periods than the valuation assumption on page 13, expected return from the portfolio[4] (before Group expenses) would decrease 0.2% from 7.4% to 7.2%

GDP volatility has a muted impact on NAV per share

1. NAV per share based on 1,790m ordinary shares in issue at 31 March 2018
2. Foreign exchange rate sensitivity is net of current Group hedging at 31 March 2018
3. Assets subject to GDP movements are High Speed 1, Northwest Parkway (USA), A63 Motorway (France) and M1-A1 Link Road
4. Expected return is the expected gross internal rate of return from the portfolio before group expenses; there is no assurance that returns will be met

Newer investments[1] are accretive in terms of total return

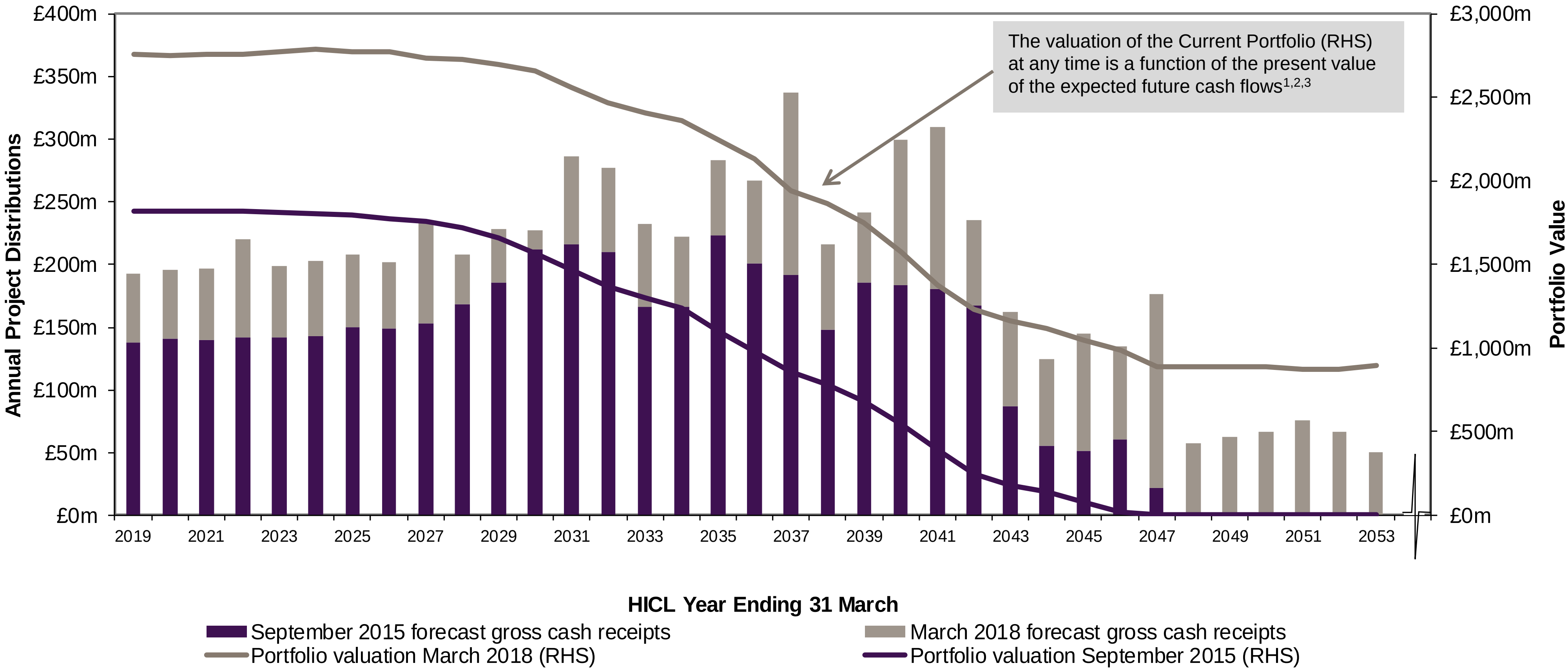
- This chart shows the evolution of the discount rate since IPO in 2006
- Discount rate can be expressed as an implied risk premium over long-dated government bond yield
- Each of the A63, Northwest Parkway, Affinity Water and HS1 have been accretive to long-term return expectations (shown in yellow)



1. The A63 Motorway, Northwest Parkway, Affinity Water and High Speed 1 (HS1)
Past performance is not a reliable indicator of future performance. There can be no assurance of future returns

A visible long-term income stream

- Forecast shows visible long term income stream, with a stable capital base over decade; this forecast underpins HICL's dividend
- The acquisition of long-life assets extends the cashflow duration



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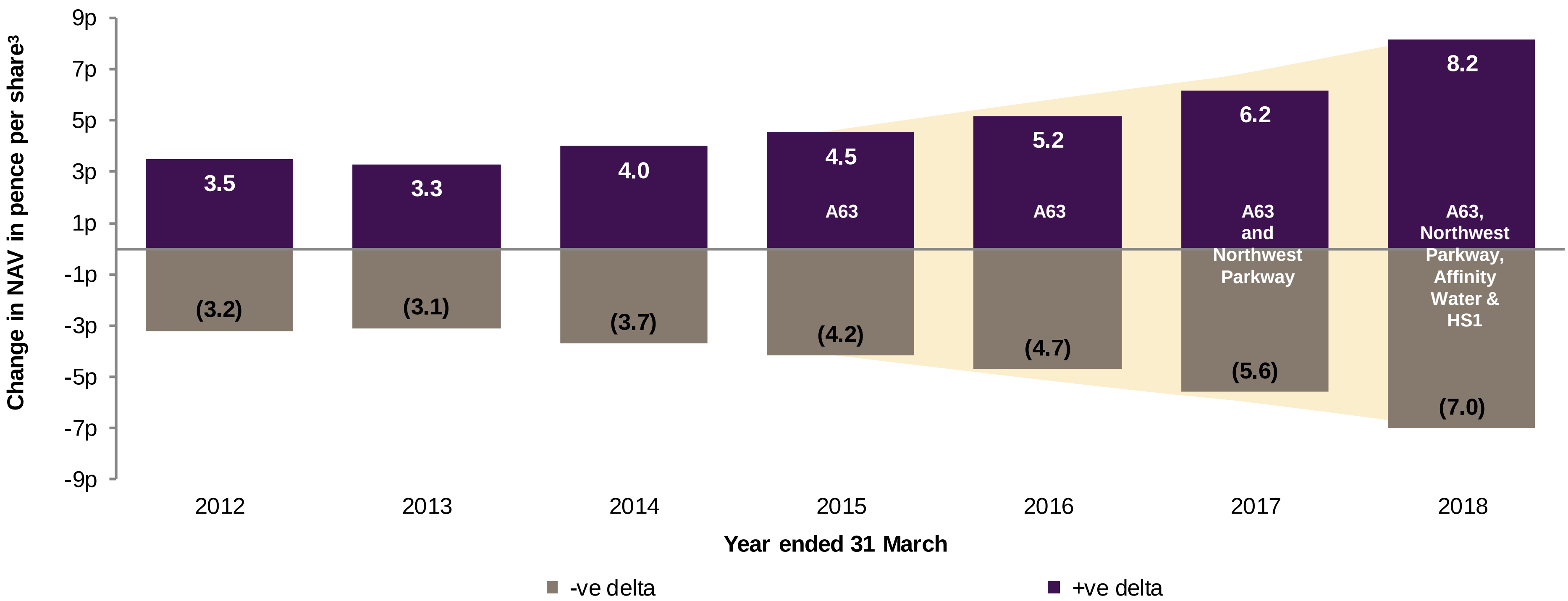
3. Subject to certain other assumptions, set out in detail in the Company's Annual Report for the year to 31 March 2018

These newer assets[1] have returns well-correlated to inflation

- The demand-based assets have strong inflation correlation
- The addition of the A63, Northwest Parkway and HS1 (as well as Affinity Water) has increased the inflation correlation of the portfolio to 0.8, which means that if inflation were 1% higher for all future periods the return from the portfolio would increase from 7.4% to 8.2%[2]



1. The A63 Motorway, Northwest Parkway, Affinity Water and High Speed 1 (HS1)
2. As at 31 March 2018
3. NAV per share based on 1,790m ordinary shares in issue at 31 March 2018

Past performance is not a reliable indicator of future performance. There can be no assurance of future returns

Concluding Remarks

Delivering Real Value.

HICL Infrastructure

- Demand-based asset investment characteristics support HICL's investment proposition:
  - Complementary revenue model vs PPP and regulated assets;
  - Good accretion metrics; and
  - Mitigated downside risk

- HICL's portfolio is differentiated, combining:
  - Low single asset concentration risk;
  - Strong correlation between portfolio returns and inflation[1]; and
  - Good cash flow longevity

- Well-diversified portfolio:
  - solid, predictable cash flows (cash covered dividend); and
  - resilient performance

1. If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Group expenses) would increase by 0.8%

Appendices

Portfolio I

Portfolio of 116 assets at 31 March 2018

HICL Infrastructure

Education — 18% of Directors' Valuation[1]

Bangor & Nendrum Schools	Ealing Schools	Kent Schools	Rhondda Schools
Barking & Dagenham Schools	East Ayrshire Schools	Manchester School	Salford & Wigan BSF Phase 1
Boldon School	Ecole Centrale Supelec (France)	Newham BSF Schools	Salford & Wigan BSF Phase 2
Bradford Schools 1	Edinburgh Schools	Newport Schools	Salford Schools
Bradford Schools 2	Falkirk Schools NPD	North Ayrshire Schools	Sheffield Schools
Conwy Schools	Fife Schools 2	North Tyneside Schools	Sheffield BSF Schools
Cork School of Music (Ireland)	Haverstock School	Norwich Schools	South Ayrshire Schools
Croydon School	Health & Safety Labs	Oldham Schools	University of Bourgogne (France)
Darlington Schools	Helicopter Training Facility	Perth & Kinross Schools	West Lothian Schools
Defence Sixth Form College	Highland Schools PPP[2]	PSBP NE Batch	Wooldale Centre for Learning
Derby Schools	Irish Grouped Schools (Ireland)	Renfrewshire Schools	

Fire, Law & Order — 7%

Addiewell Prison	Gloucestershire Fire & Rescue	Northern European Project	Tyne & Wear Fire Stations
Dorset Fire & Rescue	Greater Manchester Police Stations	Royal Canadian Mounted Police HQ	Zaanstad Prison (Netherlands)
Durham & Cleveland Firearms Training Centre	Medway Police	South East London Police Stations	
Exeter Crown & County Court	Metropolitan Police Training Centre	Sussex Custodial Centre	

Transport — 26%

A9 Road (Netherlands)	A249 Road	Kicking Horse Canyon P3 (Canada)	Northwest Parkway (USA)
A13 Road	Connect PFI	M1-A1 Link Road	NW Anthony Henday (Canada)
A63 Motorway (France)	Dutch High Speed Rail Link	M80 Motorway	RD901 Road (France)
A92 Road	High Speed 1	N17/N18 Road (Ireland)	

1. By value using Directors' Valuation of 2,836.5m as at 31 March 2018; excludes investments after the period end
2. HICL agreed to dispose of Highland Schools (PPP) in April 2018, following the year-end

Portfolio II

Portfolio of 116 assets at 31 March 2018

HICL Infrastructure

Health — 28% of Directors' Valuation[1]

Barnet Hospital	Doncaster Mental Health Hospital	Oxford John Radcliffe Hospital	South West Hospital Enniskillen
Birmingham Hospitals	Ealing Care Homes	Oxford Nuffield Hospital	Staffordshire LIFT
Birmingham & Solihull LIFT	Glasgow Hospital	Pinderfields & Pontefract Hospitals	Stoke Mandeville Hospital
Bishop Auckland Hospital	Hinchingbrooke Hospital	Queen Alexandra Hospital	Tameside General Hospital
Blackburn Hospital	Ireland Primary Care Centres	Redbridge & Waltham Forest LIFT	West Middlesex Hospital
Blackpool Primary Care Facility	Lewisham Hospital	Romford Hospital	Willesden Hospital
Brentwood Community Hospital	Medway LIFT	Salford Hospital	
Brighton Hospital	Newton Abbot Hospital	Sheffield Hospital	
Central Middlesex Hospital	Oxford Churchill Oncology	Southmead Hospital	

Accommodation — 10%

Allenby & Connaught MOD Accommodation	Miles Platting Social Housing	Northwood MoD HQ	Royal School of Military Engineering
Health & Safety Headquarters	Newcastle Libraries	Oldham Library	University of Sheffield Accommodation
Home Office			

Water — 11%

Affinity Water	AquaSure Desalination Plant (Australia)

Key

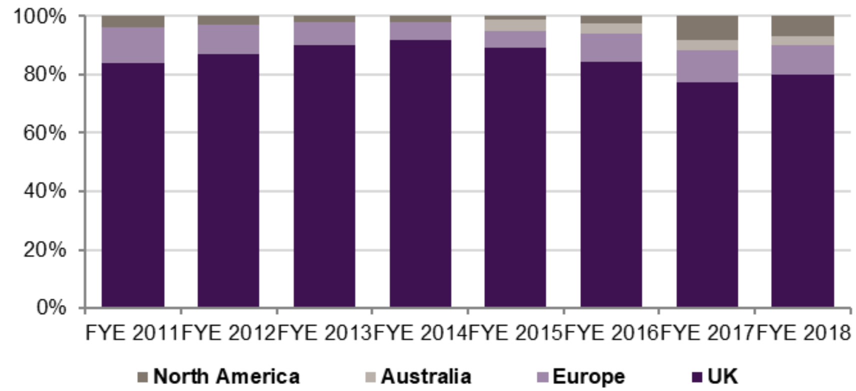
- ▲ PPP Projects
- ▲ Regulated Assets
- ▲ Demand-based Assets

1. By value using Directors' Valuation of 2,836.5m as at 31 March 2018; excludes investments after the period end

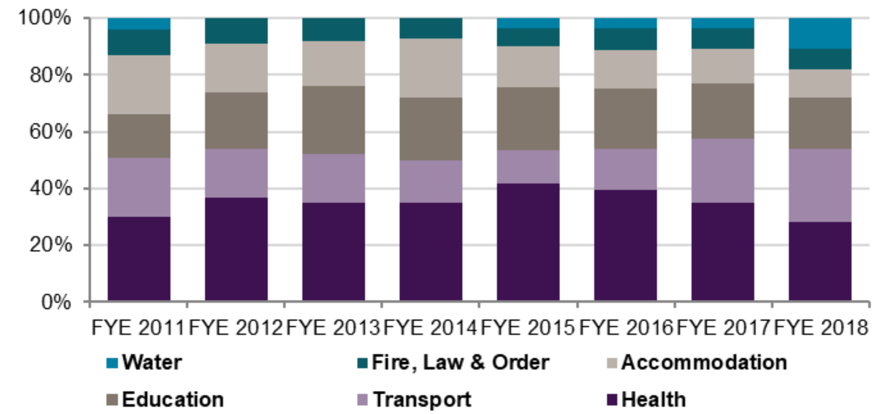
Current Portfolio – Key Attributes

Evolution of the Group's portfolio

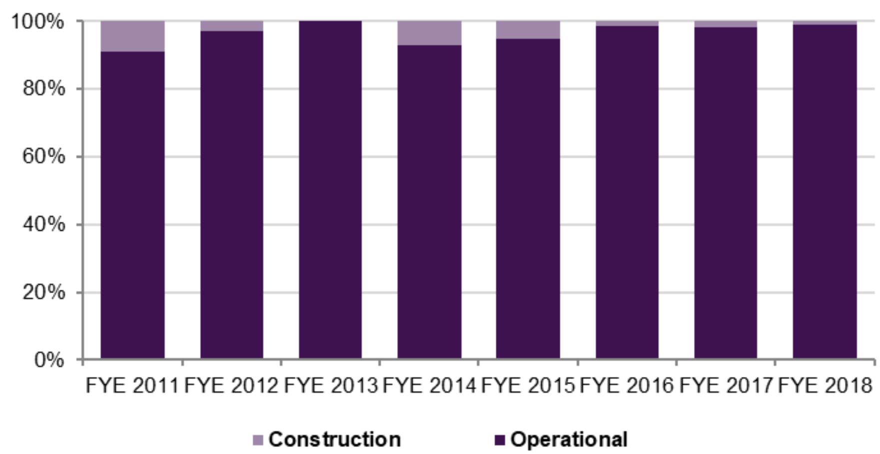
Geographically Spread Portfolio



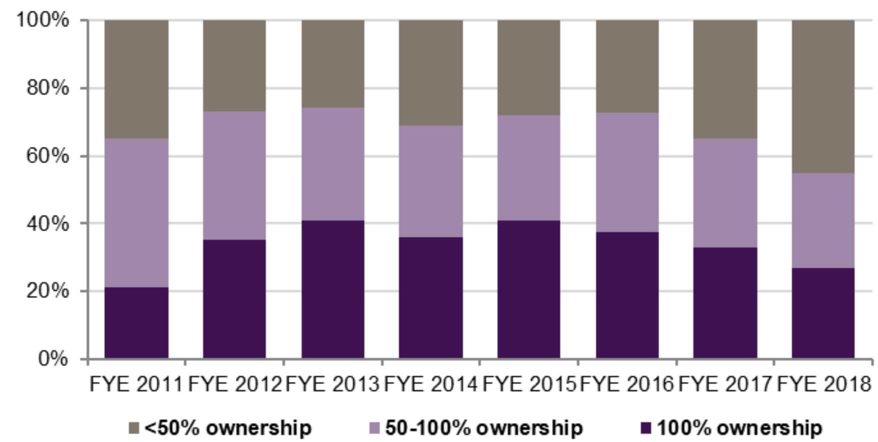
Good Sector Spread



Predominantly Operational Assets



Opportunities to Increase Ownership Stakes

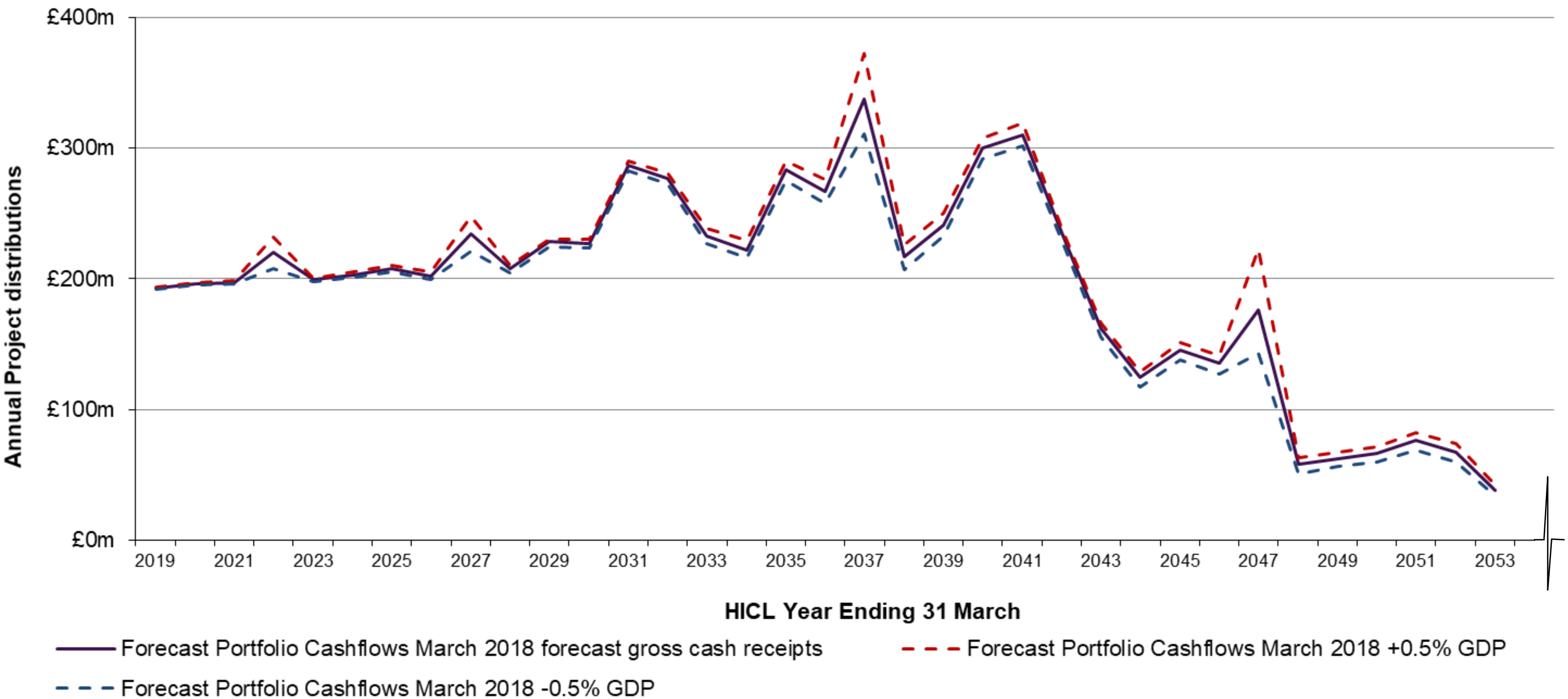


By value, using Directors' Valuation at 31 March each year

Portfolio Cash Flow Sensitivity

Gross Domestic Product[1,2]

- If GDP assumptions were 0.5% p.a. higher for all future periods, expected return from the portfolio (before Group expenses) increases 0.2% from 7.4% to 7.6%
- Sensitivity based on forecast gross portfolio cash flows as at 31 March 2018



1. The illustration represents a target only and is not a profit forecast. There can be no assurance that this target will be met
2. Expected return is the expected gross internal rate of return

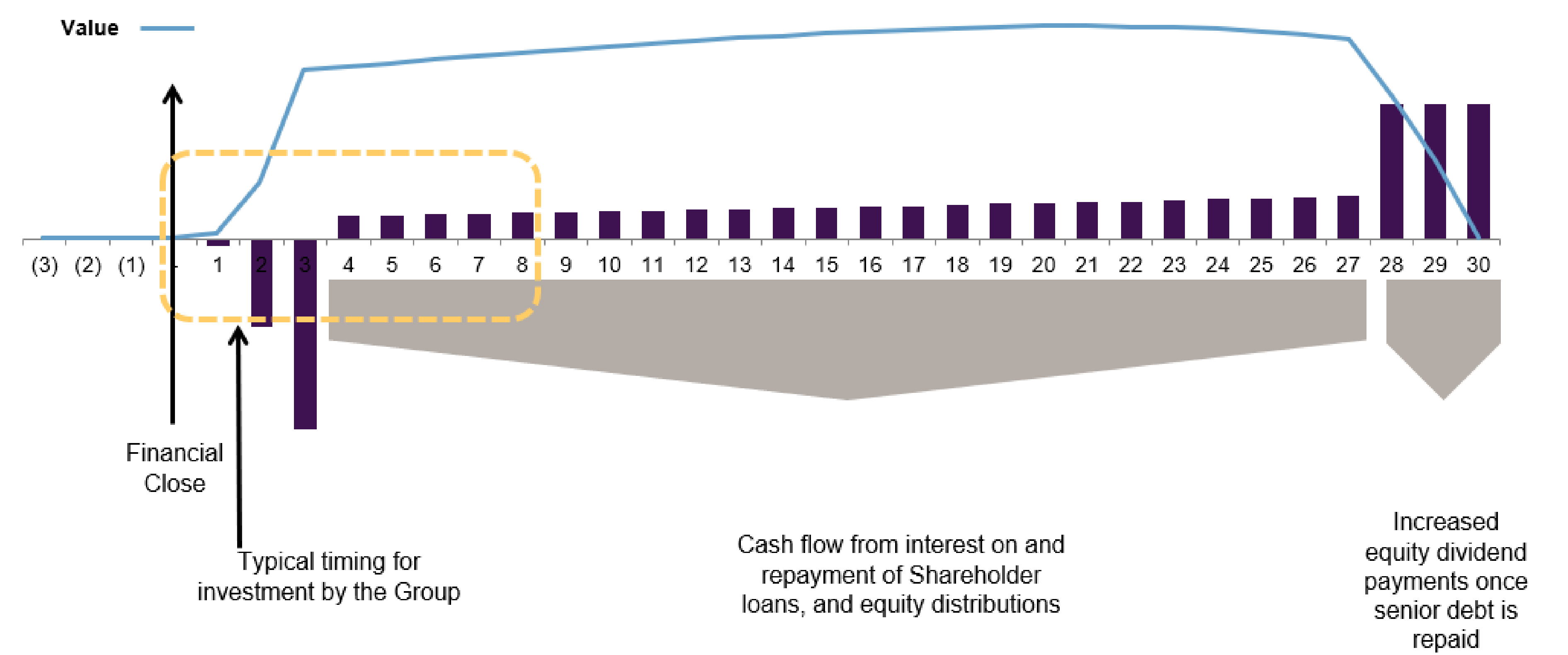
Illustrative Investment Cash Flow Profile – PPP Project

Example: Social infrastructure return derived from an ‘availability’ revenue stream

HICL Infrastructure

Typical PPP Project Investment Cash Flow Profile

Bidding Phase	Construction Phase	Operation & Maintenance Phase

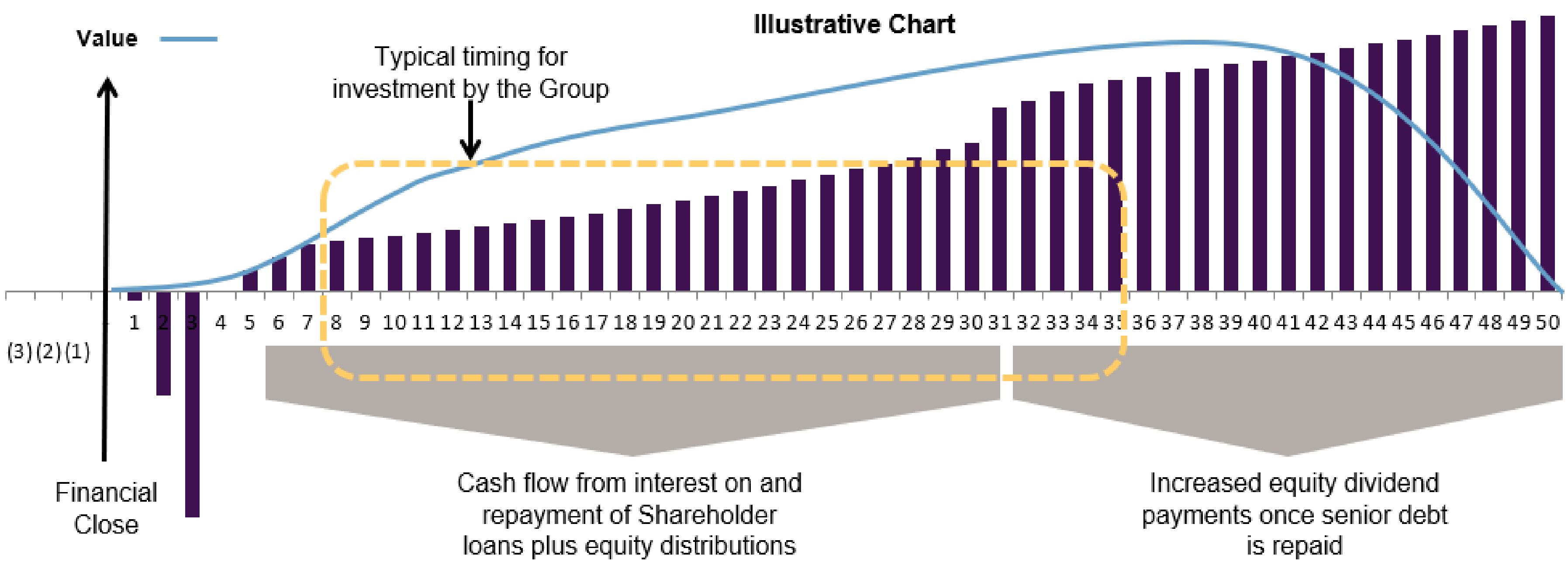


Source: InfraRed

Illustrative Investment Cash Flow Profile – Demand-based Asset

Example: Toll road return derived from a demand-based asset revenue stream

Typical Toll Road Investment Cash Flow Profile			
Bidding Phase	**Construction Phase**	Ramp-Up	**Operation & Maintenance (Steady State)**



Source: InfraRed