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If you have sold or otherwise transferred all of your holding of HICL Infrastructure Company Limited (“**HICL Guernsey**”) ordinary shares (“**HICL Guernsey Ordinary Shares**”), please send this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, neither this Circular nor any accompanying documents should be forwarded to or sent into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction. If you have sold any part of your holding of HICL Guernsey Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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## **HICL INFRASTRUCTURE COMPANY LIMITED**

*(an authorised closed-ended investment company incorporated in Guernsey with limited liability and with registered number 44185)*

### **CIRCULAR TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **Recommended proposals for (a) moving the domicile of the investment business to the United Kingdom and winding up of HICL Infrastructure Company Limited and (b) approval of an amendment to the investment management arrangements as a related party transaction**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of Directors of HICL Guernsey which is set out in Part I of this document and which contains the Board’s recommendation that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.

You will find in Part VII of this document a Notice of the Extraordinary General Meeting of HICL Guernsey to be held at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey at 11.00 a.m. on 26 March 2019.

Shareholders will have received, or will shortly receive, a Form of Proxy for use in relation to the Extraordinary General Meeting and which, to be valid, should be completed, signed and returned so as to be received by Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to arrive not less than 48 hours (excluding non-Business Days) before the time appointed for the Extraordinary General Meeting or holding any adjourned meeting (as the case may be).

HICL Guernsey is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Collective Investment Schemes Rules 2008 issued by the GFSC.

The HICL Guernsey Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange under ticker symbol “HICL”.

If you have a query concerning this document or the Extraordinary General Meeting, please telephone Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Capitalised terms used in this Circular have the meanings given in Part VIII of this Circular.

Dated 4 March 2019

## CONTENTS

|  | PAGE |
|--|------|
| EXPECTED TIMETABLE                                 | 3    |
| PART I – LETTER FROM THE CHAIRMAN                  | 4    |
| PART II – FURTHER DETAILS OF THE PROPOSALS         | 11   |
| PART III – THE SCHEME                              | 14   |
| PART IV – HICL INFRASTRUCTURE PLC                  | 17   |
| PART V – TAXATION                                  | 26   |
| PART VI – RISKS RELATING TO THE SCHEME             | 34   |
| PART VII – NOTICE OF EXTRAORDINARY GENERAL MEETING | 36   |
| PART VIII – DEFINITIONS                            | 40   |

### ***Accompanying Documents***

- *Form of Proxy*
- *Reply-paid envelopes*
- *Prospectus (except for those Shareholders resident in Restricted Jurisdictions)*

### ***Information regarding forward-looking statements***

*This Circular contains a number of forward-looking statements relating to HICL Guernsey and HICL Infrastructure PLC (“HICL UK”). HICL Guernsey considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of HICL Guernsey and HICL UK to differ materially from the information presented in the relevant forward-looking statement. When used in this Circular the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should”, and similar expressions, as they relate to HICL Guernsey, HICL UK or the management of either of them, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Circular. HICL Guernsey does not undertake publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under any applicable law or regulation.*

## EXPECTED TIMETABLE

|   | <b>2019</b>                    |
|---|--------------------------------|
| Publication and posting of this Circular and the Form of Proxy  | 4 March                        |
| Publication and posting of the Prospectus   | 4 March                        |
| Latest time and date for receipt of Forms of Proxy  | 11.00 a.m. on 22 March         |
| Extraordinary General Meeting   | 11.00 a.m. on 26 March         |
| Time and date from which it is advised that dealings in shares of HICL Guernsey should only be for cash settlement and immediate delivery of documents of title                         | 8.00 a.m. on 27 March          |
| Record Date for the Scheme  | 6.00 p.m. on 29 March          |
| Dealings in HICL Guernsey Ordinary Shares suspended   | 7.30 a.m. on 1 April           |
| Effective Date for implementation of the Scheme and commencement of the liquidation of HICL Guernsey  | 8.00 a.m. on 1 April           |
| Cancellation of: (i) listing of the HICL Guernsey Ordinary Shares on the premium segment of the Official List; and (ii) trading of the HICL Guernsey Ordinary Shares on the Main Market | 8.00 a.m. on 1 April           |
| Admission and commencement of dealings in New Ordinary Shares in HICL UK issued pursuant to the Issue   | 8.00 a.m. on 1 April           |
| CREST members' accounts credited in respect of New Ordinary Shares in HICL UK issued in uncertificated form pursuant to the Issue   | As soon as possible on 1 April |
| Compulsory redemption of the HICL Guernsey Ordinary Shares  | 1 April                        |
| Despatch of definitive share certificates for New Ordinary Shares in HICL UK issued in certificated form pursuant to the Issue  | Week commencing 8 April        |

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*Notes:*

- *All references to times in this Circular are to London times unless otherwise stated.*
- *The dates and times specified above may be subject to change. In the event of any such change, HICL Guernsey will notify investors either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service provider to the London Stock Exchange.*

**PART I**  
**LETTER FROM THE CHAIRMAN**  
**HICL INFRASTRUCTURE COMPANY LIMITED**

*(An authorised closed-ended investment company incorporated in Guernsey with limited liability and with registered number 44185)*

*Directors*

Ian Russell CBE (Chairman)  
Frank Nelson (Senior Independent Director)  
Mike Bane  
Sally-Ann Farnon  
Simon Holden  
Kenneth D. Reid  
Chris Russell

*Registered Office*  
East Wing  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3PP

4 March 2019

*To holders of HICL Guernsey Ordinary Shares*

Dear Shareholder,

**CIRCULAR TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

HICL Guernsey announced on 21 November 2018 that, having consulted informally with a significant number of institutional investors and private wealth managers, the Board has concluded that it is in the best interests of HICL Guernsey and the Shareholders as a whole to proceed with proposals to change the domicile of the investment business of HICL Guernsey from Guernsey to the United Kingdom. It is proposed that this change of domicile be effected by way of a scheme of reconstruction (the “**Scheme**”). The Board is also proposing to update the investment management arrangements with InfraRed Capital Partners Limited (“**ICPL**”) (the proposed Scheme and the proposed updates to the investment management arrangements together being the “**Proposals**”).

The Proposals require the approval of Shareholders. If the Scheme is approved, Shareholders will be issued with one New Ordinary Share in a newly established UK public limited company, HICL Infrastructure PLC (“**HICL UK**”) for each HICL Guernsey Ordinary Share that they hold. HICL UK will continue the investment activities of HICL Guernsey, as HICL UK has an identical investment policy to that of HICL Guernsey and will acquire HICL Guernsey’s entire investment portfolio under the Scheme.

The purpose of this Circular is to explain the background to, and reasons for, the Proposals and to convene the Extraordinary General Meeting on 26 March 2019 at which Shareholders’ approval for the Proposals will be sought. Notice of the Extraordinary General Meeting is set out in Part VII of this Circular.

**2. BACKGROUND TO THE PROPOSALS**

**HICL Guernsey’s Structure**

HICL Guernsey was the first infrastructure fund to have its shares listed on the UK Listing Authority’s Official List and admitted to trading on the London Stock Exchange’s main market for listed securities. Since its establishment and initial public offering in March 2006, HICL Guernsey has increased the number of investments in its portfolio from 15 to 117, has raised further equity capital from Shareholders and as at 30 September 2018, the net assets of HICL Guernsey were £2,799.2 million (equivalent to 156.4 pence per HICL Guernsey Ordinary Share).

When established in 2006, HICL Guernsey’s Guernsey domicile and its Luxembourg investment holding structure were considered to be the optimum way to structure a London listed infrastructure fund given tax, regulatory and other considerations. Since 2006, changes to the legal, regulatory and tax environment in Luxembourg and in the UK have meant that HICL Guernsey’s current

structure is no longer optimal. In particular, positive changes to the UK's investment trust regime and the increased focus on offshore domiciled funds mean that there is no longer a substantive advantage in having HICL Guernsey based in Guernsey.

Given that HICL Guernsey's Shareholders are predominantly based in the UK and that its portfolio is largely invested in the UK, the Board is also mindful of the potential impact on HICL Guernsey of future changes in the continually evolving cross-border tax landscape.

HICL Guernsey makes its investments through a group structure involving two Luxembourg-domiciled investment companies and an English limited partnership. HICL Guernsey invests in equity and debt of a *société à responsabilité limitée* established in Luxembourg ("**Luxco 1**"), which in turn invests in the equity and debt of a similar entity ("**Luxco 2**"). In turn, Luxco 2 is the sole limited partner in Infrastructure Investments LP, an English limited partnership (the "**Partnership**"). Luxco 2 invests the contributions it receives from Luxco 1 in capital contributions and partner loans to the Partnership, which acquires and holds the infrastructure investments.

Changes to the regulatory and tax environment that have occurred since HICL Guernsey's establishment mean that HICL Guernsey's structure can be simplified considerably. The Scheme, which would require moving HICL Guernsey's investment business to the UK, is designed to effect this.

### **The Scheme**

Under the Scheme, HICL Guernsey will be placed into voluntary liquidation under Guernsey law. HICL Guernsey will transfer its assets to HICL UK, in consideration for the issue of New Ordinary Shares in HICL UK to Shareholders in HICL Guernsey. Shareholders in HICL Guernsey will be issued with one New Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share that they hold on the Record Date.

HICL UK would acquire HICL Guernsey's investment business through the acquisition of HICL Guernsey's interests in Luxco 1 (which in turn owns Luxco 2 which is the sole limited partner in the Partnership that holds the infrastructure investments). Following implementation of the Scheme, HICL Guernsey would be wound up, and the Luxembourg holding companies (Luxco 1 and Luxco 2) would be merged, thereby simplifying the structure.

### **HICL UK**

HICL UK will be a UK domiciled and tax resident public limited company, which will operate its affairs as a UK Investment Trust Company ("**ITC**"). Aside from the differences between the tax, legal and regulatory regimes in Guernsey and the UK, as well as certain amendments to the investment advisory/management arrangements, HICL UK will effectively be a replica of HICL Guernsey.

After implementation of the Scheme, both the shareholder register and the investment portfolio of HICL UK will replicate that of HICL Guernsey immediately before implementation of the Scheme. The changes to the investment advisory/management arrangements reflect that ICPL will be appointed as alternative investment fund manager ("**AIFM**") of HICL UK (whereas HICL Guernsey is a self-managed alternative investment fund ("**AIF**")); extend the period of notice for non-fault termination of the investment management arrangements with ICPL from twelve (12) months to thirty-six (36) months (the "**Notice Amendment**"); and reduce the Acquisition Fee paid to ICPL for new acquisitions from 1 per cent. to 0.5 per cent. The Board believes that the Notice Amendment is desirable for both HICL UK and ICPL as it recognises that the success of HICL UK, and the fulfilment of the investment proposition of delivering stable income to Shareholders, depends on the long-term performance and management of the portfolio's assets. The Notice Amendment contributes to promoting the alignment and stability of HICL UK's management and the retention of its embedded operating knowledge of the assets, in an increasingly challenging environment. The Board and ICPL have also agreed that a reduction in the Acquisition Fee would represent further evidence of improved long-term alignment between HICL UK and its management.

The directors of HICL UK intend to conduct the affairs of HICL UK such that the conditions for approval as an ITC under Chapter 4 of Part 24 of the Corporation Tax Act 2010 are satisfied. HICL UK will look to obtain formal confirmation of its ITC status from HMRC prior to commencement of the first accounting period for which it seeks ITC status. HICL UK should be exempt from UK tax on capital profits realised on investment transactions in each accounting period after which approval is granted (and in respect of which all of the ongoing ITC conditions

are satisfied). HICL UK will be subject to UK corporation tax on its income, however any dividends received by HICL UK which satisfy one of the exempt categories specified in Part 9A of the Corporation Tax Act 2009 should be exempt from UK corporation tax.

Whilst HICL UK will be subject to UK corporation tax on interest income, an ITC may elect to notionally designate as interest distributions the whole or part of any amounts distributed as dividends to shareholders. If certain conditions are met, designated interest distributions may be used to offset taxable interest income, such that material UK tax may not arise to HICL UK in respect of its interest income.

There should be no requirement for HICL UK to deduct tax at source from interest distributions to HICL UK shareholders.

The Proposals outlined in this Circular require the approval of Shareholders at the Extraordinary General Meeting of HICL Guernsey, notice of which is set out in Part VII of this Circular.

### **3. BENEFITS OF THE PROPOSALS**

The Directors consider that the Proposals are in the best interests of Shareholders for the following reasons:

- Having a UK domiciled investment trust for a portfolio of predominantly UK based investments reduces the cross-border nature of the existing HICL Guernsey Group, mitigating the potential impact of potential future changes in the cross-border tax regimes.
- The proposed structure reduces uncertainty in the tax position for the HICL UK Group going forward. As a UK investment trust, HICL UK will forego the high degree of scrutiny to which offshore funds are increasingly subject.
- HICL UK will be subject to the full scope of the Alternative Investment Fund Managers Directive (“**AIFMD**”) as it will be subject to the UK regulatory regime implementing the AIFMD. As such, Shareholders will benefit from the additional regulatory protections of the AIFMD that do not apply to non-EEA AIFs (such as HICL Guernsey), including conduct of business requirements in relation to ICPL as HICL UK’s AIFM.
- The Notice Amendment and the reduced Acquisition Fee are expected to provide the basis for closer alignment of ICPL with the successful fulfilment of the Company’s investment proposition (of delivering long-term income to Shareholders) and with the stable, long-term management necessary for the portfolio’s assets.

The Directors believe that the Scheme represents the most time and cost-efficient method of transferring HICL Guernsey’s investment business to the UK.

### **4. IMPLEMENTATION OF THE PROPOSALS**

#### **Consents and Approvals**

The Proposals require the consent of Shareholders at an Extraordinary General Meeting which has been convened for the purposes of considering the Proposals. Both ordinary and special resolutions are required to be passed in order for the Proposals to be implemented.

Notice of the Scheme has been given to the Guernsey Financial Services Commission, although its consent is not required. The Takeover Panel has confirmed that the Takeover Code will not apply to the Scheme on the basis that if the Scheme becomes effective, HICL UK will be effectively a mirror image of HICL Guernsey as the shareholder register of HICL UK after implementation of the Scheme will mirror the shareholder register of HICL Guernsey.

ICPL has been appointed as HICL UK’s AIFM. ICPL has been granted the requisite FCA approvals to act as HICL UK’s AIFM.

The proposed acquisition by HICL UK of HICL Guernsey’s assets requires a small number of Asset Consents, which have been obtained.

Unless all of the conditions to which the Scheme is subject (further details of which are set out in Part III of this Circular) are satisfied, the Scheme will not be implemented, in which case HICL Guernsey will continue in its current form. If these conditions are satisfied, the Liquidators will be appointed to oversee the implementation of the Scheme.



## **The Scheme**

Under the Scheme, HICL Guernsey will be placed into voluntary liquidation under Guernsey law. HICL Guernsey's Liquidators will transfer the assets of HICL Guernsey to HICL UK, in consideration for the issue of New Ordinary Shares in HICL UK to HICL Guernsey's Shareholders. HICL Guernsey's Shareholders will be issued with one New Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share that they hold on the Record Date. The HICL Guernsey Ordinary Shares will be de-listed and cancelled, and the New Ordinary Shares in HICL UK will be listed on the premium segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange on the same day. The New Ordinary Shares in HICL UK will have the same ticker code as the HICL Guernsey Ordinary Shares.

The transfer of HICL Guernsey's assets will comprise the transfer of HICL Guernsey's interest in shares and financing loans in respect of Luxco 1 and certain other assets to HICL UK. On the transfer of assets, the Liquidators will require a nominal reserve to be set aside for the protection of potential creditors and to fund the costs of liquidation. Any surplus from this reserve will be transferred to HICL UK for the benefit of the Shareholders in due course. If the reserve is insufficient, HICL UK will bear any additional costs.

Following implementation of the Scheme, HICL Guernsey will be wound up, and the two Luxembourg holding companies (Luxco 1 and Luxco 2) will undergo a corporate merger into a single entity. Once this has happened, HICL UK will own equity and debt interests in a Luxco entity, which in turn will be the sole limited partner in the Partnership that acquires and holds the infrastructure investments. In the future, it is possible that HICL UK will invest in infrastructure investments via a direct interest in the Partnership (i.e. not through a Luxco).

Further details of the Scheme are set out in Part III of this Circular.

## **Tax**

Shareholders should note that the implementation of the Scheme will cause additional tax payments for some Shareholders. A general guide as to the tax treatment for Shareholders of the Scheme in certain jurisdictions is provided in Part V of this Circular.

HICL Guernsey has sought a number of tax clearances in respect of the Scheme, however these have not been obtained in every jurisdiction in which Shareholders are located. Shareholders are advised to take their own tax advice as to the tax consequences for them of the Scheme. Shareholders will need to consider whether or not the Scheme itself gives rise to any liability for them to pay tax (and in particular, Shareholders in Ireland should note that the Irish Revenue Commissioners confirmed that Irish tax resident individual investors should be treated as disposing of their interest in HICL Guernsey and acquiring a new interest in the shares of HICL UK).

### *Swiss taxation of chargeable gains on individuals (private wealth)*

The sale by Swiss resident individuals of shares held in private wealth, according to the so-called transposition practice ("Transponierung"), may be re-qualified as taxable sale (at a tax rate of 46%) if at least 5% of the shares in a company are sold to a company in which the seller owns more than 50% of the shares. If an individual sells less than 5%, but acts together with other shareholders, the shares of those shareholders may be cumulated for the purpose of the determination of the 5% quota (the same may apply regarding the 50% quota).

A binding tax ruling has been obtained by HICL Guernsey from the Zurich cantonal tax authority that the Swiss transposition practice should not apply in respect of the Scheme transaction.

The tax ruling obtained will not cover Swiss individual investors that are not resident in the canton of Zurich. Swiss individual investors that are resident outside of the canton of Zurich should obtain separate clearances from the relevant canton where certainty on this point is desired.

### *UK taxation of Shareholders in relation to the Scheme*

The Scheme, through which the shares in HICL Guernsey are exchanged for shares in HICL UK should not result in a charge to UK capital gains tax for individual investors, nor a charge to corporation tax on chargeable gains for UK resident corporate investors, on the basis that the transaction should qualify as a "scheme of reconstruction" and the conditions of section 136 TCGA 1992 should be met.

The application of section 136 TCGA may, however, be restricted under section 137(1) TCGA in the case of any Shareholder who alone, or together with any connected persons, holds 5 per cent. or more of the HICL Guernsey Ordinary Shares. Section 137(1) TCGA will not apply if the exchange is effected for *bona fide* commercial reasons and does not form part of a scheme of arrangements of which the main purposes, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax.

Clearance has been obtained from HMRC under section 138 TCGA to confirm that they are satisfied that the Scheme transaction will be effected for *bona fide* commercial reasons and will not form part of any such scheme for the avoidance of tax.

### **Proposed Amendments to the Investment Management/Advisory Arrangements**

Conditional on implementation of the Scheme, the Investment Advisory Agreement between HICL Guernsey and ICPL (the “**IAA**”) will be terminated immediately and without penalty. HICL UK will have the benefit of a new investment management agreement with ICPL (the “**Investment Management Agreement**”), pursuant to which ICPL will act as HICL UK’s investment manager and AIFM.

The key commercial terms of the new management arrangements will be identical to those in place for HICL Guernsey, except for (i) those changes that are necessary to reflect the appointment of ICPL as HICL UK’s AIFM (ii) a reduction in the fee payable to ICPL on new portfolio investments and (iii) a change in the termination notice period.

#### *Acquisition Fee*

At present, ICPL is entitled to receive an amount equal to 1 per cent. of the value of new portfolio investments made that are not sourced from entities, funds or holdings managed by ICPL or an affiliate of ICPL. This amount is payable on completion of the acquisition of the relevant investment and is calculated on the sum of (i) the consideration paid (excluding costs) and (ii) the amount of the outstanding investment obligations assumed in relation to the investment (the “**Acquisition Fee**”).

It has been agreed by HICL UK and ICPL that, under the new management arrangements to be put in place for HICL UK, conditional on the passing of the Notice Resolution, the Acquisition Fee rate will be reduced to 0.5 per cent. This reduction represents an obvious benefit to HICL UK’s shareholders, and ensures that HICL UK’s fee arrangements will remain competitively positioned against its peer group.

#### *Notice period*

The IAA for HICL Guernsey permits no-fault termination at the option of either party on twelve (12) months’ notice. Under the terms of the Investment Management Agreement for HICL UK and the limited partnership agreement in respect of the Partnership, this notice period will increase to thirty-six (36) months (the “**Notice Amendment**”).

In the Board’s view, the reduction in the portfolio Acquisition Fee and the extension of the notice period represent equitable amendments which will enhance the alignment of HICL UK’s management arrangements with its investment proposition of delivering long-term income to shareholders. The Board is cognisant of ICPL’s excellent track record of preserving and enhancing value for HICL Guernsey’s shareholders since the launch of HICL in 2006; and it wishes to achieve closer alignment between the long-term nature of the portfolio’s underlying infrastructure assets (and hence the returns which are generated for Shareholders) and the basis upon which ICPL provides its management services. The day-to-day running of a portfolio of highly-structured infrastructure investments necessitates intensive and specialist asset, portfolio and fund management resources which can prove difficult to secure. Furthermore, the business environment within which infrastructure assets in the portfolio operate has become increasingly complex, requiring ICPL to build long-term relationships with a continually broadening range of public sector clients, regulators, financiers, political and labour representatives and key contractual counterparties. The Board believes that the extension of the notice period will provide a longer-term platform upon which ICPL can operate to the benefit of HICL UK’s shareholders.

#### *The Notice Resolution*

The Notice Amendment constitutes a related party transaction to which modified requirements for smaller related party transactions in the Listing Rules apply. Canaccord Genuity, as sponsor to HICL Guernsey, has confirmed that the terms of the proposed Notice Amendment are fair and



reasonable as far as Shareholders are concerned. Under the smaller related party transaction rules, there is no requirement for Shareholders to vote on the Notice Amendment.

As a matter of good corporate governance, Shareholders are being asked to approve the Notice Resolution approving the Notice Amendment at the Extraordinary General Meeting as an Ordinary Resolution. If the Notice Resolution to approve the Notice Amendment is not passed and the other Proposals are approved, the notice period for termination of the Investment Management Agreement will be twelve (12) months' notice, as per the existing IAA. In these circumstances, the Acquisition Fee rate would also be increased to 1.0 per cent. as per the existing arrangements with ICPL. If the Notice Resolution is not passed, the board of HICL UK (or the Directors if the Scheme does not proceed) would re-open discussions with ICPL and expect to bring forward further proposals in relation to HICL's contractual arrangements with ICPL that address the themes of enhancing the alignment of HICL's management arrangements with the nature of its underlying portfolio and the investment proposition of delivering long-term income to shareholders.

## **5. SHARE CERTIFICATES AND STANDING INSTRUCTIONS**

Shareholders who hold their HICL Guernsey Ordinary Shares in certificated form will receive new share certificates in respect of their holdings of New Ordinary Shares in HICL UK. Further information in relation to share certificates and existing standing instructions in respect of HICL Guernsey Ordinary Shares is set out in paragraph 7 of Part II of this Circular.

## **6. FURTHER INFORMATION ABOUT HICL UK AND ITS ADMINISTRATION, DESPOSITARY AND BORROWING ARRANGEMENTS**

HICL Guernsey has agreed that its existing administration agreement with Aztec Financial Services (Guernsey) Limited, and its existing registrar agreement with Link Market Services (Guernsey) Limited, will be terminated without penalty conditional on implementation of the Scheme, and that new equivalent agreements on materially the same terms will be entered into by HICL UK with these service providers.

HICL Guernsey's existing safe-keeping services agreement with IAG Private Equity Limited will also be terminated without penalty conditional on implementation of the Scheme. HICL UK and ICPL will be required to appoint a depositary in accordance with the requirements of the AIFMD, and so will not require a separate safe-keeping service provider.

The lenders under the Facility have agreed to the implementation of the Scheme and to the replacement of HICL Guernsey by HICL UK in the documentation relating to the Facility with effect from the Effective Date as part of the Scheme.

Further information about HICL UK and the arrangements described above is contained in Part IV of this Circular and in the Prospectus.

## **7. COSTS OF THE PROPOSALS**

It is expected that the costs of the Proposals (including VAT where relevant) that will have been borne and expensed by HICL Guernsey as at the Effective Date will be approximately £2.3 million. The expected remaining costs of the Issue and the implementation of the Scheme of approximately £0.7 million (which are principally the fees associated with the listing of the Issue Shares) will be borne by HICL UK if the Scheme becomes effective. The Winding Up Costs to be paid by HICL Guernsey are expected to be approximately £0.1 million.

## **8. EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting has been convened for 11.00 a.m. on 26 March 2019. The Notice of the Extraordinary General Meeting is set out in Part VII of this Circular.

## **9. ACTION TO BE TAKEN**

Shareholders will have received, or will shortly receive, a Form of Proxy for use by Shareholders in relation to the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting in person, you are requested either to complete the Form of Proxy and return it to Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed on it, or, if you hold your HICL Guernsey Ordinary Shares in CREST, to utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy as soon as possible, but in any event not later than

11.00 a.m. on 22 March 2019 or not less than 48 hours (excluding non-Business Days) before the time appointed for holding any adjourned meeting.

Completion and return of Forms of Proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

#### **10. RECOMMENDATION**

**The Board believes that both the Scheme and the Notice Amendment are in the best interests of HICL Guernsey and the Shareholders as a whole and unanimously recommends that Shareholders vote in favour of all of the resolutions at the Extraordinary General Meeting, as the Directors who hold HICL Guernsey Ordinary Shares intend to do in respect of their own beneficial holdings of HICL Guernsey Ordinary Shares which, as at the date of this Circular, amount in aggregate to 217,311 HICL Guernsey Ordinary Shares (representing approximately 0.012 per cent. of the existing issued ordinary share capital of HICL Guernsey).**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Russell', written in a cursive style.

Ian Russell CBE  
*Chairman*

## PART II

### Further Details of the Proposals

#### 1. MECHANICS OF THE SCHEME

Subject to the passing of the Scheme Resolutions at the Extraordinary General Meeting (and satisfaction of the other conditions of the Scheme, full details of which are set out in Part III of this Circular), the Scheme will take effect from the Effective Date.

Under the Scheme, HICL Guernsey will be placed into voluntary liquidation under Guernsey law. HICL Guernsey will transfer substantially all its assets to HICL UK, in consideration for the issue of New Ordinary Shares in HICL UK to Shareholders in HICL Guernsey. Shareholders in HICL Guernsey will be issued with one New Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share that they hold on the Record Date.

HICL Guernsey, the Liquidators and HICL UK have entered into an undertaking dated 4 March 2019 pursuant to which each of HICL UK and the Liquidators undertakes that it shall, and the Liquidators undertake to procure that HICL Guernsey shall, on the Effective Date, enter into the Transfer Agreement, subject to: (a) the passing of each of the Scheme Resolutions; (b) each of the Asset Consents either having been obtained to the reasonable satisfaction of HICL Guernsey and HICL UK and remaining in effect or having been waived by HICL Guernsey and HICL UK; and (c) the appointment of the Liquidators.

#### 2. AMENDMENTS TO THE ARTICLES IN CONNECTION WITH THE SCHEME

In order to implement the Scheme, Shareholders will be asked to approve the Scheme and to approve amendments to the Articles. The amendments to the Articles will enable HICL Guernsey to issue a share of a separate class to Aztec Nominees (Guernsey) Limited, which will have no rights while HICL Guernsey Ordinary Shares are in issue, save to approve the winding up of HICL Guernsey for the purposes of the Scheme and otherwise to approve matters in relation to such winding up (the "**Liquidation Share**"), and will also prevent the HICL Guernsey Ordinary Shares from voting on the winding up for such purposes. It is necessary to seek these amendments as opposed to requiring Shareholders to approve the winding up of HICL Guernsey at the Extraordinary General Meeting, because it is proposed that the voluntary liquidation of HICL Guernsey is to commence on or around the time the last of the conditions to the Scheme (as set out in paragraph 10 of the Scheme as set out in Part III of this Circular) is satisfied, which is currently anticipated to be 8.00 a.m. on 1 April, and pursuant to the Companies Law the winding up of a Guernsey company commences upon the passing of the resolution to approve it. Consequently, were Shareholders to approve the winding up at the Extraordinary General Meeting the voluntary liquidation would commence on 26 March 2019. It is also proposed that the Articles will be amended to permit HICL Guernsey to compulsorily redeem and cancel the HICL Guernsey Ordinary Shares for nil consideration, once Shareholders have been issued with New Ordinary Shares in HICL UK. At the time of such compulsory redemption, the HICL Guernsey Ordinary Shares will have no value.

While the Companies Law provides that all powers of the Directors cease upon liquidation commencing, the Shareholders may sanction the continuance of specified powers. Accordingly, the Board shall be sanctioned by the Shareholders to: (i) compulsorily redeem the HICL Guernsey Ordinary Shares in accordance with the Articles (as amended at the Extraordinary General Meeting); and (ii) approve the final audited annual report and accounts of HICL Guernsey for the financial year ending 31 March 2019.

#### 3. DEALINGS IN HICL GUERNSEY ORDINARY SHARES ON THE LONDON STOCK EXCHANGE

The last day for trading in the HICL Guernsey Ordinary Shares on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 26 March 2019. As from 27 March 2019, dealings will be for cash settlement only and, in the case of certificated HICL Guernsey Ordinary Shares, will only be registered if documents of title are delivered immediately.

The Record Date, being the date for determining the entitlements of Shareholders under the Scheme, is 6.00 p.m. on 29 March 2019.

If Shareholders dispose of their HICL Guernsey Ordinary Shares otherwise than on the Main Market they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme.

#### **4. SETTLEMENT AND DEALINGS IN HICL UK NEW ORDINARY SHARES**

It is expected that application will be made to the UK Listing Authority for all of the New Ordinary Shares in HICL UK to be issued pursuant to the Scheme to be admitted to the Official List with a premium listing, and to the London Stock Exchange for all such New Ordinary Shares to be admitted to trading on the Main Market.

If the Scheme becomes effective, it is expected that Admission in respect of the New Ordinary Shares issued pursuant to the Scheme will become effective, and that unconditional dealings in such New Ordinary Shares will commence on 1 April 2019. All dealings in New Ordinary Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

New Ordinary Shares in HICL UK will be issued in registered form and may be held either in certificated form or settled through CREST.

Those Shareholders who hold their HICL Guernsey Ordinary Shares in certificated form will receive their New Ordinary Shares in certificated form. It is expected that share certificates in respect of such New Ordinary Shares will be despatched to the Shareholders entitled thereto in the week commencing 8 April 2019.

It is expected that Shareholders who hold their HICL Guernsey Ordinary Shares in uncertificated form at the Record Date will receive their New Ordinary Shares in uncertificated form on 1 April 2019, although HICL UK reserves the right to issue such securities in certificated form. In normal circumstances, this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or systems operated by the Registrar in connection with CREST. HICL UK will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Ordinary Shares in uncertificated form.

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Scheme will be despatched at Shareholders' own risk.

#### **5. OVERSEAS SHAREHOLDERS**

The issue of New Ordinary Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular, the New Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and HICL UK has not registered, and does not intend to register, as an investment company under the Investment Company Act.

It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Ordinary Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

This Circular is being sent to all Shareholders. The Prospectus has been prepared in connection with the Proposals in order to satisfy the requirement under section 85(2) of the Financial Services and Markets Act 2000 that a company must publish a prospectus before its shares can be admitted to trading on the Main Market. The Prospectus does not constitute an offer of New Ordinary Shares in any jurisdiction and has been prepared to satisfy UK regulatory requirements. Distribution of the Prospectus may be restricted in certain jurisdictions. HICL Guernsey and HICL UK have taken advice in respect of those jurisdictions where there are a significant number of Shareholders which has confirmed that the Prospectus may be distributed to Shareholders in such jurisdictions. Advice has not taken advice in those jurisdictions where there are only a limited number of Shareholders (being the Restricted Jurisdictions) and accordingly the Prospectus is not being sent to non-UK Shareholders whose registered address is in a Restricted Jurisdiction. Shareholders whose registered address is in a Restricted Jurisdiction and who wish to receive the Prospectus should contact [info@hicl.com](mailto:info@hicl.com) to request a copy. Shareholders so requesting a copy of the Prospectus will be deemed to have represented and warranted that they can lawfully receive

the Prospectus in the jurisdiction in which they are based without HICL UK, HICL Guernsey or ICPL taking any further action and without the relevant Shareholder breaching, or causing HICL UK, HICL Guernsey or ICPL to breach, any applicable securities or other laws or regulation in any jurisdiction. Shareholders whose registered address is in a Restricted Jurisdiction who request a copy of the Prospectus may be asked to give further representations and warranties by way of confirmation that they may lawfully receive the Prospectus.

This Circular does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Ordinary Shares.

## **6. FINANCIAL REPORTING**

If the Scheme is implemented, HICL Guernsey expects to publish its final audited annual report and accounts for the period to 31 March 2019 in May 2019. As noted above, it is proposed that the Shareholders will by ordinary resolution, with effect from such time as the Liquidators have been appointed in connection with the Scheme, sanction the continuance of the powers of the Directors to approve HICL Guernsey's final audited annual report and accounts for the financial year ending 31 March 2019.

The year-end of HICL UK is also 31 March. HICL UK will publish its first annual report and accounts for the period from incorporation (21 December 2018) to 31 March 2019 in May 2019, and these will be made available on HICL UK's website ([www.hicl.com](http://www.hicl.com)) and the National Storage Mechanism (which is located at <http://www.morningstar.co.uk/uk/NSM>). It is expected that those Shareholders who elect to receive paper copies will receive a pack containing both these accounts and HICL Guernsey's final audited annual report and accounts in June 2019. The first annual general meeting of HICL UK will be held in July 2019. HICL UK will publish half year accounts for the period to 30 September each year in the following November.

## **7. SHARE CERTIFICATES AND STANDING INSTRUCTIONS**

Shareholders who hold their HICL Guernsey Ordinary Shares in certificated form will receive new share certificates in respect of their holdings of New Ordinary Shares in HICL UK. Existing certificates in respect of the HICL Guernsey Ordinary Shares will cease to be of tradable value following the despatch to Shareholders of certificates in respect of their holdings in HICL UK. Shareholders will receive a single share certificate for their entire holding of New Ordinary Shares.

Any bank account instructions for the payment of dividends on HICL Guernsey Ordinary Shares in force on the Effective Date and lodged with HICL Guernsey and/or the Registrar shall, unless and until revoked by notice in writing to the Registrar, continue to apply in respect of the New Ordinary Shares issued under the Scheme.

As explained in more detail in Part IV of this Circular, the directors of HICL UK do not currently intend to offer a scrip dividend alternative (issuing New Ordinary Shares in lieu of a dividend to those Shareholders who elect to receive the same) in respect of HICL UK dividends (although they do intend to make available a dividend reinvestment plan for Shareholders who wish to remain invested in HICL UK in lieu of receiving dividends). Accordingly, existing scrip mandates in respect of HICL Guernsey Ordinary Shares will cease to apply in respect of the New Ordinary Shares in HICL UK.

Any elections that Shareholders have made relating to their electronic communications preferences in respect of their HICL Guernsey Ordinary Shares will not automatically apply in respect of their New Ordinary Shares in HICL UK. Shareholders will be invited to make new elections in respect of electronic communications from HICL UK.

## PART III

### The Scheme

#### 1. DEFINITIONS AND INTERPRETATION

The definitions set out on pages 40 to 43 of this Circular have the same meaning when used in the context of the Scheme, save as otherwise provided in this Part III.

#### 2. CALCULATION OF HICL GUERNSEY'S NET ASSETS

Subject to the Scheme Resolutions being passed at the Extraordinary General Meeting, the Directors issuing a Liquidation Share and the holder of the Liquidation Share approving the winding up of HICL Guernsey and appointment of the Liquidators in connection with the Scheme, following commencement of the Scheme, the Directors, in consultation with the Liquidators, the Investment Adviser and the directors of HICL UK, shall calculate the aggregate value of the net assets of HICL Guernsey transferred to HICL UK and the SAV per HICL Guernsey Ordinary Share in accordance with HICL Guernsey's accounting policies.

#### 3. PROVISION OF INFORMATION BY THE LIQUIDATORS

On the Effective Date, the Liquidators shall deliver to HICL UK (or as it directs): (a) particulars of the assets and liabilities in HICL Guernsey; and (b) a schedule certified by the Registrar as correct as at the Record Date of (i) the names and addresses of each holder of HICL Guernsey Ordinary Shares and (ii) the number of such HICL Guernsey Ordinary Shares held by each Shareholder on the Record Date.

#### 4. APPLICATION OF LIQUIDATION FUND

Before any assets of HICL Guernsey are transferred to HICL UK, the Liquidators shall retain, from the assets attributable to the HICL Guernsey Ordinary Shares, the Liquidation Fund. The Liquidation Fund shall be applied by the Liquidators in discharging the liabilities of HICL Guernsey (including the Winding Up Costs and the costs associated with the preparation of HICL Guernsey's audited annual report and accounts for the period to 31 March 2019). If there shall be any balance of the Liquidation Fund remaining after discharging such liabilities, the Liquidators shall take all practicable steps, as and when the Liquidators shall think fit, to realise HICL Guernsey's investments (if any) remaining in the Liquidation Fund and in due course pay the remaining balance to HICL UK without any further New Ordinary Shares being issued in respect of such amounts.

#### 5. TRANSFER OF ASSETS

On the Effective Date, the Liquidators (each in his personal capacity, only to take advantage of exclusions to his personal liability included in the Transfer Agreement, and on behalf of HICL Guernsey) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of substantially all the assets of HICL Guernsey to HICL UK in exchange for the issue of New Ordinary Shares to holders of HICL Guernsey Ordinary Shares on the basis set out in this Part III.

The Transfer Agreement provides that the assets to be transferred to HICL UK shall be transferred with such rights and title as HICL Guernsey may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement further provides that HICL Guernsey, acting by its Liquidators, insofar as it is reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by HICL UK (or its nominee) in respect of the assets of HICL Guernsey to be acquired and shall, in particular, account to HICL UK for all income, dividends, distributions, interest and other rights and benefits in respect of such assets received from the Effective Date.

In connection with the arrangements for the establishment of HICL UK and the subsequent cancellation of its share premium account in order to create distributable reserves, HICL Guernsey has incurred a liability to HICL UK of £2,000,050,000.01 (the "**Share Issue Receivable**") in respect of a subscription for a New Ordinary Share and the Redeemable Shares in HICL UK.



These arrangements are described more fully in paragraph 7 of Part IV of this Circular. This liability will be extinguished pursuant to the Transfer Agreement.

Under the Transfer Agreement, HICL Guernsey's interest in shares and financing loans in respect of Luxco 1 (as well as substantially all of HICL Guernsey's other assets) will be transferred to HICL UK. HICL UK will give an indemnity to HICL Guernsey and its Liquidators in respect of any further liabilities of HICL Guernsey and its Liquidators in connection with the Scheme.

## **6. ISSUE OF NEW SHARES**

In consideration for the transfer of the assets of HICL Guernsey to HICL UK in accordance with this Part III, the New Ordinary Shares shall be issued to the holders of HICL Guernsey Ordinary Shares on the basis of one New Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share held.

The New Ordinary Shares will be issued at the SAV per HICL Guernsey Ordinary Share under the Scheme.

It is expected that the costs of the Proposals (including VAT where relevant) that will have been borne and expensed by HICL Guernsey as at the Effective Date will be approximately £2.3 million. The expected remaining costs of the Issue and the implementation of the Scheme of approximately £0.7 million (which are principally the fees associated with the listing of the Issue Shares) will be borne by HICL UK if the Scheme becomes effective. The Winding Up Costs to be paid by HICL Guernsey are expected to be approximately £0.1 million.

The New Ordinary Shares to be issued pursuant to this paragraph 6 shall be allotted, credited as fully paid, to the Liquidators (for distribution to the Shareholders entitled thereto) as soon as practicable after the delivery to HICL UK (or as it directs) of the particulars referred to in paragraph 3 above, whereupon the Liquidators shall renounce the relevant New Ordinary Shares to the Shareholders entitled thereto and HICL UK shall issue such New Ordinary Shares to such Shareholders. HICL UK shall:

- (a) in the case of the New Ordinary Shares issued in certificated form, arrange for the despatch of certificates for such shares issued under the Scheme to the Shareholders entitled thereto at their respective addresses in the register (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto; and
- (b) in the case of the New Ordinary Shares issued in uncertificated form, procure that Euroclear UK & Ireland is instructed on the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the Shareholders entitled thereto with their respective entitlements to New Ordinary Shares issued under the Scheme.

HICL UK shall be entitled to assume that all information delivered to it in accordance with paragraph 3 above is correct and to utilise the same in procuring registration in HICL UK's register of members of the holders of the New Ordinary Shares issued under the Scheme.

Upon the issue of the New Ordinary Shares, the HICL Guernsey Ordinary Shares shall be compulsorily redeemed for nil consideration.

## **7. MODIFICATIONS**

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the Directors and the parties to the Transfer Agreement may from time to time approve in writing.

## **8. RELIANCE ON INFORMATION**

HICL Guernsey, the Directors, the Liquidators, the Investment Adviser and HICL UK shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by HICL Guernsey, the Directors (or any of them), the Investment Adviser, HICL UK, the directors of HICL UK (or any of them) or the Registrar, auditors, bankers or other professional advisers, and no such person shall be liable or responsible for any loss suffered as a result thereof by HICL Guernsey, any Shareholder or HICL UK.

## **9. LIQUIDATORS' LIABILITY AND INDEMNITY**

Nothing in the Scheme or in any document executed under and in connection with the Scheme shall impose any personal liability on the Liquidators or either of them, save for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties, and this shall, for the avoidance of doubt, exclude any such liability for any act specifically done (or, as the case may be, not done) in accordance with any direction, instruction or request of HICL UK, particularly any direction, instruction or request to distribute the assets of HICL Guernsey prior to agreeing or settling creditors' claims.

Pursuant to the Deed of Indemnity, HICL UK will keep the Liquidators and their personal representatives' estates and effects at all times fully indemnified against all actions, proceedings, claims, and costs, expenses and disbursements arising out of any act, matter or thing done by the Liquidators in the performance of their duties as Liquidators of HICL Guernsey (excluding any acts of fraud, wilful default, breach of contract or negligence on the part of the Liquidators) or any act specifically done (or, as the case may be, not done) in accordance with any direction, instruction or request of HICL UK, particularly any direction, instruction or request to distribute the assets of HICL Guernsey prior to agreeing or settling creditors' claims.

## **10. CONDITIONS**

The Scheme is conditional on:

- the passing of the Scheme Resolutions by the Shareholders at the Extraordinary General Meeting;
- each of the Asset Consents either having been obtained to the reasonable satisfaction of HICL Guernsey and HICL UK and remaining in effect or having been waived by HICL Guernsey and HICL UK;
- the approval of the winding up and appointment of the Liquidators by HICL Guernsey;
- Admission occurring at 8.00 a.m. on 1 April 2019 or such time and/or date as HICL UK and Canaccord Genuity Limited may agree, being not later than 30 June 2019; and
- the Transfer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission.

Subject to the paragraph below, the Scheme shall become effective immediately upon the last of the above conditions being satisfied. If it shall become effective, the Scheme shall be binding on all Shareholders and on all persons claiming through or under them.

If the Scheme does not become effective on or before 30 June 2019, the Scheme shall never become effective.

## **11. GOVERNING LAW**

The Scheme shall, in all respects, be governed by, and construed in accordance with, the laws of Guernsey.

## PART IV

### HICL Infrastructure PLC

The information that is set out below has been prepared by HICL UK. The Directors and HICL Guernsey accept no responsibility for the information set out in this Part IV.

#### 1. CONSTITUTION AND STATUS

HICL UK is a closed-ended, UK investment company which was incorporated on 21 December 2018. HICL UK intends to conduct its affairs as a UK investment trust company.

HICL UK has been incorporated for the purpose of effecting the Scheme. As at the date of this Circular, HICL UK has not traded or conducted any activities other than those in connection with the Proposals.

If the Scheme becomes effective, HICL UK will, to the extent possible and described in this Circular, be a replica of HICL Guernsey.

#### 2. DIRECTORS

As already advised by HICL Guernsey, Chris Russell intends to retire on 31 March 2019, having served on the board of HICL Guernsey since 2010. He is therefore not a director of HICL UK. The remaining Directors of HICL Guernsey constitute the board of HICL UK.

#### 3. INVESTMENT OBJECTIVE AND POLICY

HICL UK's investment objective and policy are identical to HICL Guernsey's investment objective and policy.

#### 4. DIVIDEND POLICY AND RIGHTS

##### *General*

HICL UK has adopted the same dividend policy as HICL Guernsey and intends to make distributions in the form of quarterly interim dividends payable in March, June, September and December each year.

The holders of New Ordinary Shares will be entitled to receive, and participate in, any dividends or other distributions paid by HICL UK out of the profits of HICL UK attributable to the New Ordinary Shares. On a winding up, once HICL UK has satisfied all of its liabilities, holders of New Ordinary Shares are entitled to all the surplus assets of HICL UK attributable to the New Ordinary Shares.

The directors of HICL UK will consult with ICPL to establish the appropriate level of dividend to be paid and this level may vary from time to time. There can be no guarantee that the level of dividend paid currently by HICL Guernsey will be maintained by HICL UK (in the same way that there is no guarantee that HICL Guernsey will maintain its current level of dividends if the Scheme is not implemented).

##### *Investment Trust*

HICL UK will seek to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended) regarding distributable income.

HICL UK may designate dividends wholly or partly as interest distributions for UK tax purposes (which it is entitled to do under the investment trust "streaming regime" to the extent that it has "qualifying interest income" for an accounting period).

HICL UK's first interim dividend, which (as explained below) is expected to be declared by the directors of HICL UK in late May 2019 for payment in June 2019 in respect of HICL UK's accounting period ending 31 March 2019, will not be designated as an interest distribution for UK tax purposes. The directors of HICL UK currently expect to designate approximately 60 per cent. of the dividends to be paid in respect of the financial year ending 31 March 2020, commencing with the first interim dividend in that year which will be declared in July 2019 (payable in September 2019) as interest distributions.

However, this treatment cannot be guaranteed and the decision on whether or not to designate dividends as interest distributions for any given accounting period will be taken by HICL UK on a case by case basis.

The UK tax treatment of HICL UK's dividends may vary for Shareholders depending on whether or not they are designated as interest distributions. Shareholders who are in any doubt about the tax treatment which will apply to them in respect of any dividends paid by HICL UK should consult their own professional advisers.

References in this Circular to "dividends" of HICL UK also cover dividends which are designated wholly or partly as interest distributions for UK tax purposes under the streaming regime.

#### *Scrip Dividends and Dividend Reinvestment Plans*

The directors of HICL UK do not currently intend to offer a scrip dividend alternative (issuing New Ordinary Shares in lieu of a dividend to those Shareholders who elect to receive the same) in respect of HICL UK dividends, because the principal advantages of scrip dividends for UK shareholders are not applicable in respect of UK-incorporated investment trusts such as HICL UK.

The directors of HICL UK intend to make available a dividend reinvestment plan for Shareholders who wish to remain invested in HICL UK in lieu of receiving dividends. Any such plan will be provided by Link Asset Services (or such other provider as may be appointed from time to time). For more information and an application pack, Shareholders may call Link Asset Services on 0371 664 0381, email [shares@linkgroup.co.uk](mailto:shares@linkgroup.co.uk) or log on to the Share Portal.

Shareholders are advised to take their own tax and financial advice in relation to their participation in the dividend reinvestment plan. In particular, Shareholders should be aware that acquisitions of shares under the dividend reinvestment plan will be subject to UK stamp duty or SDRT in the same way as any other purchase of Ordinary Shares. Additionally, Shareholders will incur dealing charges in connection with such acquisitions.

#### *Dividend targets<sup>2</sup>*

The directors of HICL Guernsey have set a target dividend for the financial year ending 31 March 2019 of 8.05 pence per HICL Guernsey Ordinary Share, and this target has been adopted by the directors of HICL UK in respect of Ordinary Shares in HICL UK (taking into account dividend payments already made to HICL Guernsey Shareholders in respect of the financial year ending 31 March 2019 as at the Effective Date).

HICL Guernsey has made two interim dividend payments, each of 2.01 pence per HICL Guernsey Ordinary Share, for the financial year ending 31 March 2019. On 12 February 2019, HICL Guernsey announced a third interim dividend of 2.01 pence per HICL Guernsey Ordinary Share for the financial year ending 31 March 2019, payable on 22 March 2019 to HICL Guernsey Shareholders on the register as at close of business on 22 February 2019. In the absence of unforeseen circumstances, the directors of HICL UK intend to declare an interim dividend for the fourth quarter of the financial year ending 31 March 2019 of 2.02 pence per New Ordinary Share in late May 2019, for payment in June 2019. It is expected that this dividend (which, as explained above, will not be designated as an interest distribution for UK tax purposes) will be declared later in May than has been the case in previous years in respect of the equivalent fourth quarter dividend declared by the directors of HICL Guernsey. This is to allow for the finalisation of HICL UK's first annual report and accounts for the period from incorporation (21 December 2018) to 31 March 2019. In the future, the directors of HICL UK expect to declare quarterly dividends on a similar timetable to that historically followed by HICL Guernsey.

The directors of HICL Guernsey have set target dividends for the financial years ending 31 March 2020 and 31 March 2021 of 8.25 pence and 8.45 pence respectively per HICL Guernsey Ordinary Share, and these targets have also been adopted by the directors of HICL UK in respect of New Ordinary Shares in HICL UK.

Dividend guidance will be reviewed regularly by the directors of HICL UK having regard to both the prevailing macro-economic conditions and the operational performance of HICL UK's portfolio.

## **5. MATERIAL CONTRACTS OF HICL UK**

### **5.1 Tap Issue Agreement**

HICL UK has appointed Canaccord Genuity Limited and RBC Europe Limited to act as joint bookrunners in respect of tap issues that may be conducted from time to time pursuant to a tap issue agreement dated 4 March 2019 (the "**Tap Issue Agreement**"). Canaccord Genuity

<sup>2</sup> These are targets only and not profit forecasts. There can be no assurance that these targets will be met or that HICL UK will make any distributions at all.

Limited and RBC Europe Limited have each agreed to use their respective reasonable endeavours to find subscribers for New Ordinary Shares in respect of each tap issue. Neither Canaccord Genuity Limited or RBC Europe Limited will underwrite any portion of any tap issue.

HICL UK has given certain customary representations and warranties to each of Canaccord Genuity Limited and RBC Europe Limited.

In relation to each tap issue, save as may otherwise be agreed in writing between the parties, HICL UK undertakes to pay commission to Canaccord Genuity Limited and RBC Europe Limited on admission of the relevant New Ordinary Shares for acting as joint Bookrunners. Such commission will not in aggregate exceed 1 per cent. of the gross proceeds of the relevant tap issue.

Any of HICL UK, Canaccord Genuity Limited or RBC Europe Limited may terminate the Tap Issue Agreement at any time.

## 5.2 The Facility

The Facility, a multi-currency revolving credit facility agreement dated 28 February 2012 (as subsequently amended and restated on 28 March 2014, 17 November 2015, 17 November 2016, 28 April 2017, 31 January 2018 and 28 February 2019) between, *inter alia*: (i) the Partnership; (ii) Infrastructure Investments General Partner Limited (the "General Partner"); (iii) Infrastructure Investments Holdings Limited; (iv) Infrastructure Investments Trafalgar Limited, (v) HICL Guernsey (together the "Obligors"); (vi) Natwest Markets plc (previously known as The Royal Bank of Scotland plc) as Agent and Security Trustee (vii) the Royal Bank of Scotland International Limited; (viii) National Australia Bank Limited; (ix) Lloyds Bank International Limited; (x) Sumitomo Mitsui Banking Corporation; (xi) HSBC Bank plc; (xii) ING Bank N.V., London Branch; (xiii) Crédit Agricole Corporate and Investment Bank; (xiv) Santander UK plc; and (xv) HICL UK. The lenders under the Facility have agreed to the transfer of the obligations of HICL Guernsey to HICL UK and (subject to the fulfilment of certain conditions) to the corporate merger of Luxco 1 and Luxco 2 into a single entity subject only to the effectiveness of the Scheme.

The Facility is the Sterling equivalent of a £400 million revolving credit facility, split into the following two tranches: (i) a €300 million Euro tranche (available by way of loans and/or letters of credit) and (ii) a US\$175 million tranche (available by way of loans only). Each of the tranches may be utilised in their respective currencies or their equivalent in other approved currencies (subject to certain restrictions). Interest is calculated as the aggregate of the applicable margin (being 1.65 per cent. per annum in relation to any loan utilisation and 1.20 per cent. per annum in relation to any letter of credit utilisation) and the applicable funding cost (being either (i) LIBOR, (ii) in relation to any loan in Euro, EURIBOR, or (iii) in relation to any loan in Australian dollars, BBSW). There is also a commitment fee of 0.50 per cent. per annum on the undrawn portion of the available commitment under each tranche, plus an arrangement fee, administration fee and a letter of credit fee equal to the margin on any letters of credit. The final maturity date of each tranche is 31 May 2022.

The Facility may be used: (i) to finance or refinance the portfolio and any further investments by HICL UK, subject to certain restrictions on the class and concentration of the portfolio; (ii) for related costs; (iii) to pay dividends; (iv) for general corporate working capital purposes; (v) for the repurchase by HICL UK of issued share capital up to an aggregate maximum of £10 million; (vi) for payment of a claim under a letter of credit (in respect of amounts borrowed by way of a loan); and (vii) for refinancing amounts borrowed under any tranche as applicable. Voluntary prepayment is allowed in minimum amounts of Euro 250,000 in respect of the Euro tranche and US\$250,000 in respect of the US\$ tranche. Various interest cover and loan to value ratios are imposed. The proceeds of any disposal by an Obligor or equity raising by HICL UK are required to be paid into a series of specified accounts and must either be applied in prepayment of the Facility or, subject to confirmation that the financial covenants are and will continue to be achieved, in the acquisition of further investments.

The Facility is secured by, *inter alia*, charges over partnership interests granted by the General Partner and Luxco 2 and a charge over shares of the General Partner and Luxco 2. The lenders have agreed to the amendment and/or replacement of the security arrangements



to reflect the requirements of the Scheme. There are also cross guarantees and indemnities between the Obligors, including (from the Effective Date of the Scheme) HICL UK in its capacity as a guarantor under the Facility.

The Facility contains provisions for the introduction of additional borrowers. The Facility contains further representations, warranties, covenants, events of defaults and other obligations, including indemnities on the part of the Partnership.

### 5.3 The Investment Management Agreement

The Investment Management Agreement dated 4 March 2019 between HICL UK and ICPL as investment manager (the “**Investment Manager**”) whereby the Investment Manager was appointed to act as HICL UK’s AIFM and provide investment management services to HICL UK.

The Investment Manager is entitled to a fixed management fee of £100,000 per annum, which fee shall be reduced by the amount of any commissions or other remuneration (except for the fee ICPL receives as operator of the Partnership or any commission received in respect of investors whom the Investment Manager procures to subscribe for shares in HICL UK) received by the Investment Manager in relation to any transaction carried out on behalf of HICL UK. The Investment Manager shall also be entitled to all reasonable out-of-pocket expenses properly incurred by the Investment Manager in carrying out its duties under the Investment Management Agreement. The fee paid to the Investment Manager is subject to review from time to time by HICL UK.

Subject to the passing of the Notice Resolution, the Investment Management Agreement may be terminated by either party giving the other party thirty six (36) month’s written notice (or, at HICL UK’s option, making a payment in lieu of such notice). (If the Notice Resolution does not pass, the Investment Management Agreement may be terminated by either party giving the other party twelve (12) month’s written notice.) In addition, either party (the “**Terminating Party**”) may terminate the Investment Management Agreement immediately by giving the other party written notice, if the other party commits a material breach of the Investment Management Agreement (or a breach that is not material but is recurrent or continuing) and does not remedy it within 30 days of being notified by the Terminating Party of such breach, has had an administrator, encumbrancer, receiver or similar body appointed in respect of it or any of its assets, is unable to pay its debts or an order has been made or an effective resolution passed for its liquidation (except a voluntary liquidation or terms previously approved in writing by the Terminating Party). The Investment Management Agreement may also be terminated if the Operator Letter is terminated in accordance with its terms, a force majeure event occurs preventing a party from performing its obligations for 30 days or the Investment Manager is no longer permitted to perform its services in accordance with all the applicable laws and regulations.

The Investment Management Agreement provides that HICL UK shall indemnify the Investment Manager and its officers, directors, employees and agents for losses of any nature arising in connection with the Investment Management Agreement (except where fraud, negligence or wilful default or material breach of the Investment Management Agreement are involved on the part of the Investment Manager and its officers, directors, employees and agents). The Investment Management Agreement also provides that the Investment Manager shall indemnify HICL UK and its group for all losses suffered due to the negligence, wilful default, fraud or material breach of the Investment Management Agreement of the Investment Manager.

### 5.4 Administration Agreement

Under the Administration Agreement dated 4 March 2019 between HICL UK and the Administrator, the Administrator has been appointed to provide administrative and secretarial services to HICL UK (the “**Administration Agreement**”). Such services include in particular, keeping the accounts of HICL UK, providing all information and assistance required by the Investment Manager in relation to the Investment Manager’s preparation of the NAV of the Ordinary Shares, arranging for and administering the issue of shares in HICL UK and providing all administrative services required by HICL UK. In performance of such duties, the Administrator is at all times subject to the control and review of the Board.



The Administrator will be entitled to an annual fee of £185,000 (exclusive of VAT), paid quarterly in advance, for its services, or as otherwise agreed in writing between HICL UK and the Administrator from time to time. The Administrator will also be entitled to additional fees in respect of any additional services outside the scope of the Administration Agreement. The Administrator will be paid an initial set-up fee charged on a time-cost basis and capped at £15,000 under a separate letter agreement between *inter alia* HICL UK and the Administrator. The Administrator is entitled to receive on demand an amount equal to all out-of-pocket expenses properly incurred in carrying out its duties under the Administration Agreement.

The Administration Agreement provides that the Administrator, its affiliates, and its and their employees, shall not be liable for any loss or damage suffered by HICL UK as a result of such parties carrying out their duties under the Administration Agreement unless the loss or damage arises out of a party's bad faith, fraud, wilful misconduct or gross negligence. HICL UK has indemnified the Administrator, its affiliates, and its and their employees against any costs, losses or claims which such parties incur or which may be made against them as a result of the performance or non-performance of the services under the Administration Agreement by such parties (in the absence of bad faith, fraud, wilful misconduct or gross negligence).

The Administration Agreement can be terminated by either party on three months' written notice to the other. It can be terminated immediately by either party, if the other party commits a material breach of its obligations under the Administration Agreement and does not remedy the breach within 30 days of notice of the breach from the terminating party, if the other party becomes insolvent or goes into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the relevant parties) or a receiver is appointed in respect of any of its assets or if some event having equivalent effect occurs, if a force majeure event occurs which results in the suspension or disruption of all or a material part of the services under the Administration Agreement for a period exceeding 60 days, or if the Administrator ceases to be permitted or qualified under applicable law or its internal risk management policies to provide the services or a condition is attached to any regulatory licence or permission held by the Administrator which would have an adverse effect on the Administrator's ability to provide the services.

#### 5.5 The Limited Partnership Agreement and Operator Letter

The fifth amended and restated limited partnership agreement constituting Infrastructure Investments LP dated 4 March 2019 between the General Partner and Luxco 2. ICPL's appointment as the operator of the Partnership (the "**Operator**") is currently on the terms of an Operator Letter dated 4 March 2019.

The Operator has been appointed as Operator to manage and operate the Partnership in accordance with the investment guidelines that are adopted by the directors of HICL UK from time to time in conjunction with and as agreed with the Operator. Under the Limited Partnership Agreement, the Operator has full discretion to acquire, dispose of and manage the assets of the Partnership, subject to investment guidelines which reflect the investment strategy, policy and restrictions applying to the HICL UK Group as set out in the Prospectus. The Operator may effect borrowings for the Partnership within limits prescribed by the limited partner.

The Limited Partnership Agreement provides that the General Partner, the Operator, their associates, directors, officers, partners, agents, consultants, delegates and employees will not be liable for losses incurred by the Partnership in the absence of their gross negligence, fraud, gross professional misconduct, wilful default, wilful illegal act or any conscious and material breach of their respective obligations. Each of the General Partner, the Operator, their associates, directors, officers, partners, agents, consultants delegates and employees are entitled to be indemnified out of the Partnership's assets against claims, costs, damages or expenses incurred or threatened by reason of their acting as such, subject to the same exceptions.

The Partnership does not have a fixed life. If the Operator ceases to be operator, HICL UK will, under the terms of an option agreement between HICL UK and the Operator, have the option to buy the entire share capital of the General Partner from Infrared (Infrastructure)

Capital Partners Limited, and Infrared (Infrastructure) Capital Partners Limited will have a corresponding option to sell such capital to HICL UK, in each case for a nominal consideration.

ICPL, in its capacity as Operator, and the General Partner are together entitled to annual fees calculated on the following basis and in the following order: (i) 1.1 per cent. of the proportion of the Adjusted Gross Asset Value of the HICL UK Group's investments which have a value of up to (and including) £750 million in aggregate; (ii) 1.0 per cent. of the proportion of the Adjusted Gross Asset Value of the HICL UK Group's investments that is not accounted for under (i) which, together with the investments under (i) above, have an Adjusted Gross Asset Value of up to (and including) £1.5 billion in aggregate; (iii) 0.9 per cent. of the proportion of the Adjusted Gross Asset Value of the HICL UK Group's investments not accounted for under (i) or (ii) above which, together with investments under (i) and (ii) above have an Adjusted Gross Asset Value of the HICL UK Group of up to (and including) £2,250 million; (iv) 0.8 per cent. of the proportion of the Adjusted Gross Asset Value of the HICL UK Group that is not accounted for under (i), (ii) and (iii) above which, together with investments under (i), (ii) and (iii) above, have an Adjusted Gross Asset Value of the HICL UK Group of up to (and including) £3,000 million; and (v) 0.65 per cent. of the proportion of the Adjusted Gross Asset Value of the HICL UK Group that is not accounted for under (i), (ii), (iii) and (iv) above.

In addition ICPL and the General Partner are together entitled to an Acquisition Fee of (subject to the passing of the Notice Resolution) 0.5 per cent. of the total of the consideration (net of costs) paid for, and the amount of any subscription obligations assumed in relation to any new investments made by the HICL UK Group which are not sourced from entities, funds or holdings managed by ICPL or its affiliates. If the Notice Resolution does not pass, the Acquisition Fee rate shall be 1 per cent.

#### 5.6 **Registrar and Transfer Agency Agreement**

HICL UK has appointed Link Market Services Limited (the "**Registrar**") as its registrar and transfer agent under the terms of a registrar agreement dated 4 March 2019 (the "**Registrar Agreement**"). The Registrar Agreement shall automatically renew for successive periods of 12 months, unless terminated on at least six months' prior notice to the end of the initial three-year period or any successive 12-month period. The Registrar Agreement can be terminated at other times or immediately on notice in certain circumstances.

The Registrar is entitled to a market standard annual fee which includes general day-to-day out-of-pocket expenses. Certain services such as additional work relating to general meetings are subject to additional charges.

The Registrar Agreement contains a provision whereby HICL UK indemnifies the Registrar, its affiliates or certain other persons against any and all losses, damages, liabilities, professional fees, court costs and expenses resulting or arising from HICL UK's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation directly relating to or arising from or in connection with the agreement or the services provided thereunder, except to the extent such losses are determined to have resulted from fraud, wilful default or negligence on the part of the party claiming under the indemnity. There is also an indemnity under the data protection provisions.

The aggregate liability of the Registrar and certain other parties arising out of or in connection with the Registrar Agreement will be limited to the lesser of £1,000,000 or an amount equal to ten times the annual fee payable under the Registrar Agreement.

#### 5.7 **Receiving Agency Agreement**

Under the Receiving Agent Agreement dated 4 March 2019 between HICL Guernsey and Link Market Services Limited (the "**Receiving Agent**"), the Receiving Agent has been appointed as receiving agent in connection with the Scheme.

The Receiving Agent is entitled to a market standard fee, which includes all disbursements. The Receiving Agent Agreement will terminate on completion of the services to be provided thereunder but may be terminated on notice by either party in the event of an unremedied material breach by, or the winding-up, dissolution, administration or similar event of, the other party. The Receiving Agent Agreement may also be terminated by HICL Guernsey upon service of written notice in the event that the Scheme does not become effective subject to

the payment of all fees due to the Receiving Agent. In the event of termination, HICL Guernsey will pay to the Receiving Agent fees and expenses for work actually performed and all actual costs associated with the termination and close-out of the services.

The Receiving Agent Agreement contains a provision whereby HICL Guernsey indemnifies the Receiving Agent, its affiliates or certain other persons against any and all losses, damages, liabilities, professional fees, court costs and expenses resulting or arising from HICL Guernsey's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation directly relating to or arising from or in connection with the agreement or the services provided thereunder, except to the extent such losses are determined to have resulted from fraud, wilful default or negligence on the part of the party claiming under the indemnity. There is also an indemnity under the data protection provisions of the agreement.

The aggregate liability of the Receiving Agent and certain other parties arising out of or in connection with the Receiving Agent Agreement will be limited to the lesser of £250,000 or an amount equal to five times the fee payable to the Receiving Agent under the Receiving Agency Agreement.

HICL UK may enforce certain third party rights under the Receiving Agent Agreement.

## 5.8 **Depositary Agreement**

Under the depositary agreement dated 4 March 2019 (the "**Depositary Agreement**") between HICL UK, the Investment Manager and Augentius Depositary Company Limited (the "**Depositary**"), the Depositary has been appointed to provide depositary services to HICL UK for the purposes of the AIFM Directive. Under the terms of the agreement, the Depositary will be responsible for ensuring that HICL UK Group's cashflows are properly monitored, the safekeeping of assets entrusted to it and the oversight and supervision of HICL UK.

The Depositary Agreement may be terminated by any party on three months' prior written notice and may be immediately terminated in certain circumstances. Under the terms of the Depositary Agreement, the Depositary is entitled to an annual fee per asset of £500, as well as transaction fees per investment or disposal of £1,000 and an initial implementation fee charged on a time-cost basis and capped at £30,000. These fees are exclusive of VAT which may be charged thereon, if applicable. The Depositary is entitled to reimbursement of all reasonable out-of-pocket expenses it incurs in the performance of its duties and obligations under the Depositary Agreement.

Subject to the terms of the AIFM Directive and the Depositary Agreement, the Depositary is entitled to delegate its custody and safe-keeping functions. Any fees and expenses of a sub-custodian will be payable by HICL UK in addition to the fees charged by the Depositary.

The Depositary Agreement provides that neither the Depositary nor any delegate performing safe-keeping services shall be entitled to re-use any of HICL UK's assets.

HICL UK has agreed to indemnify and hold harmless the Depositary for all costs, expenses and other liabilities, provided such losses are not related to the loss of an asset held in custody or to the gross negligence, wilful default or fraud of the Depositary. Under the Depositary Agreement, the Depositary may discharge itself of liability in respect of assets held in custody provided certain conditions are met.

HICL UK, the Investment Manager and the Depositary have given customary representations, warranties and undertakings under the agreement.

## 5.9 **Transfer Agreement**

HICL Guernsey, the Liquidators and HICL UK have entered into an undertaking dated 4 March 2019 pursuant to which each of HICL UK and the Liquidators undertakes that it shall, and the Liquidators undertake to procure that HICL Guernsey shall, on the Effective Date, enter into the Transfer Agreement, subject to: (a) the passing of each of the Scheme Resolutions; (b) each of the Asset Consents either having been obtained to the reasonable satisfaction of HICL Guernsey and HICL UK and remaining in effect or having been waived by HICL Guernsey and HICL UK; and (c) the appointment of the Liquidators. The key terms of the Transfer Agreement are described in Part III of this Circular.

## 5.10 Deed of Indemnity

HICL UK has signed a deed of indemnity in favour of the Liquidators dated 4 March 2019 pursuant to which it undertakes to pay to HICL Guernsey (and to indemnify HICL Guernsey in respect of): (a) all costs, expenses and disbursements (including tax) of the liquidation (including without limitation the Liquidators' costs, expenses and disbursements) of HICL Guernsey; and (b) the claims (whether present or contingent) of all creditors (of whatever form and howsoever arising) admitted in the liquidation of HICL Guernsey.

Pursuant to the Deed of Indemnity, HICL UK will also keep the Liquidators and their personal representatives' estates and effects at all times fully indemnified against all actions, proceedings, claims, and costs, expenses and disbursements arising out of any act, matter or thing done by the Liquidators in the performance of their duties as Liquidators of HICL Guernsey (excluding any acts of fraud, wilful default, breach of contract or negligence on the part of the Liquidators) or any act specifically done (or, as the case may be, not done) in accordance with any direction, instruction or request of HICL UK, particularly any direction, instruction or request to distribute the assets of HICL Guernsey prior to agreeing or settling creditors' claims.

All payments to be made by HICL UK to the Liquidators or HICL Guernsey under the terms of the Deed of Indemnity shall be made without deduction, counterclaim or set-off howsoever arising except as required by law.

## 6. ARTICLES OF ASSOCIATION

HICL UK's Articles are modelled on HICL Guernsey's Articles as far as practicable and except as noted below. The key differences between HICL UK's Articles and HICL Guernsey's Articles are summarised below:

**Financial Assistance.** HICL Guernsey's Articles permit HICL Guernsey to provide financial assistance for the acquisition of HICL Guernsey's shares. Public limited companies are prohibited from giving financial assistance under section 678 of the Companies Act 2006 ("CA 2006"), unless certain exceptions apply, so this is not included in HICL UK's Articles.

**Pre-emption rights.** HICL Guernsey's Articles contain pre-emption rights which are modelled on the statutory pre-emption rights contained in section 561 of CA 2006, and which would otherwise not apply under Guernsey law. As an English company, HICL UK is subject to the statutory pre-emption rights and therefore there is no need to include equivalent provisions in HICL UK's Articles.

**Requisitioning Meetings.** HICL Guernsey's Articles permit members holding more than 10% of voting share capital to requisition HICL UK to hold a general meeting. English law lowers this threshold to members holding more than 5% of the voting share capital, and overrides any provision in the articles to the contrary (section 303(2) CA 2006). HICL UK's Articles reflect this.

**Written Resolutions.** HICL Guernsey's Articles permit members to pass written resolutions, although these are not permitted for public companies under s 281(2) CA 2006.

**Directors and their meetings.** The maximum number of directors has been increased from seven (7) to eight (8) which gives HICL UK's board additional flexibility for succession planning. The requirements to have meetings in Guernsey in HICL Guernsey's Articles have not been carried over as HICL UK will be centrally managed and controlled from the United Kingdom.

**Retirement of directors.** HICL Guernsey's Articles require at least one-third of the Directors to retire from office at each annual general meeting of HICL Guernsey. This has been amended in HICL UK's Articles such that every director will retire from office and may stand for re-election at each annual general meeting. This approach reflects the existing best practice policy of the HICL Guernsey Directors and is consistent with the UK Corporate Governance Code.

**Conflicts of interests.** The provisions of HICL Guernsey's Articles that concern conflicts of interest and which reflected the Guernsey law position, have been amended to reflect the English law position.

## 7. SHARE CAPITAL

On incorporation, the issued share capital of HICL UK was 1 New Ordinary Share which was subscribed for by Corpman (UK) Limited. The subscriber share was subsequently transferred to HICL Guernsey on 10 January 2019.

On 11 January 2019, HICL UK issued 50,000 Redeemable Shares at par to HICL Guernsey with the subscription monies remaining on inter-company account. This enabled HICL UK to apply for a trading certificate, which was issued on 14 January 2019.

On 17 January 2019, HICL UK issued 1 further New Ordinary Share at par plus a share premium of £2,000m to HICL Guernsey, with the subscription monies remaining on inter-company account.

On 22 January 2019, HICL UK filed a reduction in share capital claim form with the Companies Court to cancel the share premium account. On 12 February 2019, the court confirmed the reduction of capital. On 12 February 2019, the capital reduction of HICL UK was registered at Companies House and became effective. The sums standing to the credit of the cancelled share premium account have been transferred to HICL UK's distributable reserves.



## PART V

### Taxation

The following summary is based upon current tax law of the UK, Luxembourg, Denmark, Guernsey, Jersey, the Isle of Man, Ireland, the Netherlands, Sweden, Switzerland and the United States and what is understood to be current tax authority practice in these jurisdictions, any of which are subject to change, possibly with retrospective effect.

The summary is intended only as a general guide to the tax treatment of certain Shareholders in respect of the Scheme and their holding of New Ordinary Shares, and does not purport either to cover all tax issues which might be applicable to such Shareholders or to analyse the tax position of HICL Guernsey, HICL UK or any other members of the HICL Guernsey Group. The summary is not intended to be, nor should be construed to be, legal, tax or investment advice to any particular Shareholder.

In particular, the summary may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their HICL Guernsey Ordinary Shares or New Ordinary Shares by virtue of an office or employment, who may be subject to special rules.

The summary only applies to Shareholders who are either: (i) resident for UK tax purposes in the UK and, in the case of individuals, domiciled in the UK and to whom “split year” treatment does not apply; or (ii) resident for tax purposes in Denmark, Guernsey, Jersey, the Isle of Man, Ireland, the Netherlands, Sweden, Switzerland and the United States (except in so far as express reference is made to the UK tax treatment of other non-UK residents). This summary only applies to Shareholders who hold HICL Guernsey Ordinary Shares and New Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those HICL Guernsey Ordinary Shares and New Ordinary Shares.

As HICL Guernsey is a closed-ended company and there is no guarantee or undertaking being given that could give rise to an expectation that a reasonable investor could realise their investment either entirely or almost entirely by reference to net asset value (or by reference to an index), it is not expected that HICL Guernsey will be treated as an offshore fund for the purposes of the offshore fund rules.

**All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of the Scheme and their holding of New Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.**

#### UNITED KINGDOM

##### UK taxation of Shareholders in relation to the Scheme

The Scheme, through which the shares in HICL Guernsey are exchanged for shares in HICL UK should not result in a charge to UK capital gains tax for individual investors, nor a charge to corporation tax on chargeable gains for UK resident corporate investors, on the basis that the transaction should qualify as a “scheme of reconstruction” and the conditions of section 136 TCGA 1992 should be met.

The original shares in HICL Guernsey and the new shares in HICL UK should be treated as the same asset, with the shares in HICL UK inheriting the capital gains tax base cost and acquisition date of the original shares in HICL Guernsey.

Subject to personal circumstances, UK resident Shareholders may be subject to capital gains tax or, in the case of corporate Shareholders, UK corporation tax on chargeable gains, in respect of any gain arising on a future transfer or disposal of their Shares. For UK resident Shareholders who are individuals, or otherwise not within the charge to UK corporation tax, UK capital gains tax may be payable on a disposal of the Shares at the flat rate of 10% for basic rate taxpayers or 20% for higher or additional rate taxpayers. UK resident individual Shareholders may be entitled to an annual exemption from capital gains (for the year 2018/2019, this is £11,700).

Shareholders within the charge to UK corporation tax may be liable to UK corporation tax (currently 19% reducing to 17% from 2020) on chargeable gains on a disposal of their Shares. Indexation allowance may be available to reduce the amount of any chargeable gain (but cannot be used to



create or increase an allowable loss) and under current law any indexation allowance is stopped at 1 January 2018, irrespective of the date of disposal.

### **Taxation of dividend distributions**

Unless classified as “interest” for UK tax purposes (see below), the UK taxation of dividend distributions for UK resident and domiciled individual shareholders should be the same for dividends from HICL UK as it was from HICL Guernsey. UK resident but non-domiciled individual shareholders should take professional advice as to their own position. No change in the UK tax treatment of dividend distributions for UK corporate investors is expected as a result of the Scheme, however such investors should take professional advice to confirm their tax position.

Under current law, HICL UK will not be required to withhold tax at source when paying a dividend. Subject to any available exemptions, and amounts taxed at a nil rate, UK resident individual Shareholders will be liable to income tax on the amount of any dividends received. Basic rate taxpayers will be liable to income tax at 7.5%, higher rate taxpayers at 32.5% and additional rate taxpayers at 38.1%. Dividends received by UK corporate shareholders will be subject to UK corporation tax, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (section 931E to 931Q); generally UK and overseas dividends received by UK corporates paid in respect of non-redeemable ordinary shares should be exempt under section 931F of the Corporation Tax Act 2009, however such investors should take professional advice to confirm their tax position.

### **Taxation of Interest Distributions**

HICL UK intends to ‘stream’ interest income it receives by electing to classify a portion of the distributions paid to investors as interest for UK tax purposes in respect of accounting periods following Admission. Under current UK law, UK resident individual and corporate taxpayers can be subject to higher rates of tax on the receipt of interest distributions as compared to dividend distributions. Based on current forecasts, the Company estimates that around 60% of distributions made by HICL UK will be streamed to investors as interest distributions in respect of the year ending 31 March 2020. This is, however, subject to change depending on various factors, namely the quantum of interest income received and tax deductible expenses incurred by HICL UK.

Under current UK law, HICL UK (as an approved Investment Trust Company) should not be required to withhold tax at source when paying an interest distribution to investors. Subject to any available exemptions and amounts taxed at a nil rate, shareholders who are UK tax resident individuals will be liable to income tax on the amount of interest distributions received, at 20% for basic rate taxpayers, 40% for higher rate taxpayers and 45% for additional rate taxpayers. Interest distributions received by UK corporate Shareholders will be subject to UK corporation tax; most dividend distributions received by UK corporates in respect of non-redeemable ordinary shares will typically be exempt under section 931F of the Corporation Tax Act 2009. For corporate Shareholders this represents a tax rate difference of up to 19% (17% from 2020) on amounts designated as interest distributions as compared with dividend distributions.

The receipt of interest distributions as compared with dividend distributions could impact the tax position for certain institutional investors. Such investors are advised to take professional advice to confirm their tax position. The table below summarises the expected tax position for different classes of investors on receipt of dividend distributions as compared with interest distributions.

| <b>Shareholder</b>                            | <b>Likely treatment on receipt of a dividend distribution</b> | <b>Likely treatment on receipt of an interest distribution</b> |
|---|---|--|
| UK tax resident corporate investors           | Tax exempt  | Subject to UK corporation tax at 19%**                         |
| UK tax resident individuals – Basic Rate      | Subject to tax at 7.5%  | Subject to UK income tax at 20%                                |
| UK tax resident individuals – Higher Rate     | Subject to tax at 32.5%                                       | Subject to UK income tax at 40%                                |
| UK tax resident individuals – Additional Rate | Subject to tax at 38.1%                                       | Subject to UK income tax at 45%                                |
| UK pension schemes (and charities)            | Tax exempt  | Tax exempt   |

| <b>Shareholder</b>  | <b>Likely treatment on receipt of a dividend distribution</b> | <b>Likely treatment on receipt of an interest distribution</b>  |
|---|---|---|
| UK Investment Funds (open-ended investment companies “OEICS” and Authorised Unit Trusts (“AUTs”)) | Tax exempt  | Subject to UK corporation tax at 20%*   |
| Overseas Investment funds (SICAV, OEIC, etc.)   | Tax exempt**  | Tax exempt**  |
| UK Investment Trust   | Tax exempt  | Subject to UK corporation tax at 19%<br>Can obtain relief to the extent the investment trust makes interest distributions |
| UK PEPs/ISAs  | Tax exempt  | Tax exempt  |

\* Per sections 614 and 618 CTA 2010.

\*\* Tax exemption applied to UK taxes; Overseas Investment Funds may not be tax exempt in their jurisdiction of domicile.

This table is for illustrative purposes only and does not purport to address the tax impact for all forms of institutional investors. Shareholders are advised to take professional advice to confirm their own tax position.

### **Stamp duty and stamp duty reserve tax**

The issue of new shares by HICL UK will be outside the scope of UK stamp duty, so no UK stamp duty liability will arise on the Scheme.

Future trading in the shares of HICL UK will be subject to a UK stamp duty or stamp duty reserve tax charge at 0.5%.

### **Inheritance tax**

The New Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax, and not “excluded property” for individuals who are not UK domiciled for UK IHT purposes. This is on the basis that HICL is not expected to be an open ended investment company, as defined in section 236 Financial Services and Markets Act 2000. This means UK domiciled and non-UK domiciled individual investors may be subject to UK inheritance tax in respect of the New Ordinary Shares.

## **DENMARK**

### **Danish taxation of Shareholders in relation to the Scheme**

#### *Danish taxation of chargeable gains on individuals*

The shares in HICL Guernsey and HICL UK should not be considered to be shares in an investment company.

The Scheme should not qualify as a tax neutral merger and Danish investors are therefore likely to be treated as receiving HICL UK shares as in-kind liquidation proceeds from HICL Guernsey. Provided the liquidation proceeds are distributed in the same calendar year as the calendar year HICL Guernsey is dissolved, individual Danish investors should be taxed as if they have sold their HICL Guernsey shares. Liquidation proceeds should be equal to the fair market value of the HICL UK shares. A deduction should be allowed for the base cost of the HICL Guernsey shares, with the net gains being taxed.

For individuals investing without a wrapper, net gains arising in connection with the Scheme should be taxed as share income at 27% below DKK 54,000 (double for married couples) and at 42% for share income above this level. Net losses arising from the Scheme may, in certain circumstances, be offset against gains and dividends on other listed shares and units in certain equity funds.

Individuals investing with a wrapper (i.e. through a share savings account, or pension savings account) should be taxed annually on a mark-to-market basis taking account of realised and unrealised net gains or net losses in connection with the investment. For these investors, the

Scheme should not result in more taxes being due or accelerate taxes due in respect of their investment in HICL.

*Danish taxation of chargeable gains on companies*

Pension funds and life insurance companies are subject to Danish tax on a mark-to-market basis and should be taxed annually on realised and unrealised net gains or net losses in connection with the investment. For these investors, the Scheme should not result in more taxes being due or accelerate taxes due in respect of their investment in HICL.

**Danish taxation of Shareholders in respect of their New Ordinary Shares**

*Danish resident individuals and companies*

On the basis that the shares in HICL Guernsey and HICL UK are not considered to be shares in an investment company, there should be no difference in the tax treatment of dividends and gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

**GUERNSEY, JERSEY AND THE ISLE OF MAN**

**Guernsey, Jersey and Isle of Man taxation of Shareholders in relation to the Scheme**

Shareholders should be considered to acquire New Ordinary Shares in place of their HICL Guernsey Ordinary Shares for Guernsey, Jersey and Isle of Man tax purposes.

As a capital transaction, no adverse Guernsey or Isle of Man tax consequences should arise to Shareholders.

No stamp duty or similar duty or tax will be payable in Guernsey in relation to the redemption of the HICL Guernsey Ordinary Shares.

**Guernsey, Jersey and Isle of Man taxation of Shareholders in respect of their New Ordinary Shares**

*Guernsey, Jersey and Isle of Man resident companies and individuals*

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

**IRELAND**

**Irish taxation of Shareholders in relation to the Scheme**

***Irish taxation of chargeable gains on individuals***

For Irish tax purposes, in order to determine whether the Scheme could be achieved in a tax neutral manner, a submission was made to the Irish Revenue Commissioners ('Revenue'). Revenue confirmed that Irish tax resident individual investors should be treated as disposing of their interest in HICL Guernsey and acquiring a new interest in the shares of HICL UK. Assuming a material interest is held (broadly, an interest which the investors could be reasonably expected to realise the value of within seven years of its acquisition) the gains arising to Irish tax resident individual investors on the disposal of shares in HICL Guernsey should be subject to tax at the investor's marginal rate of income tax (currently up to 40%) plus the Universal Social Charge ('USC') and Pay Related Social Insurance ('PRSI') (albeit that such gains are calculated according to Capital Gains Tax principles). Please note that USC and PRSI operate on a band basis.

A different tax treatment or tax rate may apply where a material interest is not held or the investor fails to disclose their acquisitions, income, gains and disposals in HICL Guernsey correctly in their Irish tax return.

***Irish taxation of chargeable gains on companies***

For Irish tax purposes, investors that are Revenue approved pension schemes should be exempt from Irish tax on any chargeable gains arising on the disposal of shares in HICL Guernsey.

Any potential trading gains or losses arising to Irish tax resident life company investors (with a life/pension business arising from policies/contracts concluded on or after 1 January 2001) as a result of the Scheme should be taxable / deductible in the corporation tax return of the Irish tax resident

life company, currently at 12.5%. This is on the assumption that the investment is made for trading purposes and is not reserved for the policyholder.

## **Irish taxation of Shareholders in respect of their New Ordinary Shares**

### *Irish tax resident individuals*

Dividends arising in respect of the New Ordinary Shares should be subject to income tax at the investor's marginal rate (currently up to 40%) plus USC and PRSI.

Any gains realised on the future disposal of the New Ordinary Shares by Irish tax resident individual investors should be subject to Irish Capital Gains Tax, currently at 33%.

The above treatment is on the basis that the New Ordinary Shares in HICL UK are taxed in accordance with S747AA Taxes Consolidation Act ("TCA") 1997 as per Revenue's response in relation to the Scheme.

### *Irish tax resident life/pension companies*

For Irish tax purposes, investors that are Revenue approved pension schemes should be exempt from Irish tax on any dividends received on their New Ordinary Shares or any chargeable gains, resulting on the future disposal of shares in the New Ordinary Shares.

Irish tax resident life company investors (with a life / pension business arising from policies/ contracts concluded on or after 1 January 2001) who are in receipt of dividends in respect of the New Ordinary Shares should be subject to tax, currently at 12.5%. Any potential trading gains or losses arising to such investors as a result of the Scheme should be taxable / deductible in the corporation tax return of the Irish tax resident life company. This is on the assumption that the investment is made for trading purposes and is not reserved for the policyholder.

## **THE NETHERLANDS**

### **Dutch taxation of Shareholders in relation to the Scheme**

#### *Dutch taxation of chargeable gains on individuals*

On the basis that no Dutch investor holds an interest of 5% or more in the HICL Guernsey, no adverse Dutch tax consequences should arise to Dutch individual investors as a consequence of the Scheme.

#### *Dutch taxation of chargeable gains on companies*

Dutch pension funds that meet the specific conditions for pension fund tax treatment are tax exempt pursuant to the Dutch Corporate Income Tax Act, such that the Scheme should not give rise to any adverse Dutch tax consequences for such pension funds.

For Dutch life companies (with a life business), the Scheme is not expected to qualify for Dutch share merger relief. On the basis that no Dutch investor holds an interest of 5% or more in HICL Guernsey, the Dutch participation exemption should not apply in respect of the Scheme. Any gains recognised by Dutch life companies as a result of the Scheme should be subject to Dutch corporate income tax (19% on the first €200,000 of taxable profit in a period, and at 25% on taxable profits in excess of €200,000).

No Dutch tax rulings have been, or will be, obtained by HICL UK or HICL Guernsey in respect of the Scheme transaction.

Given the ultimate intention of the Scheme is for HICL Guernsey Shareholders to exchange HICL Guernsey shares for HICL UK shares, it may be possible for Dutch life company investors to request a ruling from the Dutch Tax Authorities that the Scheme should be treated as a tax neutral share merger for Dutch corporate income tax purposes, notwithstanding that the technical requirements for this treatment are not satisfied. Such requests must generally be made by each investor. It is not possible to obtain a ruling for whole classes of investor.

### **Dutch taxation of Shareholders in respect of their New Ordinary Shares**

#### *Dutch resident individuals*

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

### *Dutch resident companies*

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

This is on the basis that no single taxable Dutch institutional investor has an interest of 5% or more in UK ITC.

## **SWEDEN**

### **Swedish taxation of Shareholders in relation to the Scheme**

#### ***Swedish taxation of chargeable gains on individuals***

For Swedish tax purposes, the conditions for tax neutral share-for-share treatment do not appear to be met.

The Swedish Tax Authority may therefore consider that the Scheme involves three separate steps from a Swedish tax perspective:

- (a) a share-for-share exchange;
- (b) a dividend-in-kind distribution of the shares in HICL UK to Swedish investors; and
- (c) a liquidation of HICL Guernsey.

Chargeable gains arising to Swedish individual investors (without a wrapper) as a result of the dividend-in-kind and/or the liquidation would be subject to Swedish capital gains tax at 30%.

Any gains arising to Swedish individual investors (with a wrapper) as a result of the dividend-in-kind and/or the liquidation, connected to assets in an investment savings account, should be subject to a specific Swedish tax regime, where the assets held on the account is subject to an effective tax rate of 0.453% for 2019.

No Swedish tax rulings have been, or will be, obtained by HICL UK or HICL Guernsey in respect of the Scheme transaction.

Given the ultimate intention of the Scheme is for HICL Guernsey Shareholders to exchange HICL Guernsey shares for HICL UK shares, Swedish individual investors may request a non-binding ruling from the Swedish Tax Authorities that the Scheme transaction is tax exempt for Swedish tax purposes. Such requests must generally be made by each investor prior to the transaction in question. It is not possible to file Swedish ruling applications for whole classes of investor.

#### ***Swedish taxation of chargeable gains on companies***

Swedish corporate pension scheme and life company investors should not be subject to Swedish capital gains tax, on the basis that the tax regimes applying to these types of investor are not transaction-based.

### **Swedish taxation of Shareholders in respect of their New Ordinary Shares**

#### *Swedish resident companies and individuals*

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

## **SWITZERLAND**

### **Swiss taxation of Shareholders in relation to the Scheme**

#### ***Swiss taxation of chargeable gains on individuals (private wealth)***

For Swiss tax purposes, Swiss resident individuals may realise a tax-free capital gain on the sale of shares where the shares are held in private wealth.

The sale by Swiss resident individuals of shares held in private wealth, according to the so-called transposition practice (“Transponierung”), may be re-qualified as taxable sale (at a tax rate of 46%) if at least 5% of the shares in a company are sold to a company in which the seller owns more than 50% of the shares. If an individual sells less than 5%, but acts together with other



shareholders, the shares of those shareholders may be cumulated for the purpose of the determination of the 5% quota (the same may apply regarding the 50% quota).

A binding tax ruling has been obtained by HICL Guernsey from the Zurich cantonal tax authority that the Swiss transposition practice should not apply in respect of the Scheme transaction.

The tax ruling obtained will not cover Swiss individual investors that are not resident in the canton of Zurich. Swiss individual investors that are resident outside of the canton of Zurich should obtain separate clearances from the relevant canton where certainty on this point is desired.

#### ***Swiss taxation of chargeable gains on individuals (business wealth)***

For Swiss tax purposes, the Scheme transaction should qualify as a so-called quasi-merger (share-for-share transaction). Under the Swiss quasi-merger reorganisation provisions, the Scheme transaction should not give rise to Swiss income tax in respect of chargeable gains for Swiss individual investors holding shares in business wealth.

#### ***Swiss taxation of chargeable gains on companies***

For Swiss tax purposes, the Scheme transaction would only qualify as a tax neutral reorganisation for Swiss life company (with a life business) if all of the following conditions are met:

- (a) the Swiss life company owns at least 10% of the shares in HICL Guernsey;
- (b) the Swiss life company remains taxable in Switzerland; and
- (c) the contemplated transaction is carried-out at tax book value in the books of the Swiss resident life company.

Where any one of these conditions is not met by a Swiss life company (with a life business), the gain arising to that investor is subject to Swiss corporate income tax at between 12% to 24%. The taxable gain should be the difference between the fair market value and the tax book value of the HICL Guernsey Ordinary Shares.

Mandatory occupational pension schemes (in line with the Swiss second pillar) run by a corporate pension or private fund (i.e. provided by a life company) should not be subject to Swiss income tax charges as a result of the Scheme transaction.

### **Swiss taxation of Shareholders in respect of their New Ordinary Shares**

#### ***Swiss resident individuals***

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

#### ***Swiss resident companies***

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares. Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends, except that the Swiss participation exemption may not apply to Swiss life companies (with a life business) in respect of interest distributions.

## **UNITED STATES**

### **United States taxation of Shareholders in relation to the Scheme**

#### ***United States taxation of chargeable gains on individuals and companies***

It is expected that the Scheme qualifies as a non-taxable reorganisation for US individual and company investors. Accordingly, no adverse US tax consequences are anticipated to arise for Shareholders.

### **United States taxation of Shareholders in respect of their New Ordinary Shares**

#### ***United States resident individuals***

There should be no difference in the tax treatment of chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares.



There should be no difference in the tax treatment of dividends paid to US individual investors investing via a tax exempt wrapper in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares.

Dividends in respect of the New Ordinary Shares may be considered as qualified dividends. To qualify, US investors in the New Ordinary Shares must meet certain holding period requirements and the UK ITC must be eligible for benefits under the US-UK Double Tax Treaty. Qualified dividends paid to US individual investors not investing via a tax exempt wrapper should be subject to federal US tax at up to 23.8% (inclusive of the net investment income tax), representing a potential reduction in the federal US tax rate from the up to 40.8% federal US tax rate (inclusive of the net investment income tax) applicable to ordinary dividends paid in respect of HICL Guernsey Ordinary Shares.

Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

#### *United States resident companies*

There should be no difference in the tax treatment of dividends and chargeable gains arising in respect of the New Ordinary Shares or HICL Guernsey Ordinary Shares.

Interest distributions arising in respect of the New Ordinary Shares should be taxed on investors in the same way as dividends.

### **INFORMATION REPORTING**

Both the UK and Guernsey have entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. Both the UK and Guernsey have also introduced legislation implementing FATCA and other international exchange of information arrangements, including the CRS developed by the OECD and, in the case of the UK, the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international agreements HICL UK and HICL Guernsey may, among other things, be required to collect and report to (in the case of HICL UK) HMRC and (in the case of HICL Guernsey) the Director of the Revenue Service certain information regarding their Shareholders and other account holders and HMRC and the Revenue Service may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

### **UK ISAS AND SIPPS**

It is expected that the New Ordinary Shares will be eligible for inclusion in ISAs.

For the 2018/2019 tax year, ISAs will have a subscription limit of £20,000, all of which can be invested in stocks and shares.

It is expected that the New Ordinary Shares will be eligible for inclusion in Investment-Regulated Pension Schemes including schemes formerly known as SIPPs (subject to the terms of the particular SIPP).

**Individuals wishing to invest in the Shares through ISAs should contact their professional advisers regarding their eligibility.**

## PART VI

### Risks Relating to the Scheme

#### *No guarantee that the Scheme will be implemented*

The implementation of the Scheme is subject to a number of conditions, details of which are set out in Part III of this Circular. There is no certainty that all of these conditions will be met, or that the Scheme, the Transfer and the Issue will become effective and implemented in accordance with their terms.

If the Scheme is not implemented, Shareholders will continue to hold their HICL Guernsey Ordinary Shares, HICL UK will be wound up and HICL Guernsey will be responsible for the payment of all costs and fees which have been incurred in connection with the proposed implementation of the Scheme.

#### *HICL Guernsey liabilities*

The Transfer Agreement provides that the Liquidators will retain a Liquidation Fund from which they shall settle the liabilities of HICL Guernsey accruing due for payment on or after the Effective Date. Save for the Share Issue Receivable (which will be extinguished when the Scheme becomes effective), there are no known liabilities as at the date of this Circular, contingent or otherwise that will not fall to be paid out of the Liquidation Fund. There may, however, be further liabilities (perhaps significant) that have not been identified as at the date of this Circular and further liabilities (perhaps significant) may arise following the date of this Circular. In the event that the Liquidation Fund is insufficient to cover such liabilities, HICL UK would be required to make up any shortfall, which may adversely affect the net asset value of the New Ordinary Shares and thereby potentially returns to shareholders in HICL UK.

#### *Selling shareholders*

If, in connection with the Scheme, certain Shareholders decide to dispose of their holdings of HICL Guernsey Ordinary Shares (because they perceive the Scheme to be disadvantageous to them or otherwise), this could have an adverse impact on the market value of the New Ordinary Shares in HICL UK.

#### *Risk of non-inclusion in FTSE 250*

It is possible that HICL UK will not be admitted to the FTSE 250 index immediately with effect from the Effective Date. For such time as HICL UK is not admitted to the FTSE 250, the trading volumes of the New Ordinary Shares may be impacted to the extent that those investors who select stocks on the basis of inclusion in indices choose to sell their New Ordinary Shares.

#### *Taxation*

The tax consequences of the Scheme for individual Shareholders will vary. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of the Scheme and their holding of New Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Shareholders should note that the UK tax treatment of HICL UK's dividends may vary for Shareholders depending on whether or not they are designated as interest distributions. Potential investors who are in any doubt about the tax treatment which will apply to them in respect of any dividends paid by HICL UK should consult their own professional advisers.

Following the implementation of the Scheme, Shareholders will hold New Ordinary Shares in HICL UK (a UK-incorporated public limited company), as opposed to Ordinary Shares in HICL Guernsey (a Guernsey-incorporated limited liability company). Shareholders should check that they are able to hold the New Ordinary Shares pursuant to the terms of any investment mandate or other applicable requirements (including any tax scheme or wrapper) through which they currently hold their HICL Guernsey Ordinary Shares. If and to the extent that a Shareholder is not able to hold the New Ordinary Shares pursuant to such terms, that Shareholder will need to dispose of its holding of HICL Guernsey Ordinary Shares prior to the Effective Date.

#### *Brexit*

As at the date of this Circular, both the timing and the terms upon which the United Kingdom will leave the European Union are unclear. One of the potential benefits of the Scheme is that HICL

UK will have the ability to use the EEA-wide marketing passport until the end of any transitional period. If the United Kingdom leaves the European Union on 29 March 2019 and the future relationship with the European Union has not been agreed by that time (so called “no-deal”, or “hard” Brexit) HICL UK would cease to be able to use the EEA marketing passport on 29 March 2019, which is before the Effective Date of the Scheme.

## PART VII

### NOTICE OF EXTRAORDINARY GENERAL MEETING

#### HICL INFRASTRUCTURE COMPANY LIMITED

*(an authorised closed-ended investment company incorporated in Guernsey with limited liability and with registered number 44185)*

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of HICL Infrastructure Company Limited (“**HICL Guernsey**”) will be held at East Wing, Trafalgar Court, St Peter Port, Guernsey on 26 March 2019 at 11.00 a.m. Defined terms in this notice will have the meaning given to them in the circular published on 4 March 2019 (the “**Circular**”). This Extraordinary General Meeting is being convened for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTION

1. That, subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in paragraph 10 of the Scheme contained in Part III of the Circular, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof, and in accordance with article 155(4) of the Articles:
  - (a) the Scheme be and is hereby approved, the actions of the holder of the Liquidation Share that are taken to give effect to the Scheme are approved, and the Directors of HICL Guernsey and William Callewaert and Richard Searle both of BDO Limited, Place du Pré, Rue du Pré, St Peter Port, Guernsey, GY1 3LL, when appointed as the liquidators of HICL Guernsey (the “**Liquidators**”), be and are hereby authorised to implement the Scheme and to execute any document and do any thing for the purpose of carrying the Scheme into effect; and
  - (b) in particular and without prejudice to the generality of paragraph 1(a) above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to this resolution and/or the Articles:
    - (i) to enter into and give effect to the Transfer Agreement (in the form of the draft produced to the meeting and signed for the purpose of identification by the Chairman thereof) with such non-material amendments thereto as the Directors and the parties to such agreement may agree;
    - (ii) to procure that the relevant assets of HICL Guernsey be vested in HICL UK on and subject to the terms of the Transfer Agreement; and
    - (iii) to request HICL UK to allot and issue new ordinary shares in the capital of HICL UK, credited as fully paid, on the basis described in the Transfer Agreement for distribution among the holders of ordinary shares in the capital of HICL Guernsey entitled thereto under the Scheme (or to the Liquidators on their behalf) by way of satisfaction and discharge of their respective interests in so much of the assets of HICL Guernsey as shall be transferred to HICL UK in accordance with the Transfer Agreement and with the Scheme.

#### SPECIAL RESOLUTION

2. That subject to and conditional on the passing of Resolution 1, HICL Guernsey’s articles of incorporation be amended as follows:
  - (a) the following new defined terms shall be added to Article 1:

|                         |  |
|-------------------------|--|
| “Circular”              | means the circular to shareholders dated 4 March 2019;   |
| “Compulsory Redemption” | has the meaning given in Article 43A(1);   |
| “Liquidation Shares”    | unclassified Shares of 0.01p each in the capital of the Company issued and designated as “Liquidation Shares” and having the rights described in these Articles; |
| “New Ordinary Shares”   | has the meaning given in the Circular;   |
| “Scheme”                | has the meaning given in the Circular;   |

- (b) Article 3(4)(c) shall be deleted in its entirety and replaced with the following new Article 3(4)(c):-

“As to voting – the holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote (in accordance with Article 63) at general meetings of the Company, save only that the holders of the Ordinary Shares shall not be entitled to receive notice of and to attend and vote at any general meetings to approve the voluntary winding up of the Company for the purposes of the Scheme or otherwise in relation to the liquidation and dissolution of the Company pursuant to such winding up.”;

- (c) Article 3(6) shall be deleted in its entirety and replaced with the following new Article 3(6):

**“Liquidation Shares**

- (6) The rights attaching to the Liquidation Shares shall be as follows:-

(a) As to income – the holders of Liquidation Shares shall have no rights to income except where no shares of any other class are in issue, in which case the holders of Liquidation Shares shall be entitled to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution and resolved to be distributed in respect of any accounting period or any other income or right to participate thereof in accordance with Articles 128 to 141 inclusive.

- (b) As to voting – the holders of the Liquidation Shares:-

(i) shall be entitled to receive notice of and to attend and vote (in accordance with Article 63) at general meetings of the Company to approve the voluntary winding up of the Company for the purposes of the Scheme or otherwise in relation to the liquidation and dissolution of the Company pursuant to such winding up; and

(ii) at any time when no shares of any other class are in issue, to also receive notice of and to attend and vote (in accordance with Article 63) at all other general meetings of the Company.”; and

- (d) a new Article 43A shall be inserted as follows:

**“COMPULSORY REDEMPTION**

43A (1) The Directors may in their discretion and without prior notice to the Shareholders redeem on a *pro rata* basis all or a portion of the Ordinary Shares in issue at any time following the issue of the New Ordinary Shares to the Shareholders pursuant to the Scheme (a “**Compulsory Redemption**”).

(2) Any Compulsory Redemption made pursuant to Article 43A(1) shall be for nil consideration.

(3) Subject to compliance with Article 43A(1), a Compulsory Redemption shall be effective at such time as the Directors shall in their discretion determine. Notice of a Compulsory Redemption shall be given to Shareholders promptly following the occurrence of such Compulsory Redemption by way of publication on the Company’s website or by such other means as the Directors may in their discretion determine.

(4) Immediately upon a Compulsory Redemption occurring, the Ordinary Shares redeemed pursuant to such Compulsory Redemption shall be cancelled (or held in treasury at the discretion of the Directors) and the former holders of such Ordinary Shares redeemed shall cease to have any rights in relation to such Ordinary Shares.”



### ORDINARY RESOLUTIONS

3. Subject to and conditional on Resolutions 1 and 2 being passed, that from the time of appointment of the Liquidators as liquidators of HICL Guernsey in connection with the Scheme, pursuant to section 395(2) of the Companies Law, the Directors be and are sanctioned to continue to have powers as directors of HICL Guernsey solely for the purposes of:
  - (a) compulsorily redeeming the HICL Guernsey Ordinary Shares in accordance with Article 43A (as adopted pursuant to Resolution 2 above); and
  - (b) procuring the preparation of, considering and, if thought fit, approving in accordance with the provisions of sections 234(4) and 244(4) of the Companies (Guernsey) Law, 2008, the final annual report and accounts of HICL Guernsey for the financial year ending 31 March 2019, and procuring the audit of such accounts and procuring that they are published,and the Liquidators shall have no control of, responsibility or liability for any such matters.
4. That, the proposed period of notice for non-fault termination of the investment management arrangements in respect of HICL UK with ICPL of thirty six (36) months as detailed in the Circular, be and is hereby approved.

BY ORDER OF THE BOARD

4 March 2019

*Registered Office*  
East Wing  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey GY1 3PP

### **Notes to the Notice of the Extraordinary General Meeting:**

1. A member is entitled to attend and vote at the meeting provided that all calls due from him/her in respect of his/her shares have been paid (and subject to certain other provisions in the Articles). A member is also entitled to appoint one or more proxies to attend, speak and vote on his/her behalf at the meeting. The proxy need not be a member of HICL Guernsey. Shareholders will have received, or will shortly receive, a Form of Proxy which should be completed in accordance with the instructions in the notes to the Form of Proxy. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, by no later than 11.00 a.m. on 22 March 2019, or not less than 48 hours (excluding non-Business Days) before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the Form of Proxy will not preclude members from attending and voting in person at the meeting. Shareholders may also submit their proxies electronically using the share portal service at [www.signalshares.com](http://www.signalshares.com)
2. An ordinary resolution of the members (or of a class of members) of HICL Guernsey means a resolution passed by the holders of a simple majority of the shares entitled to be voted.
3. A special resolution of the members (or of a class of members) of HICL Guernsey means a resolution passed by the holders of not less than 75 per cent. of the shares entitled to be voted.
4. Joint registered holders of shares shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members of HICL Guernsey shall alone be entitled to vote.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, HICL Guernsey specifies that only those members registered on the register of members of HICL Guernsey at 6.00 p.m. on 22 March 2019 (or in the event that the meeting is adjourned, only those members registered on the register of members of HICL Guernsey as at 6.00 p.m. on the day which is two days prior to (excluding weekends and bank holidays) the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. A copy of this Notice of the Extraordinary General Meeting is available on HICL Guernsey's website: [www.hicl.com](http://www.hicl.com).
7. The total issued share capital of HICL Guernsey as at the date of this Notice of the Extraordinary General Meeting is 1,790,679,605 ordinary shares. Pursuant to the Articles, on a show of hands every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative shall have one vote on a show of hands, and one vote per ordinary share on a poll (other than HICL Guernsey itself where it holds its own shares as treasury shares). As at the date of this Notice of the Extraordinary General Meeting, there are no outstanding warrants and/or options to subscribe for ordinary shares and there are no treasury shares in issue.
8. The quorum for the Extraordinary General Meeting shall be any two or more Shareholders holding five per cent. or more of the voting rights applicable at the meeting present in person or by proxy. If the Extraordinary General Meeting needs to be adjourned because it is not quorate, it shall stand adjourned for seven days at the same time and place or to such other time and place as the Board may determine. On the resumption of the adjourned meeting, the Shareholders present in person or by proxy shall be a quorum.

## PART VIII

### Definitions

The following definitions apply throughout this document, unless stated otherwise:

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| <b>“Acquisition Fee”</b>                        | means the fee payable on completion of an acquisition of new investments;  |
| <b>“Administrator”</b>                          | means the administrator of HICL UK, being Aztec Financial Services (UK) Limited;   |
| <b>“Admission”</b>                              | means admission of the Issue Shares to the Official List with a premium listing and/or to trading on the Main Market as the context may require;   |
| <b>“AIF”</b>                                    | means an alternative investment fund within the meaning of the AIFM Directive;   |
| <b>“AIFM”</b>                                   | means: <ul style="list-style-type: none"><li>(a) when used in a general context, an alternative investment fund manager within the meaning of the AIFM Directive; and</li><li>(b) in respect of HICL UK, ICPL acting in its capacity as AIFM to HICL UK pursuant to the Investment Management Agreement;</li></ul> |
| <b>“AIFM Directive”</b>                         | means the European Directive on Alternative Investment Fund Managers (No. 2011/61/EU);   |
| <b>“Articles”</b>                               | means the articles of incorporation of HICL Guernsey, as amended from time to time;  |
| <b>“Asset Consents”</b>                         | means the consents or acknowledgements that are required to be obtained from counterparties under some of the contractual arrangements on certain of HICL Guernsey’s investments in order for the proposed acquisition by HICL UK of HICL Guernsey’s assets pursuant to the Scheme to proceed;                     |
| <b>“Business Day”</b>                           | means any day (other than a Saturday or Sunday) on which commercial banks are open for business in London;   |
| <b>“Calculation Date”</b>                       | means 7.59 a.m. on the Effective Date, being the date and time as at which HICL Guernsey’s assets will be determined for the purposes of the calculation of the SAV per HICL Guernsey Ordinary Share;  |
| <b>“certificated” or “in certificated form”</b> | means in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);  |
| <b>“Circular”</b>                               | means this Circular;   |
| <b>“Companies Law”</b>                          | means The Companies (Guernsey) Law, 2008 (as amended);   |
| <b>“CREST” or “CREST system”</b>                | means the paperless settlement procedure operated by Euroclear UK & Ireland enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;  |
| <b>“Directors” or “Board”</b>                   | means the directors of HICL Guernsey at any time or the Directors present at a duly convened meeting at which a quorum is present;   |
| <b>“EEA”</b>                                    | means the European Economic Area;  |
| <b>“Effective Date”</b>                         | means the date on which the Scheme becomes effective and Admission occurs, expected to be 1 April 2019;  |
| <b>“Euroclear UK &amp; Ireland”</b>             | means Euroclear UK & Ireland Limited, the operator of CREST;   |

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| <b>“Extraordinary General Meeting”</b>   | means the extraordinary general meeting of the Shareholders of HICL Guernsey to be held at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey at 11.00 a.m. on 26 March 2019 to consider and, if thought fit, approve the resolutions;   |
| <b>“Facility”</b>                        | means the amended and restated multi-currency revolving facility agreement originally dated 28 February 2012 (as subsequently amended and restated on 28 March 2014, 17 November 2015, 17 November 2016, 31 January 2018 and 28 February 2019) between: (i) the Partnership; (ii) Infrastructure Investments General Partner Limited; (iii) Infrastructure Investments Holdings Limited; (iv) HICL Guernsey; (v) InfraRed (Infrastructure) Capital Partners Limited; (vi) the Royal Bank of Scotland plc; (vii) National Australia Bank Limited; (viii) Lloyds Bank plc; (ix) Sumitomo Mitsui Banking Corporation; (x) HSBC Bank plc; (xi) ING Bank N.V., London Branch; (xii) Crédit Agricole Corporate and Investment Bank; (xiii) Santander UK plc; and (xiv) HICL UK, which has been amended and restated to replace HICL Guernsey with HICL UK with effect from the Effective Date, and to make other changes as required to give effect to the Scheme; |
| <b>“FCA”</b>                             | means the UK Financial Conduct Authority;  |
| <b>“Form of Proxy”</b>                   | means the form of proxy that Shareholders will have received, or will shortly receive, for use in relation to the Extraordinary General Meeting;   |
| <b>“HICL Guernsey”</b>                   | means HICL Infrastructure Company Limited, a company incorporated in Guernsey as a closed-ended investment company with registered number 44185;   |
| <b>“HICL Guernsey Group”</b>             | means HICL Guernsey, the Luxcos and the Partnership (together, individually or in any combination as appropriate);   |
| <b>“HICL Guernsey Ordinary Share”</b>    | means a share of 0.01p in the capital of HICL Guernsey, classed as an ordinary share and having the rights attached thereto;   |
| <b>“HICL”</b>                            | means HICL Guernsey or HICL UK (as the context may require);   |
| <b>“HICL UK”</b>                         | means HICL Infrastructure PLC, a company incorporated in England and Wales with registered number 11738373;  |
| <b>“HICL UK’s Articles”</b>              | means the articles of association of HICL UK;  |
| <b>“HICL UK Group”</b>                   | means, with effect from the Effective Date, HICL UK, the Luxcos and the Partnership (together, individually or in any combination as appropriate);   |
| <b>“ICPL”</b>                            | means InfraRed Capital Partners Limited;   |
| <b>“Investment Adviser”</b>              | means ICPL acting in its capacity as investment adviser to HICL Guernsey;  |
| <b>“Investment Company Act”</b>          | means the United States Investment Company Act of 1940, as amended;  |
| <b>“Investment Management Agreement”</b> | means the Investment Management Agreement dated 4 March 2019 between ICPL and HICL UK;   |
| <b>“Issue”</b>                           | means the issue by HICL UK of New Ordinary Shares to HICL Guernsey Shareholders in accordance with the terms of the Transfer and the Scheme, as further described in this Circular;  |
| <b>“Issue Shares”</b>                    | means the New Ordinary Shares to be issued under the Issue;  |
| <b>“Liquidators”</b>                     | means William Callewaert and Richard Searle both of BDO Limited, Place du Pré, Rue du Pré, St Peter Port, Guernsey, GY1 3LL;   |

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| <b>“Liquidation Fund”</b>                            | means the amount of cash and other assets to be retained by the Liquidators, which shall be at least sufficient to cover the costs, expenses and other liabilities of HICL Guernsey accruing due for payment on or after the Effective Date (including the Winding Up Costs and the costs associated with the preparation of HICL Guernsey’s audited annual report and accounts for the period to 31 March 2019); |
| <b>“Liquidation Share”</b>                           | means a share of a separate class to be issued to Aztec Nominees (Guernsey) Limited, which will have no rights while HICL Guernsey Ordinary Shares are in issue, save to approve the winding up of HICL Guernsey for the purposes of the Scheme and otherwise to approve matters in relation to such winding up;  |
| <b>“Luxco 1”</b>                                     | means HICL Infrastructure 1 Sàrl, a <i>société à responsabilité limitée</i> established in Luxembourg;  |
| <b>“Luxco 2”</b>                                     | means HICL Infrastructure 2 Sàrl, a <i>société à responsabilité limitée</i> established in Luxembourg;  |
| <b>“Luxcos”</b>                                      | means Luxco 1 and Luxco 2;  |
| <b>“Main Market”</b>                                 | means the premium segment of the London Stock Exchange’s main market for listed securities;   |
| <b>“New Ordinary Shares”</b>                         | means shares of 0.01p each in the capital of HICL UK, classed as ordinary shares and having the rights attached thereto;  |
| <b>“Notice Amendment”</b>                            | means the non-fault termination notice period of the investment management arrangements in respect of HICL UK with ICPL;  |
| <b>“Notice of the Extraordinary General Meeting”</b> | means the notice of the Extraordinary General Meeting set out in Part VII of this Circular;   |
| <b>“Notice Resolution”</b>                           | means the ordinary resolution number 4, to be proposed at the Extraordinary General Meeting to approve the Notice Amendment;  |
| <b>“Partnership”</b>                                 | means the limited partnership which, as at the date of this Circular, holds and manages HICL Guernsey’s investments (and which will be indirectly acquired by HICL UK as part of the Transfer);   |
| <b>“Proposals”</b>                                   | the proposals for the implementation of the Scheme and for the updates to the investment management arrangements with ICPL, as described in this Circular and the Prospectus;   |
| <b>“Prospectus”</b>                                  | means the prospectus published by HICL UK on 4 March 2019 in connection with the Proposals;   |
| <b>“Receiving Agent”</b>                             | means Link Market Services Limited;   |
| <b>“Record Date”</b>                                 | means 6.00 p.m. on 29 March 2019, being the record date for the Scheme;   |
| <b>“Redeemable Shares”</b>                           | means non-voting shares of £1.00 each in the capital of HICL UK, classed as redeemable shares and having the rights attached thereto, and which the directors of HICL UK have resolved shall be redeemed on the Effective Date;   |
| <b>“Registrar”</b>                                   | means Link Market Services Limited;   |
| <b>“Resolution 1”</b>                                | means the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the terms and implementation of the Scheme;  |
| <b>“Resolution 2”</b>                                | means the special resolution to be proposed at the Extraordinary General Meeting to approve amendments to the Articles required in connection with the implementation of the Scheme;  |



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| <b>“Resolution 3”</b>                               | means the ordinary resolution to be proposed at the Extraordinary General Meeting to sanction the continuance of the powers of the Directors in the liquidation of HICL Guernsey pursuant to the Scheme in order to, <i>inter alia</i> , approve the audited annual report and accounts of HICL Guernsey for the financial year ending 31 March 2019;   |
| <b>“Restricted Jurisdiction”</b>                    | means each of Australia, Japan, New Zealand, South Africa, Singapore, Canada, South Korea, and Hong Kong;   |
| <b>“SAV per HICL Guernsey Ordinary Share”</b>       | means the scheme asset value (being the net asset value of HICL Guernsey calculated as at the Calculation Date, adjusted to reflect: (i) the Winding Up Costs; (ii) the costs associated with the production of the HICL Guernsey’s audited annual report and accounts for the period to 31 March 2019; and (iii) the Share Issue Receivable (net of an amount equal to the redemption price of the Redeemable Shares), calculated in accordance with HICL Guernsey’s normal accounting policies) divided by the number of HICL Guernsey Ordinary Shares in issue as at the Calculation Date; |
| <b>“Scheme”</b>                                     | means the proposed scheme of reconstruction pursuant to which HICL Guernsey will be placed into voluntary liquidation and the Transfer will be effected;  |
| <b>“Scheme Costs”</b>                               | means the costs, fees and expenses incidental to the formation of HICL UK, the liquidation of HICL Guernsey, the Issue and the Scheme and which include any VAT payable;  |
| <b>“Scheme Resolutions”</b>                         | means Resolutions 1, 2 and 3 (but excluding the Notice Resolution);   |
| <b>“Securities Act”</b>                             | means the United States Securities Act of 1933, as amended;   |
| <b>“Shareholders”</b>                               | means the holders of HICL Guernsey Ordinary Shares;   |
| <b>“Share Issue Receivable”</b>                     | means the liability that HICL Guernsey has incurred to HICL UK described in paragraph 5 of Part III of this Circular;   |
| <b>“Transfer”</b>                                   | means the proposed transfer of substantially all of the assets of HICL Guernsey to HICL UK in exchange for the issue by HICL UK of the Issue Shares to Shareholders pursuant to the Transfer Agreement, as further described in this Circular;  |
| <b>“Transfer Agreement”</b>                         | means the transfer agreement to be dated the Effective Date between HICL Guernsey, the Liquidators and HICL UK;   |
| <b>“uncertificated” or “in uncertificated form”</b> | means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by means of CREST;  |
| <b>“VAT”</b>  | means value added tax; and  |
| <b>“Winding Up Costs”</b>                           | means the costs, fees and expenses associated with the winding up of HICL Guernsey.   |

