

BOARD OF DIRECTORS

Chairman	Ian Russell, CBE
SID	Frank Nelson
Director	Michael Bane
Director	Susie Farnon
Director	Simon Holden
Director	Kenneth D. Reid
Director	Chris Russell

INVESTMENT ADVISER



InfraRed Capital Partners Ltd
12 Charles II Street
London SW1Y 4QU

InfraRed is a UK-based infrastructure and real estate manager with over US\$10bn of equity capital under management.

InfraRed is authorised and regulated by the Financial Conduct Authority and has offices in London, New York, Hong Kong, Seoul and Sydney. With over 130 staff globally it has 70 professionals dedicated to infrastructure investment and management.

KEY STATISTICS

AT 31 AUGUST 2018
(EXCEPT AS OTHERWISE STATED)

No. of Shares	1,789,556,677
Share Price	156.8p
Market Cap.	£2,806m
NAV ¹	£2,677m
NAV per Share ¹	149.6p
Premium to NAV ²	4.8%
Target IRR (long-term) ³	7-8% p.a.
Target Dividend per Share	8.05p (2018-19) 8.25p (2019-20)
Dividend Yield (prospective) ⁴	5.1% p.a.
AIC Ongoing Charges Percentage ⁵	1.08% p.a.

Footnotes:

- ¹ As at 31 March 2018
- ² Based on the NAV per Share of 149.6p (as above) and the Share Price of 156.8p as at 31 August 2018 (as above)
- ³ As set out at IPO
- ⁴ Based on the Target Dividend per Share (2018-19) and the Share Price as at 31 August 2018
- ⁵ Year ended 31 March 2018
- ⁶ Source: Thomson Reuters Datastream, year ended 31 March 2018

Source: InfraRed Capital Partners, unless stated otherwise

Past performance is not a guide to future performance

INTRODUCTION

- ▶ An investment company registered in Guernsey, HICL is a **long-term equity investor in infrastructure**, managing projects and assets which support the community and facilitate the delivery of essential public services.
- ▶ HICL's **diversified portfolio** uniquely combines relatively **low asset concentration risk**, strong **inflation correlation** and long-dated, **predictable cashflows**.
- ▶ Listed in 2006 on the London Stock Exchange, HICL has a **market capitalisation of c. £2.8bn** (at 31 August 2018).
- ▶ InfraRed Capital Partners Limited, a dedicated infrastructure and real estate investment manager (see left), acts as **investment adviser**.

INVESTMENT OBJECTIVES

- ▶ Focussed on managing and growing a portfolio of infrastructure investments positioned at the **lower end of the risk spectrum**, which generates inflation-linked returns.
- ▶ To provide investors with **long-term, stable income and to preserve the portfolio's capital value** over the long term, with potential for capital growth.
- ▶ On track to deliver aggregate **dividends of 8.05p per share for the year to 31 March 2019**.
- ▶ Dividend guidance for the year to 31 March 2020 of **8.25p (+2.5% YoY)** respectively (this is a target only and not a profit forecast).

INVESTMENT STRATEGY

- ▶ Target market segments are **PPP projects** (social and transportation projects), **regulated assets** (e.g. gas and electricity transmission and distribution; water utilities), **demand-based assets** (e.g. toll road concessions and student accommodation) and an **opportunistic approach to corporate assets** with long-term counterparty arrangements (e.g. rolling stock).
- ▶ Current investments are **located primarily in the UK** (80% by value¹), but also in Europe, North America and Australia.
- ▶ Assets in construction comprise four in number (1% by value¹), but may increase so as to generate an element of capital growth, whilst maintaining a satisfactory running yield from the portfolio.

PORTFOLIO PERFORMANCE AND OUTLOOK

- ▶ The portfolio comprises stakes in **116 infrastructure assets¹** (see Portfolio section of www.hicl.com for details).
- ▶ Investments have a **weighted average asset life of 29.5 years¹**.
- ▶ Returns from the portfolio are **positively (0.8)¹ correlated to inflation**.
- ▶ **Cash yield to shareholders has been consistently 4.5+% p.a.**: dividends have been cash covered and have increased annually since IPO.
- ▶ Liquidity continues to increase, with the **average daily share trading volume of 5.0m shares⁶**.
- ▶ Through selective acquisitions and asset management, **HICL has exceeded its stated (at IPO) target return of 7-8% p.a.** (total shareholder return statistics provided overleaf).
- ▶ There is **higher political uncertainty in the UK** following the June 2017 general election result and the continuing process to leave the EU, and **political risk therefore continues to be a material risk** that the Group's portfolio faces.
- ▶ The **failure of Carillion plc** has highlighted a fundamental principle of the PPP model: the **transfer of counterparty risk to equity investors** from the public sector. **Solid progress** has been made in resolving the consequences for the affected PPP projects.
- ▶ Market demand for infrastructure investments in today's low interest rate environment remains high and **pricing discipline is of key importance**.

PORTFOLIO VALUATION

- ▶ Investments are valued on a discounted cash flow (DCF) basis.
- ▶ A semi-annual portfolio valuation is provided by InfraRed and the Board benefits from an independent expert opinion from a third party.

COMPANY INFORMATION

Registered Address	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 1WD
Listing	London (LSE)
Index Inclusion	FTSE 250, FTSE 350 FTSE All-Share
SEDOL	BOT4LH6
Ticker	HICL.L
ISA / SIPP eligible?	Yes
Dividend Frequency	Quarterly
Financial Year End	31 March

OTHER SERVICE PROVIDERS

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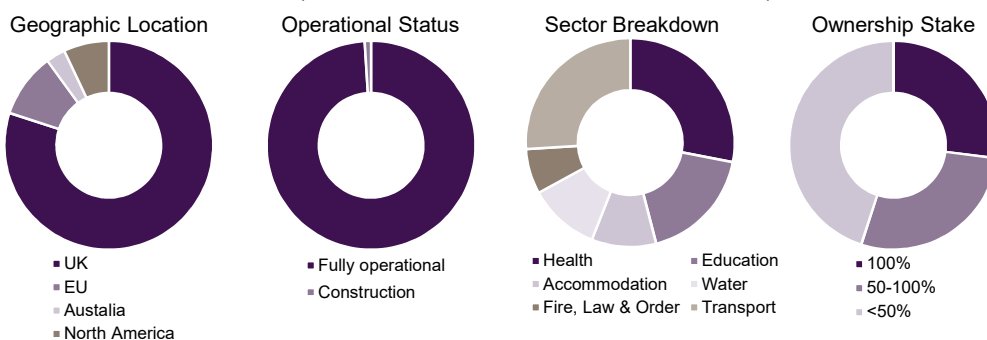
CORPORATE CALENDAR

AGM	Jul 2019
Quarterly interim	18 Jul 2018 14 Nov 2018
dividend announcements	19 Feb 2019 15 May 2019
Quarterly interim	28 Sep 2018 31 Dec 2018
dividend payments	29 Mar 2019 28 Jun 2019
Interim Update Statements	Aug 2018 Feb 2019
Reporting period end	30 Sep 2018 (H1) 31 Mar 2019 (FY)
Results announced	Nov 2018 (H1) May 2019 (FY)

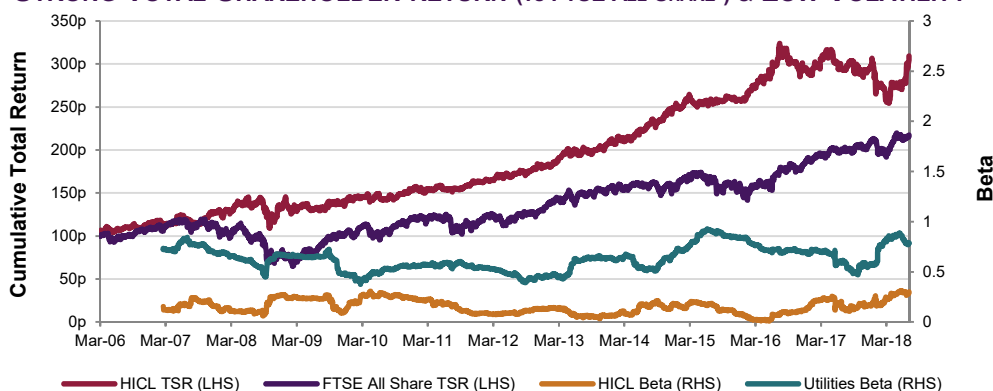
RECENT NEWS

- ▶ Since 31 March 2018, the Group has:
 - ▶ made investments in the Paris-Sud University PPP Project, the Belfast Metropolitan College PPP Project and the Burbo Bank Extension OFTO (regulated asset), together with an incremental acquisition in the A63 Motorway (demand-based asset);
 - ▶ been announced preferred bidder for the Race Bank OFTO (regulated asset);
 - ▶ completed the sales of Highland Schools PPP2 Project, and part of its stake in the Oldham Library PPP Project; and
 - ▶ entered into an agreement to sell its 9.7% interest in the AquaSure Desalination PPP.
- ▶ The latest valuation of the portfolio was £2,836.5m at 31 March 2018.
- ▶ Key variables impacting the valuation included the continued downward pressure on discount rates (reflecting the on-going competitive dynamics seen in the market) offset by low historic inflation.
- ▶ For further detail on the Company's results, recent transactions and other corporate announcements, please refer to www.hicl.com/investor-relations.

PORTFOLIO OVERVIEW (BASED ON PORTFOLIO VALUE OF 116 INVESTMENTS¹)



STRONG TOTAL SHAREHOLDER RETURN (VS FTSE ALL SHARE²) & LOW VOLATILITY



Total Shareholder Returns	31 March 2018	Since IPO (March 2006) ³
TSR (share price + dividends)	-15.5% (previous 12 months)	8.3% p.a.
TSR (NAV + dividends)	5.7% (previous 12 months)	9.3% p.a.

Source: All data for charts and tables sourced from Thomson Reuters Datastream and Bloomberg, other than the Portfolio Overview charts (which are produced by the Company)

¹ Portfolio Overview charts are by value 31 March 2018 using Directors' Valuation of £2,836.5m

² FTSE index data rebased to 100 as at 29 March 2006

³ To 31 March 2018 (the latest valuation date for the Company)

Disclaimer

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Furthermore, the value of any investment or the income deriving from them may go down as well as up and you may not get back the full amount invested.