HICL Infrastructure PLC

Annual Results Presentation: Year to 31 March 2019

22 May 2019

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Past performance is not a reliable indicator of future performance

Agenda

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HICL Infrastructure Company Limited ("HICL Guernsey") announced on 21 November 2018 that, following consultation with investors, the Board was of the view that it would be in the best interests of shareholders as a whole to move the domicile of the investment business from Guernsey to the United Kingdom. This and related proposals were put to shareholders at an Extraordinary General Meeting ("EGM") of HICL Guernsey. The change of domicile was approved by shareholders and subsequently effected by way of a scheme of reconstruction ("the Scheme") on 1 April 2019. As a result of the Scheme, HICL Guernsey transferred its assets to HICL Infrastructure PLC ("HICL UK"). HICL UK will continue the investment activities of HICL Guernsey, as it has an identical investment policy to that of HICL Guernsey. HICL Guernsey has subsequently entered voluntary liquidation. Financial results to 31 March 2019 throughout this presentation relate to HICL Guernsey's performance. Forward looking statements refer to HICL UK. "HICL" means HICL Infrastructure Company Limited ("HICL Guernsey") prior to 31 March 2019 and HICL Infrastructure PLC ("HICL UK") from 1 April 2019. "Group" means HICL and its subsidiaries.

Delivering Income from a Diversified Portfolio

Investment Proposition and Business Model[1]

HICL Infrastructure

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

VALUE PRESERVATION
Active management of the underlying investments

VALUE ENHANCEMENT
Outperforming the base case, delivering upside to shareholders

ACCRETIVE INVESTMENT
Purchasing assets that enhance the delivery of the investment proposition

Relatively low single asset concentration risk

45%
Ten largest assets as a proportion of portfolio value at 31 March 2019

Strong inflation correlation

0.8
Correlation of portfolio returns to inflation[2] at 31 March 2019

Good cashflow longevity

29.5yrs
Weighted avg asset life at 31 March 2019

1. HICL UK has adopted the Investment Policy, business model and the acquisition strategy of HICL Guernsey
2. If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Group expenses) would increase by 0.8%

Annual Results

Northwest Parkway, USA

Highlights I

For the year to 31 March 2019[1]

10.8%
Total Shareholder Return

5.7% for the year to 31 March 2018 based on interim dividends paid plus uplift in NAV per share in the year

£2,998.9m
Directors' Valuation[2]

Up from £2,836.5m at 31 March 2018

157.5p
NAV per share

Up 7.9p from 149.6p at 31 March 2018

1.27x
Dividend cash cover[3]

1.10x for the year to 31 March 2018

£167m
Acquisitions in the year[4]

£148m
Two strategic disposals

8.05p
2019 Dividend

8.25p and 8.45p
Dividend guidance[5] reaffirmed for 2020 and 2021

1. Performance data for the year to 31 March 2019 relates to HICL Guernsey
2. On an Investment Basis and includes £89.3m of future commitments. On an IFRS basis the portfolio of investments at fair value through profit or loss was £2,821.1m
3. Including profits on disposals of £34.0m. Excluding this, dividend cash cover would have been 1.03x
4. Including four new and two incremental investments
5. Expressed in pence per ordinary share for financial years ending 31 March. This is a target only and not a profit forecast. There can be no assurance that this target will be met

Highlights II

Portfolio outperformance[1] underpinning strong NAV growth

Strategic progress

- Total shareholder return ahead of expectations at 10.8%[2]
- Value enhancements underpinned good financial performance:
  - Six investments and two strategic disposals – all value accretive
  - Construction completion on the A9 Road, Breda Court and Irish Primary Care PPP projects

Corporate domicile

- HICL Guernsey's shareholders approved the proposal to move the corporate domicile and tax residency of the Group's investment business to the UK; this move was successfully executed on 1 April 2019
- HICL's domicile and tax residency are aligned with the location of the majority of both its shareholders and its investments

Key risks

- Continued political uncertainty in the UK remains a key risk
- HICL well-positioned to withstand the potential economic impact of Brexit with a diversified portfolio, good inflation correlation and relative insensitivity to changes in the UK GDP growth rate
- Management of the impact of the Carillion liquidation substantially complete, with the final cost at c. £33m[3]

Governance

- Chris Russell reached his nine-year tenure and stepped down from the Board of HICL Guernsey on 31 March 2019
- Frances Davies appointed to the Board of HICL UK; with over 30 years of experience in the asset management industry, her skillset complements that of the continuing directors
- Following investor feedback on Resolution 4 passed at the EGM, management arrangements were further adjusted by removing the Acquisition Fee entirely

Outlook

- Whilst discipline around asset pricing remains critical, the Investment Manager is actively pursuing a number of opportunities, particularly across Europe and North America
- The Board and Investment Manager will assess market conditions when considering capital raising activity

1. As compared to base case assumptions
2. Calculated based on the uplift in NAV per share in the year plus dividends paid
3. £27m writeback against the £59m value reduction announced in January 2018

Highlights III

Figures[1] presented on an Investment Basis[2]

£286m Profit before tax £122m for the year to 31 March 2018	**7.2%** Weighted average discount rate 7.4% at 31 March 2018	**£179m** Operating cash flow £143m for the year to 31 March 2018
15.9p Earnings per share 6.9p for the year to 31 March 2018	**1.08%** Ongoing charges ratio[3] 1.08% for the year to 31 March 2018	**£90m** Borrowings at 31 March 2019[4] £135m at 31 March 2018

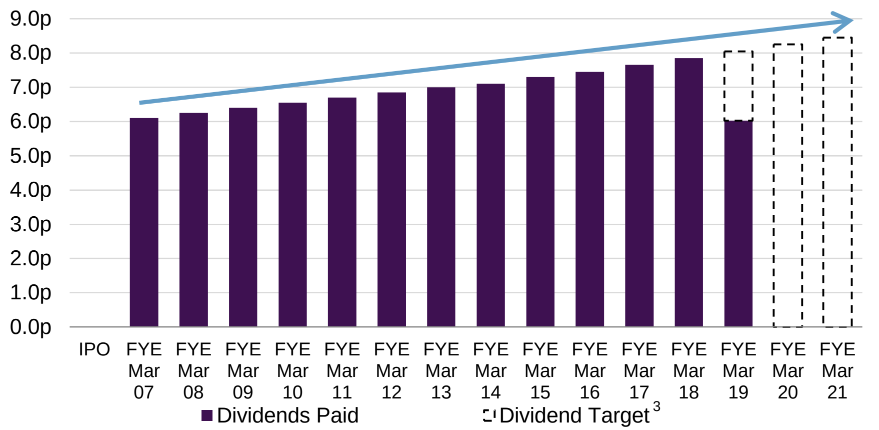
1. Performance data for the year to 31 March 2019 relates to HICL Guernsey
2. Summary financial statements of HICL Guernsey provided in Appendix II. Investment Basis is the same basis as was applied in prior periods. See the 2019 Annual Report for HICL Guernsey for further details
3. Calculated in accordance with Association of Investment Companies' guidelines
4. Cash drawings under the Group's revolving credit facility ("RCF")

HICL's Track Record[1]

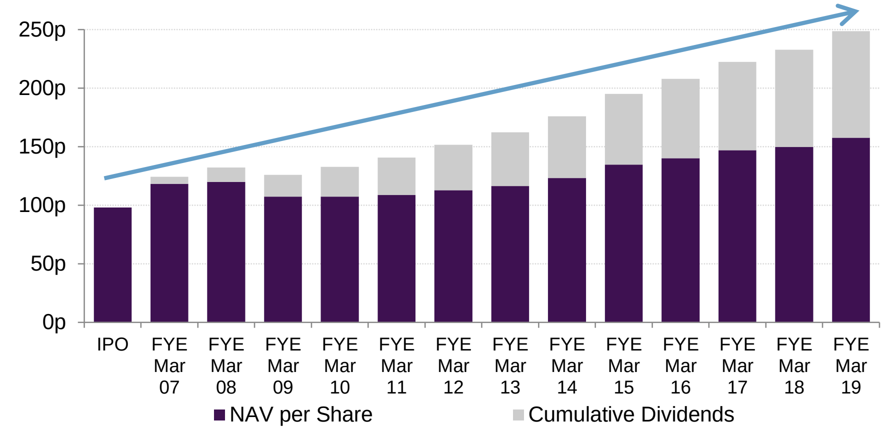
Consistent delivery over 13 years

HICL Infrastructure

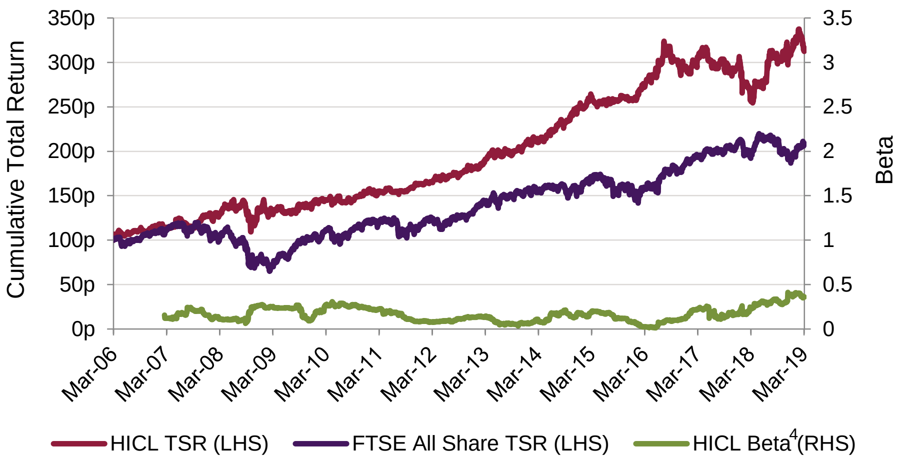
Dividend increased by 32% over 12 years[2]



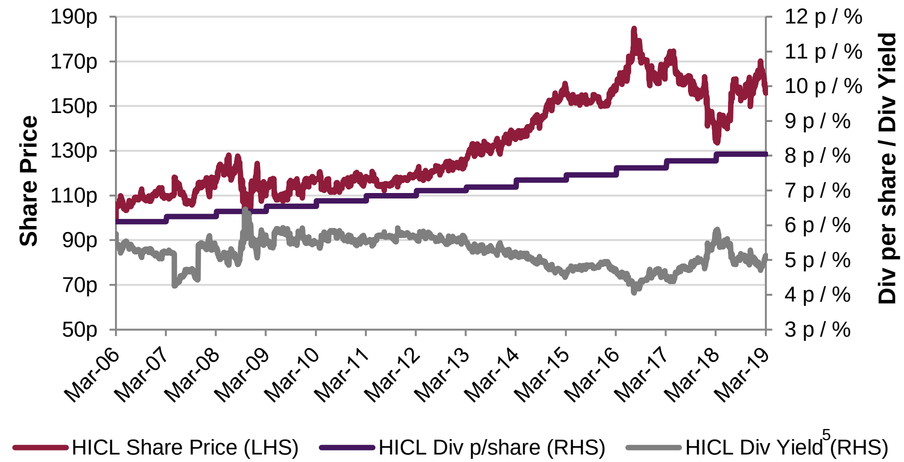
Total Return (NAV growth and dividends) of 9.4% p.a. since IPO



HICL has outperformed FTSE All Share while offering a low beta



Growing dividend has maintained a 4 - 6% yield



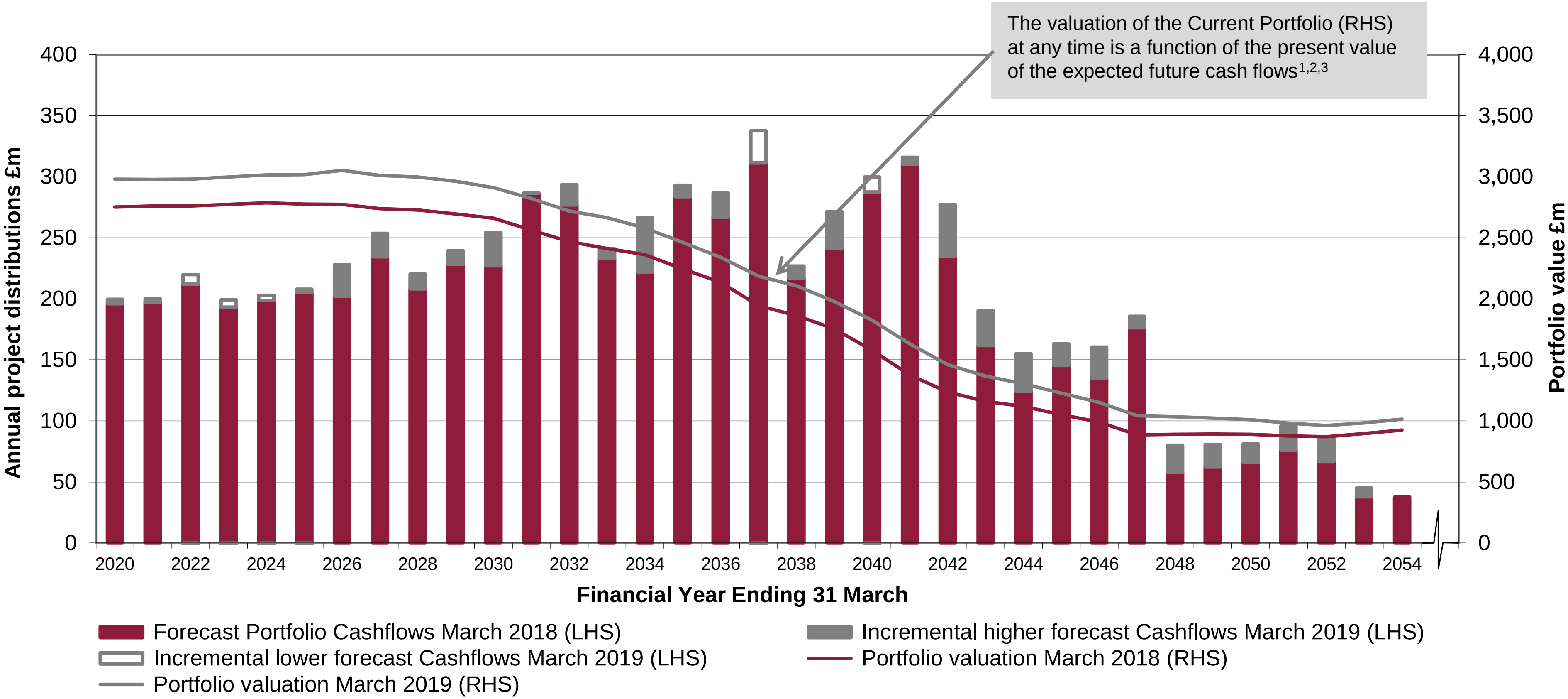
Source: InfraRed, Thomson Reuters Datastream.

1. HICL Guernsey prior to 31 March 2019 and HICL UK from 1 April 2019
2. Includes Q4 2019 target dividend of 2.02p
3. This is a target only and not a profit forecast. There can be no assurance that this target will be met
4. 250-day rolling beta
5. Dividend yield calculated based on historic dividend paid (shown on the graph in purple) divided by prevailing share price (shown on the graph in red)

Past performance is not a reliable indicator of future performance. Investments can fluctuate in value and there can be no assurance of future returns

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

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

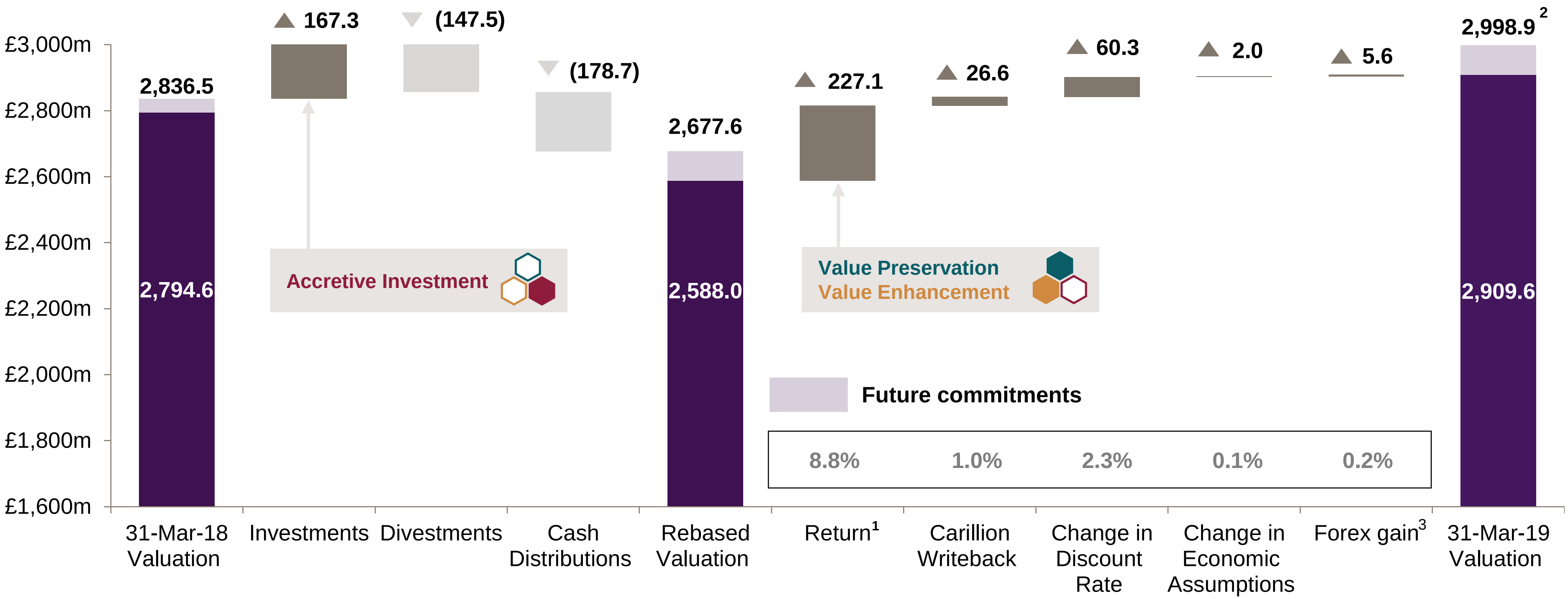


1. The illustration represents a target only at 31 March 2019 and is not a profit forecast. There can be no assurance that this target will be met
2. Valuation considers cash flows beyond 2054, for example for Northwest Parkway 88 years of cash flows are assumed
3. Subject to certain other assumptions, set out in detail in HICL Guernsey's Annual Report for the year to 31 March 2019


HICL Infrastructure
Valuation Overview and Sensitivities
Birmingham Hospitals, UK

Analysis of Change in Directors' Valuation

Annual return[1] of 8.8% from the underlying portfolio



- Valuation blocks (purple) have been split on an Investment Basis[2] into investments at fair value (dark purple) and future commitments (light purple)
- The percentage movements have been calculated on the Rebased Valuation as this reflects the returns on the capital employed in the period
- 8.8% annual return[1] from the underlying portfolio

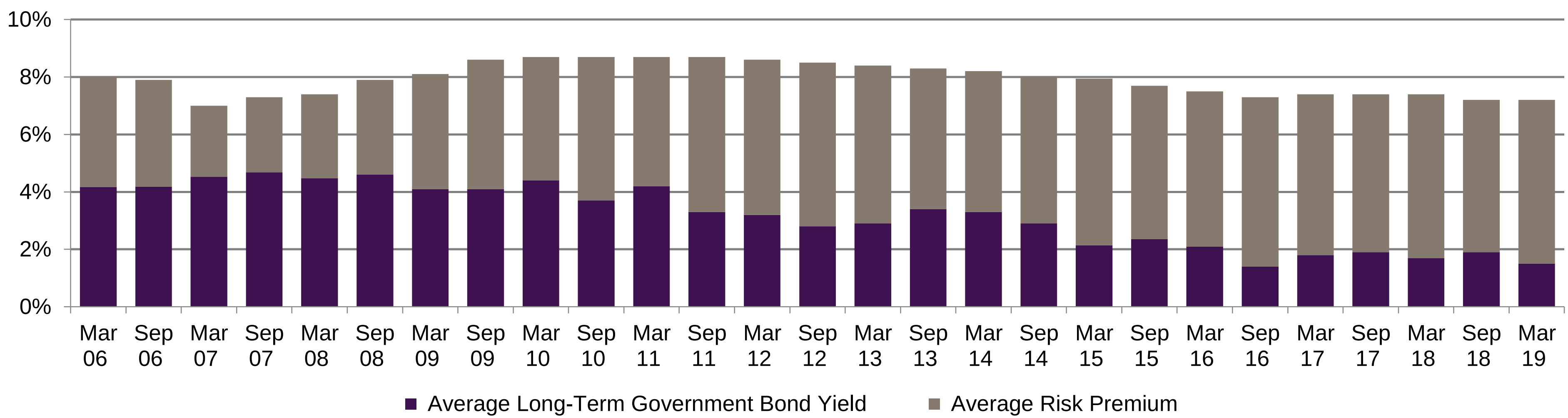
1. "Return" comprises the unwinding of the discount rate and portfolio outperformance, excluding the impact of changes in economic assumptions and discount rates, other than project specific changes such as projects moving from construction to steady-state operations
2. £2,998.9m reconciles, on an Investment Basis, to £2,909.6m Investments at fair value through profit or loss, through £89.3m of future commitments
3. FX movement net of hedging is a gain of £8.1m

Discount Rate Analysis

0.2% reduction in weighted average discount rates from 31 March 2018

- Discount rates for investments range between 6.4%[1] and 9.6%
- Implied risk premium over long dated government bonds unchanged over the year
- UK discount rate down 0.1% compared to 30 September 2018 due to unwinding of the discount rate premium on Carillion assets
- Eurozone discount rate up 0.1% compared to 30 September 2018 due to the greenfield Blankenburg Connection acquisition

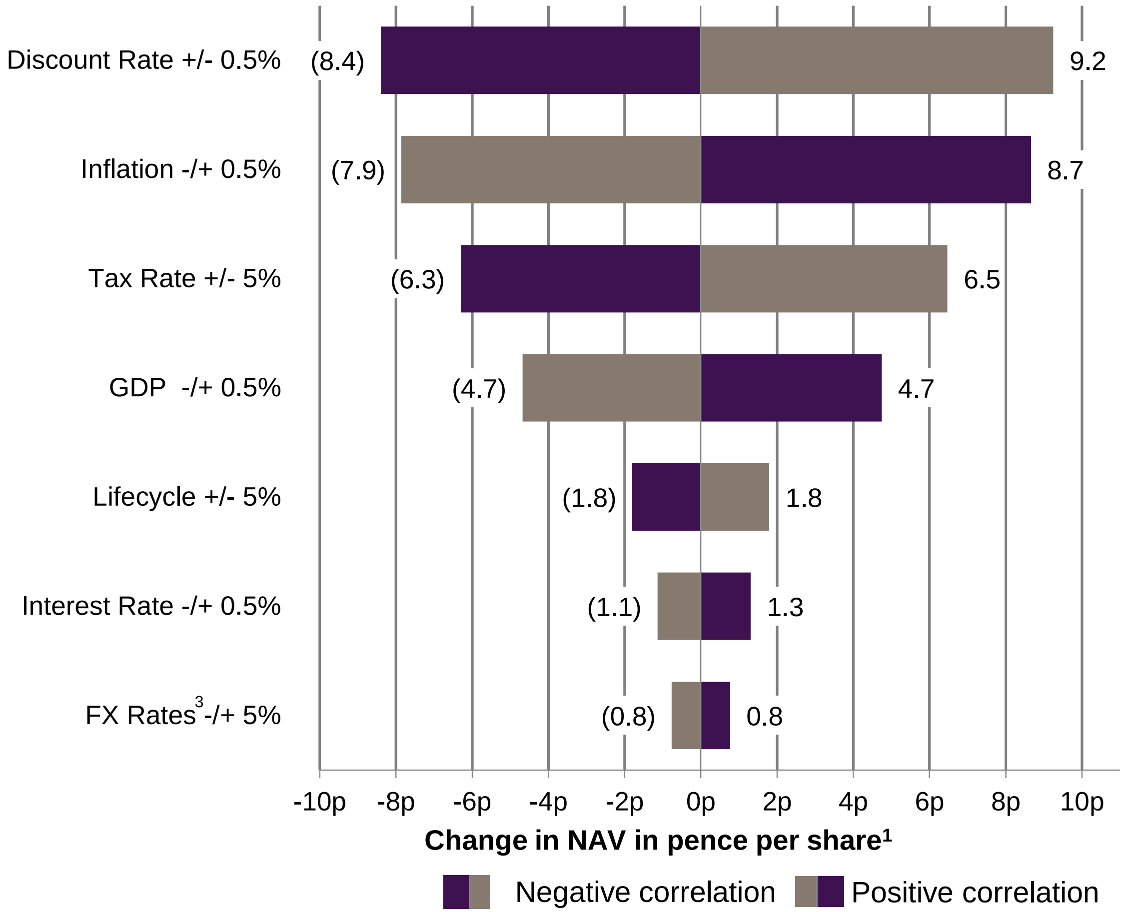
	Appropriate Long-Term Government Bond Yield[2]		Risk Premium		Total Discount Rate[3] 31 March 2019	30 September 2018	31 March 2018
UK	1.5%	+	5.5%	=	7.0%	7.1%	7.4%
Eurozone	0.9%	+	6.4%	=	7.3%	7.2%	7.6%
N. America	2.6%	+	5.4%	=	8.0%	8.0%	8.2%
Portfolio	**1.5%**	**+**	**5.7%**	**=**	**7.2%**	**7.2%**	**7.4%**



1. Excludes A13 Senior Bonds
2. The long-term government bond yield for a region is the weighted average for all of the countries in which the portfolio is invested in that region
3. Weighted-average discount rate

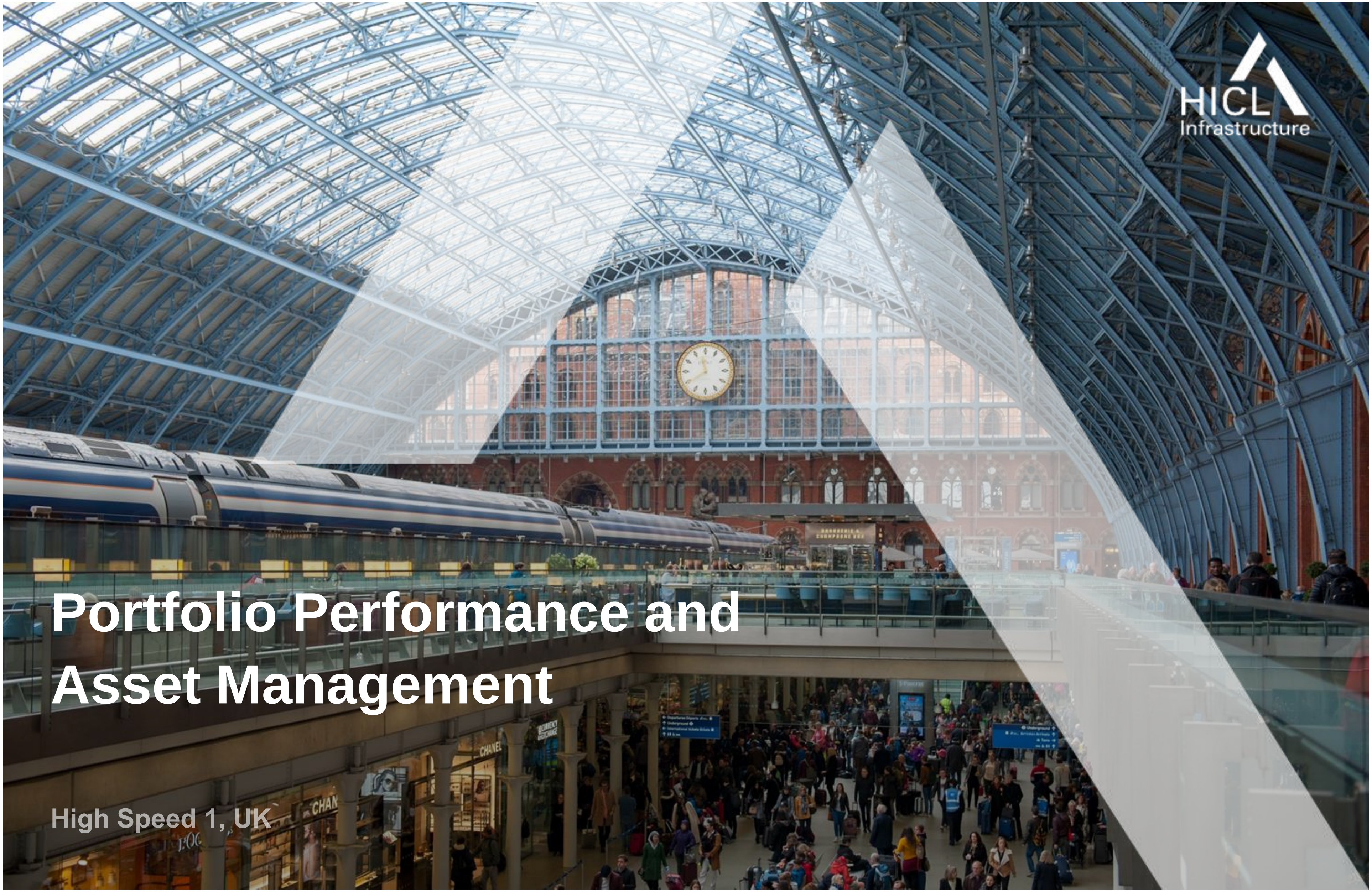
Key Valuation Sensitivities

Sensitivity to key macroeconomic assumptions



- The discount rate, FX rate and GDP sensitivities are based on analysis of the whole portfolio
- Remaining sensitivities are based on the largest 35 investments by value and then extrapolated across the whole portfolio
- If the rate of UK corporation tax was 5% higher in each and every forecast period, NAV per share would decrease by 4.9p
- The GDP sensitivity shows the impact of a 0.5% per annum change in GDP across the four assets[2] where revenues are to some degree correlated with economic activity
- If outturn GDP growth were 0.5% p.a. lower in all relevant geographies for all future periods than the valuation assumption, expected return[4] from the portfolio (before Group expenses) would decrease 0.2% from 7.2% to 7.0%

1. NAV per share based on 1,791m ordinary shares in issue at 31 March 2019
2. Assets subject to GDP movements are High Speed 1 (UK), Northwest Parkway (USA), A63 Motorway (France) and M1-A1 Link Road (UK)
3. Foreign exchange rate sensitivity is net of current Group hedging at 31 March 2019
4. Expected return is the expected gross internal rate of return from the portfolio before group expenses, there is no assurance that returns will be met



Portfolio Performance and Asset Management

High Speed 1, UK

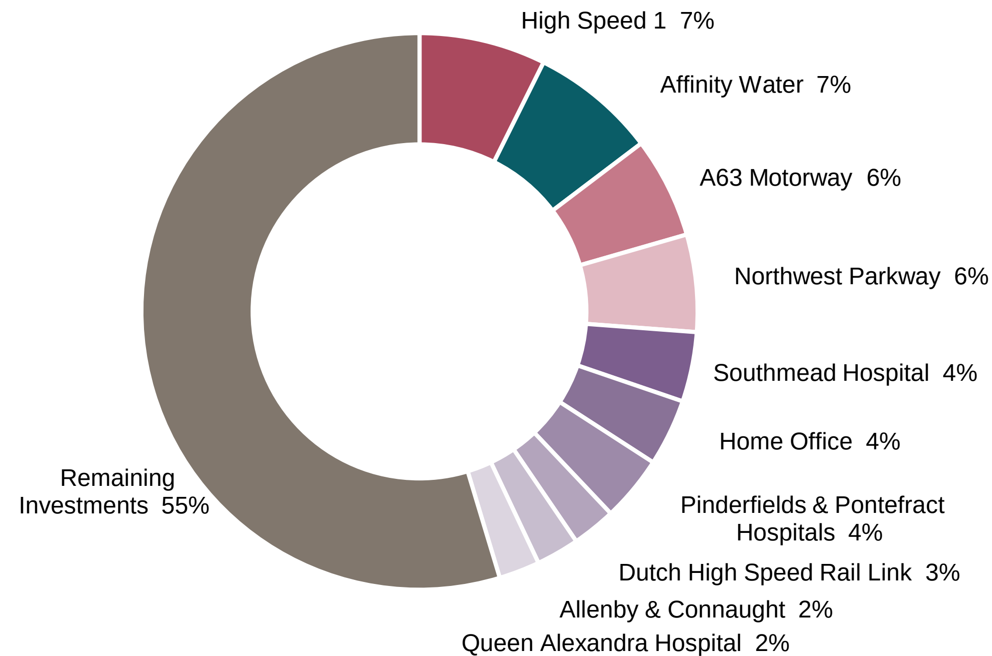
Portfolio Metrics

Ten largest assets accounted for c. 45% of HICL Guernsey's portfolio[1]

	31 March 2019[1]	31 March 2018
Number of investments	118	116
Percentage of portfolio by value – 10 largest assets	45%	45%
Weighted average asset life[2]	29.5 years	29.5 years
Average remaining maturity of long-term debt financing[3]	17.5 years	17.6 years

- The discrepancy between asset life and debt maturity is caused predominantly by two assets, Affinity Water and Northwest Parkway, having asset lives that exceed available financing options in their respective markets

10 Largest Investments[1]



Key
- PPP Projects
- Demand-based Assets
- Regulated Assets

1. By value using Directors' Valuation of £2,998.9m as at 31 March 2019
2. Assumes a 100-year asset life for Affinity Water. Excluding Affinity Water and Northwest Parkway, the weighted average asset life of the portfolio would be 19.6 years
3. Excludes investment in A13 Senior Bonds

Portfolio Performance I

PPP projects

Investment Rationale

- ▲ Long-term contracts with strong public sector clients in developed economies
- ▲ Availability-based payment mechanisms produce revenues that are uncorrelated to the wider economy
- ▲ Long-term funding arrangements and maintenance contracts allocate risk to those parties that are best placed to manage it

Value Preservation and Enhancement

- ▲ PPPs remain at the heart of the Group's investment portfolio, representing 71% of the portfolio by value
- ▲ Approximately £29m of value has been delivered through enhancement actions on PPP assets in the year to 31 March 2019
- ▲ Successful work through of the Carillion liquidation impacts which progressed in line with expectations built into the portfolio valuation at 31 March 2018
- ▲ Major construction milestones were achieved at three assets during the period, each on time and on budget which delivered additional value
- ▲ Two assets remain in construction (3% of portfolio value). Progress remains good and their delivery represents an opportunity for future value enhancement

Brighton Hospital, UK

Case Study: Carillion

Resolution substantially complete with minimal impact on stakeholders

44
Facilities

1,600+
Ex-Carillion and public sector seconded staff

99.5%
Infrastructure and facility services delivery

Weekly
Interaction with central government departments

"A potentially highly disruptive situation [has] been dealt with in an exceptionally skilful and professional manner, with the seamless transition to a new contractor going largely unnoticed by the wider Joint Headquarters population."

Group Captain J. P. Sutton, Commanding Officer, Northwood Headquarters

Responsible approach

- Safety was, and is, the number one priority
- Ensuring replacement contractors were on site, from the day of Carillion's liquidation, reassured staff and supply chain
- Transparency, of the good and the bad, was key to maintaining trust

Alignment of interest

- "Business-as-usual" expectations of clients consistent with delivering value preservation for investors
- Awareness of stakeholder needs helped prioritise action
- Service provision improved by setting clear expectations of replacement contractors

The partnership model

- Final financial impact: £33m (£27m released from original valuation impact), with associated costs funded from project companies' own cash flows
- Impact mitigated at no additional cost to public sector clients under these PPP contracts
- Demonstrates the sustainability of the partnership model, underpinned by expert, private-sector asset management

Counterparty risk

- Bouygues, Engie, Integral and Skanska secured as replacement contractors
- These were chosen with client endorsement, and on the basis of financial stability, relevant experience and performance track record
- Replacement long-term contracts restores risk transfer to the supply chain

Portfolio Performance II

Demand-based assets

Investment rationale

- ▲ Operational assets are at the lower end of the risk spectrum when featuring strong usage history or limited uncertainty in forecast demand
- ▲ Long-dated, good inflation correlation and returns at a premium to PPP projects
- ▲ Generally less sensitive to political and regulatory risks compared to PPP projects and regulated assets

Value Preservation and Enhancement

- ▲ Demand-based assets[1] performed well, despite some external challenges
- ▲ On the A63 Motorway (France) traffic was consistent with last year and performance overall was in line with expectations
- ▲ On Northwest Parkway (USA), traffic for the year was 5.3% greater than assumed in the 31 March 2018 valuation assumption
- ▲ On High Speed 1 ("HS1"):
  - Eurostar train paths have been slightly behind budget, affecting the project's revenues, though the impact on EBITDA was offset by outperformance in retail and station-related services
  - InfraRed and the shareholder consortium provided guidance to the HS1 management team to deliver accountancy-related value enhancement changes
  - No net impact of the changes set out above to the investment's valuation

Northwest Parkway, USA

1. High Speed 1 (UK); A63 Motorway (France); Northwest Parkway (USA); Sheffield University Student Accommodation (UK); Helicopter Training Facility (UK); M1-A1 Road (UK)

Portfolio Performance III

Regulated assets

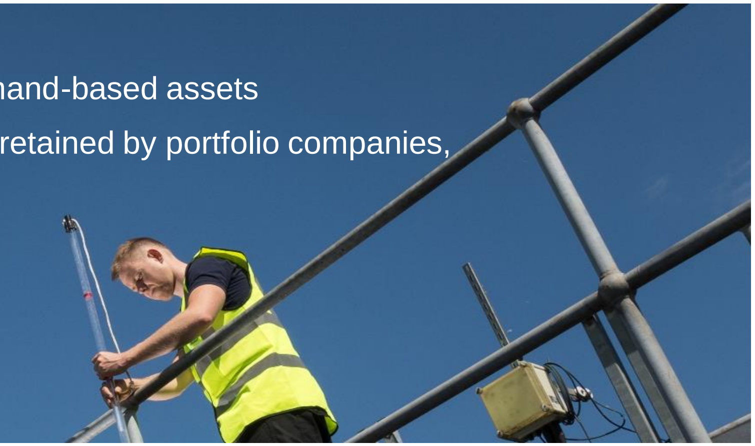
Investment rationale

- Essential assets that are regulated due to monopoly market positions
- Regulated assets have a complementary risk profile to PPP projects and demand-based assets
- Assets are subject to licence periods, where operational delivery risk is often retained by portfolio companies, reducing single counterparty exposure

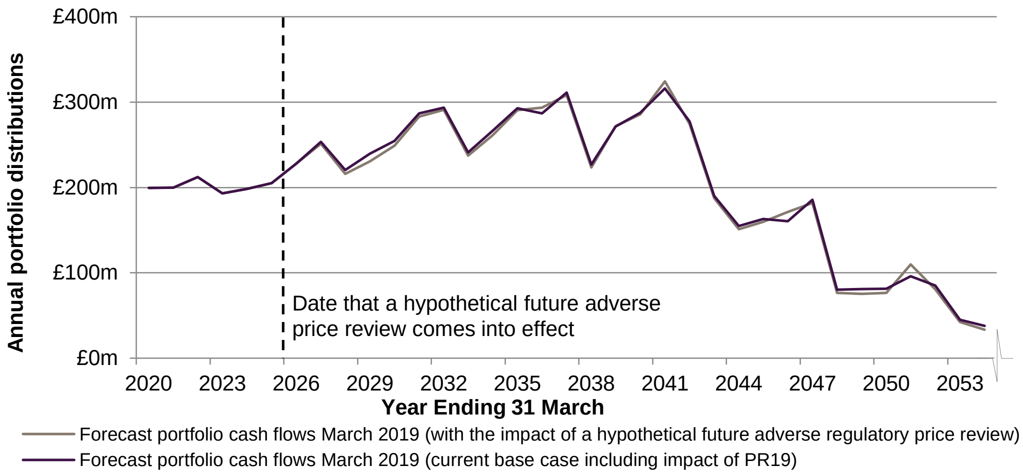
7.5% weighted average discount rate[1] (portfolio: 7.2%)

79 yrs weighted average remaining asset life[1,2] (portfolio: 30 yrs)

1.3 inflation correlation[1,3] (portfolio: 0.8)



Cash flow impact of a hypothetical future adverse price review



A balanced portfolio can withstand regulatory risk

- Regulators balance performance standards and affordable consumer pricing with financial viability of the companies
- The chart (left) shows that the impact of a hypothetical future adverse price review (in this case using the impact of Ofwat's PR19[4] as a proxy) can be mitigated by actively managing single asset concentration risk[5]
- OFTOs fall within Ofgem's regulatory gambit but are not subject to the current RIIO-2[6] price review
- Their 20-year availability-based revenues are determined as part of their Ofgem licence

1. Including three OFTOs at preferred bidder stage
2. Assumes 100-year asset life for Affinity Water
3. If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Group expenses) would increase by 0.8% and from the regulated assets 'mini-portfolio' (before Group expenses) would increase by 1.3%
4. Ofwat's Price Review 19 determines water companies' business plans for Asset Management Period 7, from 2020 to 2025
5. Affinity Water is 7% of HICL's portfolio, by value, at 31 March 2019
6. Ofgem's Revenue Incentives Innovation Outputs 2 determines electricity and gas network companies' business plans from 2021

Sustainable, Responsible Investment (“RI”)

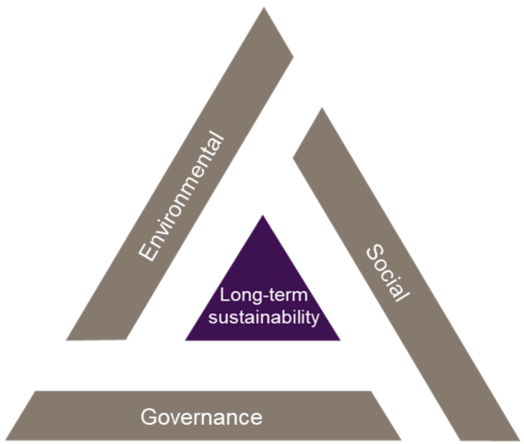
Good environmental, social and governance are essential to long-term investment performance

A+[1]
PRI ranking, for the fourth consecutive year

96%
HICL’s portfolio companies’ RI survey response rate[2]

86%
of HICL’s portfolio companies have an ESG policy

60%
% of portfolio companies making voluntary contributions to charitable or community activities



- A sense of corporate social responsibility is reflected across HICL’s operational structure, including within the portfolio companies’ operations
- InfraRed also promotes an ethos of stewardship, responsibility and accountability, influencing via board seats on portfolio companies
- Client engagement is a key focus across the portfolio

Case Studies

Allenby and Connaught

- The project company organised a construction site visit for local school pupils to give an insight to construction and STEM career opportunities
- This included a Q&A session, and several female construction staff were available to talk about their career path into construction

Durham & Cleveland Police Tactical Training Centre (“TTC”)

- To deliver both cost savings for the client and environmental benefits, pre-used wooden doors from other projects in the InfraRed portfolio are recycled as training materials
- “*The TTC has an excellent working relationship with the PFI provider and this is one example of how that partnership has been able to further enhance the learning of the officers of Durham & Cleveland and other external forces who attend the centre*.”

Inspector Amanda Wilkinson, Office of the Police & Crime Commissioner for Cleveland

1. InfraRed infrastructure business’ rating, as assessed by the Principles for Responsible Investment (“PRI”)
2. Surveys are used to monitor and benchmark portfolio companies’ RI approach and initiatives, as reported by the portfolio company management teams

Portfolio Characteristics I

HICL's Portfolio, as at 31 March 2019[1]

MARKET SEGMENT

	Mar-19	Mar-18
▲ PPP Projects	71%	74%
▲ Demand-based Assets	21%	18%
▲ Regulated Assets	8%	8%

GEOGRAPHIC LOCATION

	Mar-19	Mar-18
▲ UK	77%	80%
▲ Europe (exc UK)	15%	10%
▲ Australia	-	3%
▲ North America	8%	7%

A diversified investment proposition

- ▲ Diversification of the portfolio's risk profile between core infrastructure market segments, with 21% of the portfolio by value comprising six demand-based assets and 8% being two regulated assets
- ▲ At the time of the incremental acquisition of the A63, demand-based assets with returns correlated to GDP accounted for 19% of the portfolio by value, within the self-imposed 20% limit[2] previously communicated to shareholders
- ▲ Trend towards an increased exposure to non-UK investments over the medium-term continues

1. By value using Directors' Valuation of £2,998.9m as at 31 March 2019
2. Limit applied at the time of investment

Portfolio Characteristics II

HICL's Portfolio, as at 31 March 2019[1]

OWNERSHIP STAKE

	Mar-19	Mar-18
100% ownership	25%	27%
50% - 100% ownership	32%	28%
Less than 50% ownership	43%	45%

INVESTMENT STATUS

	Mar-19	Mar-18
Fully operational	97%	99%
Construction	3%	1%

SECTOR

	Mar-19	Mar-18
Accommodation	11%	10%
Education	15%	18%
Electricity, Gas & Water	8%	11%
Health	28%	28%
Fire, Law & Order	7%	7%
Transport	31%	26%

1. By value using Directors' Valuation of £2,998.9m as at 31 March 2019

Risk and Risk Management

Affinity Water, UK

Risk and Risk Management I

Political Risk

- Public sector counterparties and the role of independent regulators mean that political and regulatory risks are inherent in HICL's business model
- The final outcome of the process of the UK leaving the EU ("Brexit") remains unknown, and continues to create unhelpful political uncertainty
- There has been continuing evolution of thinking and policy on infrastructure financing in the UK: the Labour Party continues to table policies regarding nationalisation of public infrastructure; InfraRed will respond to the Infrastructure Finance Review Consultation and is engaged in constructive discussions with policy-makers
- The nationalisation narrative disregards not only the practical considerations, but also the transfer of significant operational risk to the private sector and the many benefits of private capital invested in the infrastructure that facilitates the delivery of public services. For example:
  - Since 1990, service indicators across the water sector in England and Wales have outperformed those in France, Ireland, Italy and Spain[1]
  - Private sector productivity is worth at least £3.2 billion in cost savings, which is reflected in customer bills[2]

Tax

- Cross border taxation remains on the political agenda
- With shareholder consent, the move of the domicile of HICL Guernsey's investment business to HICL UK, a UK-incorporated PLC, was completed
- The new structure reduces the risk of changes to the cross-border tax landscape adversely impacting HICL and positions the investment business well for the future

1. https://www.water.org.uk/wp-content/uploads/2018/12/GWI-International-sector-performance-comparisons.pdf
2. http://www.first-economics.com/privatepublicwater.pdf

Risk and Risk Management II

HICL Infrastructure

Construction Quality and Fire Safety

- InfraRed's Asset Management team prioritises safety with portfolio company management teams across the portfolio
- Construction quality of the PPP projects, e.g. fire-stopping and cladding systems, a key area of focus
- InfraRed proactively undertakes portfolio-wide, risk-based reviews to identify assets that require further investigation
- If defects are identified, portfolio companies follow-up to ensure rectification by subcontractors wherever possible

Counterparty Risk

- Procurement models such as PPP projects and demand-based concessions transfer to the private sector asset delivery risks such as construction and maintenance
- Subcontracting these risks to specialist counterparties mitigates the impact of these risks on equity investors in infrastructure
- In the event of a failure of a counterparty, delivery risk reverts to the PPP project company until a replacement subcontractor is found
- Core to mitigating the potential impact of a counterparty failure:
  - Awareness of key stakeholders and their needs to help prioritise response
  - Early preparation lessens both the service impact and the financial impact

Investment Strategy and Activity

Defence Sixth Form College, UK

Acquisition Strategy

Investment Policy unchanged since IPO in 2006[1]

- Origination activity continued across all core market segments during the year
- Market dynamics continue (principally competition for assets) - pricing discipline remains fundamentally important
- Will consider opportunities to enhance shareholder value through strategic disposals facilitating pursuit of opportunities to redeploy capital into more accretive acquisitions or managing funding

GEOGRAPHY

Located in target markets

- Europe / UK
- North America
- Australia / NZ

MARKET SEGMENT

Generates long-term revenues

- Principal focus:
  - PPP projects, e.g. availability payments
  - Regulated assets supported by clear robust regulatory framework
  - Demand-based assets with a track record of usage, downside protection or other mitigation of cashflow volatility
- Opportunistic approach:
  - Corporate assets with contracted revenues and acceptable covenant

ASSET QUALITY

At the lower end of the risk spectrum

- Monopoly or essential asset / concession
- Long-term, stable cashflows built on:
  - Revenues with good visibility
  - Where relevant, good quality counterparties
  - Where possible, long-term debt financing at asset level

OPPORTUNITY TO ADD VALUE

Enhances existing portfolio

- Accretive on one or more metric:
  - Total return
  - Yield
  - Inflation-linkage
  - Asset life
- Pricing discipline
- Potential for upside
- Sustains prudent portfolio construction and diversification

1. HICL UK has adopted the Investment Policy of HICL Guernsey

Investment Activity

£167m of acquisitions and £148m of disposals

Acquisitions

Net Amount	Type	Stage	Project	Segment	Sector	Stake Acquired	Overall Stake	Date
€21m	New	Construction	Paris-Sud University (France)	PPP	Education	85%	85%	Apr-18
£6m	New	Operational	Belfast Metropolitan College (UK)	PPP	Education	75%	75%	Apr-18
£10m	New	Operational	Burbo Bank OFTO (UK)	Regulated	Electricity, Gas & Water	50%	50%	Apr-18
€62m	Incremental	Operational	A63 Motorway (France)	Demand-based	Transport	7%	21%	Jun-18
€6m	Incremental	Operational	N17/18 Road (Ireland)	PPP	Transport	8%	50%	Feb-19

- Following the year end, HICL announced the acquisition of certain rights to make an investment in the Blankenburg Connection, a greenfield PPP project in the Netherlands, which had not completed before the year end. Under the arrangement, HICL has committed to invest c. £50m in the form of a deferred equity subscription

Disposals

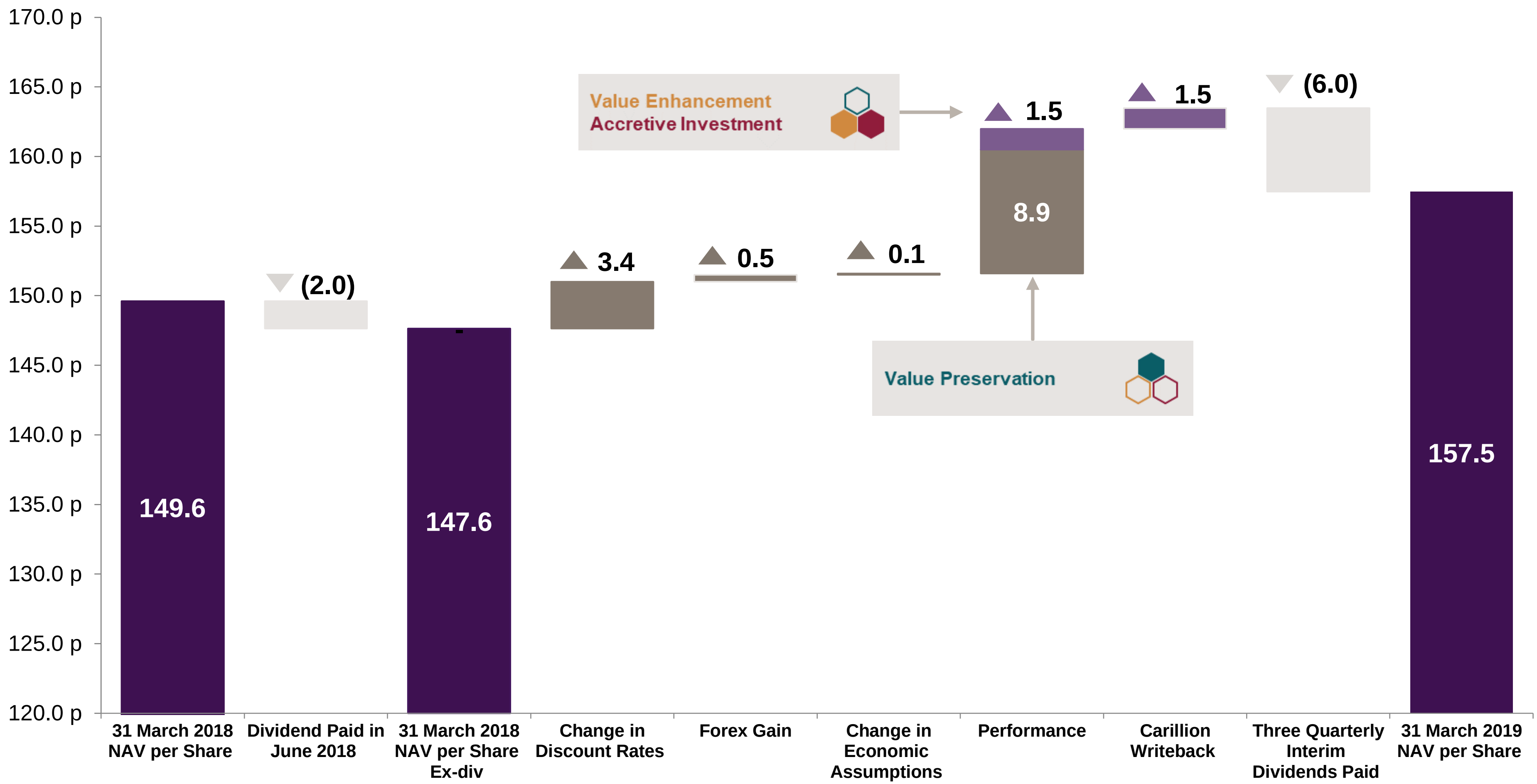
Net Amount	Type	Stage	Project	Segment	Sector	Stake Sold	Remaining Stake	Date
£56m	Complete	Operational	Highland Schools (UK)	PPP	Education	100%	0%	Jul-18
£1m	Partial	Operational	Oldham Library (UK)	PPP	Accommodation	15%	75%	Jul-18
AUD 161m	Complete	Operational	AquaSure Desalination (Australia)	PPP	Electricity, Gas & Water	10%	0%	Nov-18

Performance and Summary

Royal Canadian Mounted Police HQ, Canada

Analysis of Change in NAV per Share[1]

1.5p outperformance in the financial year to 31 March 2019[2]



1. The sum of the movements (grey and light purple) may not equate to the overall change (dark purple bars), due to rounding
2. Performance data for the year to 31 March 2019 relates to HICL Guernsey

Market & Outlook

Market

- Strong competition for high quality assets from unlisted investors
- Reasonable deal flow during the year across the Group's target market segments
- PPP secondary market activity is concentrated on Continental Europe and North America; UK and Australian markets have seen limited deal flow
- Wide range of regulated asset deal flow, from large utility-scale networks to smaller, `last mile' independent networks and OFTOs

Outlook

- The Board and InfraRed are focusing HICL's acquisition strategy on core infrastructure market segments (PPP projects, regulated assets and demand-based assets)
- Current pipeline is healthy: operational and greenfield PPP projects, particularly in Europe and North America, and also several opportunities in the regulated asset market segment
- If portfolio growth leads to increased capacity to invest in demand-based assets with GDP correlated returns, while staying within the previously communicated limit[1], further investments may be considered
- The Board and InfraRed regularly assess both market conditions and the pipeline to manage funding activities for HICL, which may include capital raising when markets are receptive

1. Self-imposed limit on demand-based assets with returns correlated to GDP of 20% of portfolio value, applied at the time of investment

Concluding Remarks

Delivering Real Value.

- Strong NAV performance, delivered by adhering to a clear strategy:
  - Value preservation implemented proactively and successfully to mitigate the impact of the Carillion liquidation
  - Value enhancement initiatives at asset and portfolio level delivered upside
  - Accretive investments and disposals improved portfolio construction while managing funding position
- HICL UK offers a differentiated investment proposition
  - A diversified portfolio delivering core infrastructure investment characteristics:
    - Relatively low single asset concentration risk;
    - Strong correlation between portfolio returns and inflation[1]; and
    - Good cash flow longevity
  - Long-term thinking, governance and oversight prioritised by the Board and InfraRed
- The Board and InfraRed believe the business model and strategic, long-term approach will continue to deliver value for shareholders:
  - Reaffirmation of dividend guidance[2]: 8.25p for the year ending 31 March 2020; and
  - 8.45p per share for the year ending 31 March 2021

1. If outturn inflation was 1% p.a. higher than the valuation assumption in each and every forecast period, the expected return from the portfolio (before Group expenses) would increase by 0.8%
2. This not a profit forecast; there can be no assurance that this target will be met

Appendix I

The Investment Manager

Overview of InfraRed Capital Partners Ltd ("InfraRed")

InfraRed is the Investment Manager and Operator

- Strong, 25+ year track record of launching 19 infrastructure and real estate funds (including HICL and TRIG)
- Currently over US$12bn of equity under management
- Independent manager owned by senior management team[1]
- London based, with offices in Hong Kong, Mexico City, New York, Seoul and Sydney, with over 150 partners and staff
- InfraRed is a signatory of the Principles for Responsible Investment (PRI). These principles provide a voluntary framework to help institutional investors incorporate ESG issues into investment analysis, decision-making and ownership practices. In the annual assessment by PRI, InfraRed has achieved top ratings, standing well above industry standards for the last four consecutive years, with an A+ rating for its infrastructure business in its 2018 assessment

Infrastructure funds	Strategy	Amount (m)	Years	Status
Fund I	Unlisted, capital growth	£125	2001-2006	Realised
Fund II	Unlisted, capital growth	£300	2004-2015	Realised
HICL Infrastructure Company Limited ("HICL")	Listed, income yield	£2,977[2]	Since 2006	Evergreen
Environmental Fund	Unlisted, capital growth	€235	Since 2009	Divesting
Fund III	Unlisted, capital growth	US$1,200	Since 2011	Divesting
Yield Fund	Unlisted, income yield	£500	Since 2012	Invested
The Renewables Infrastructure Group ("TRIG")	Listed, income yield	£1,798[2]	Since 2013	Evergreen
Fund V	Unlisted, capital growth	US$1,200	Since 2017	Investing

Source: InfraRed

1. InfraRed is an indirect subsidiary of InfraRed Partners LLP which is owned by its partners
2. Market capitalisation as at 30 April 2019. Source: Thomson Reuters Datastream

InfraRed – Infrastructure Team Skills and Experience

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

80+ infrastructure professionals

5 continent coverage

20+ spoken languages

InfraRed Capital Partners

Appendix II

Company Information

HICL's Characteristics[1]

Objective

- To deliver long-term, stable income from a diversified portfolio of infrastructure investments
- Focused on investments at the lower end of the risk spectrum, which generate inflation-correlated returns

History

- IPO in 2006, 12 successive years of dividend growth
- First infrastructure investment company to list on the main market of the London Stock Exchange
- Member of the FTSE 250 index

Portfolio

- 118 investments, as at 31 March 2019 (116 operational and two under construction)
- Assets spread across six sectors and seven countries

Net Asset Value

- Directors' Valuation of £2,998.9m at 31 March 2019 (31 March 2018: £2,836.5m)[2]
- NAV/share of 157.5p at 31 March 2019 (31 March 2018: 149.6p)
- Directors' Valuation based on a weighted average discount rate of 7.2% (31 March 2018: 7.4%)

Board and Governance

- Board comprises seven independent non-executive Directors
- Investment Manager and Operator is InfraRed, a leading international investment manager focused on infrastructure and real estate

Fees and ongoing charges

- Tapered annual management fee based on portfolio's Adjusted Gross Asset Value (GAV)[3]
- Ongoing charges percentage (as defined by the Association of Investment Companies) of 1.08% at 31 March 2019 (31 March 2018: 1.08%)

Liquidity[4]

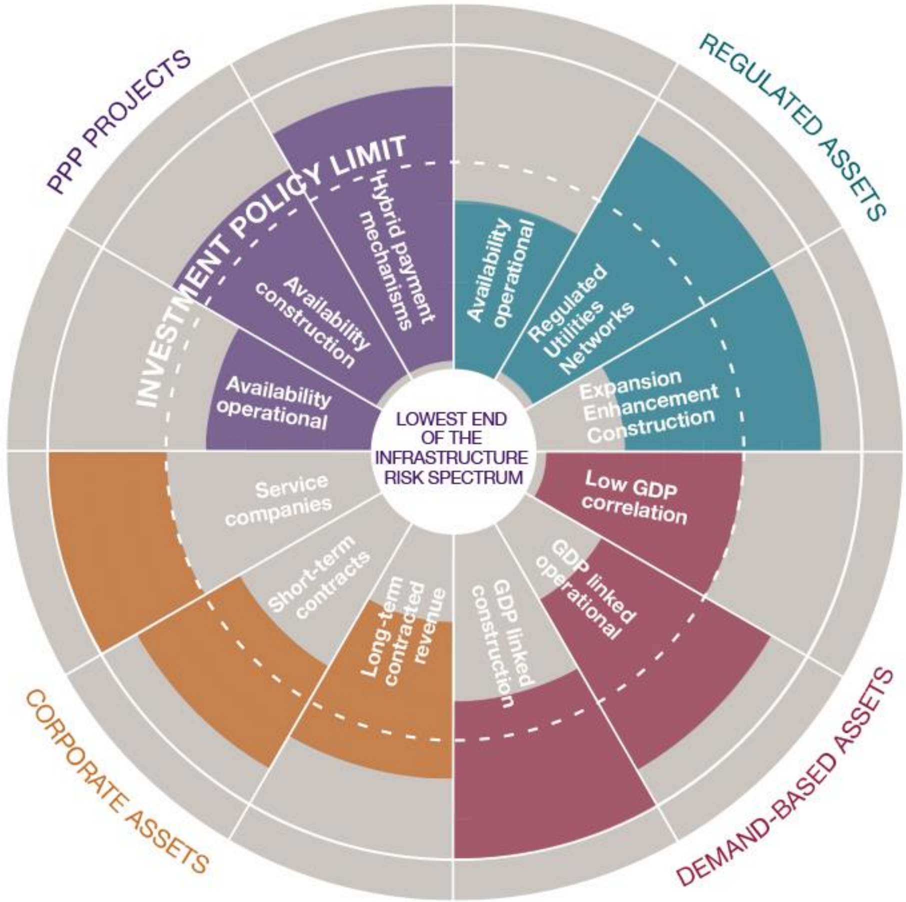
- Good daily liquidity – average daily trading volume of over 3m shares
- Tight bid / offer spread

1. Performance data for the year to 31 March 2019 relates to HICL Guernsey
2. Including £89.3m of future investment obligations (2018: £41.9m)
3. Annually: 1.1% on GAV up to £750m, 1.0% thereafter up to GAV of £1.5bn, 0.9% thereafter up to GAV of £2.25bn, 0.8% thereafter up to GAV of £3.0bn, and 0.65% thereafter; plus a £0.1m investment advisory fee
4. Source: Thomson Reuters Datastream, year to 31 March 2019

Infrastructure Market Map

Schematic showing HICL's Investment Policy[1] Scope

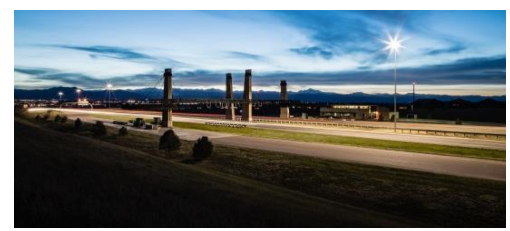
Examples: hospitals, schools, government accommodation and availability transport (e.g. road/rail)



Examples: gas and electricity transmission and distribution; water utilities; district heating

Examples: rolling stock

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



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

HICL Guernsey Group Structure Diagram

Independent Directors[1]

- Governance
- Oversight
- Strategy

Investment Adviser

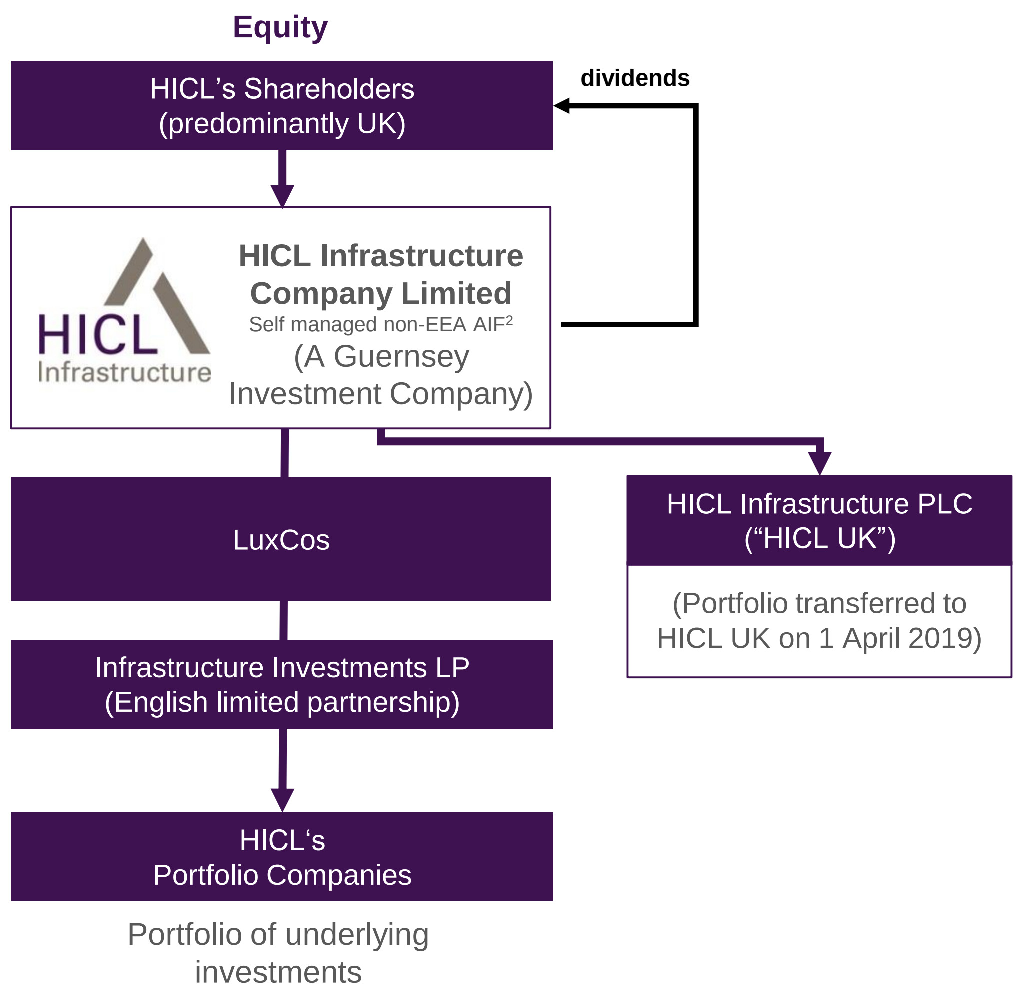
- HICL's Investment Adviser
- Advice
- Strategy
- Reporting
- Acquisition pipeline
- Asset Management
- Risk and Portfolio Management

Company Secretary

Aztec Financial Services (Guernsey) Limited

Advisers and Service Providers

- Legal
- Corporate Broking
- Public Relations



1. Independent of the Investment Adviser
2. Alternative Investment Fund, as defined by the EU's Alternative Investment Fund Managers Directive

HICL UK Group Structure Diagram

Changes to the HICL Guernsey structure are highlighted

Independent Directors[1]

- Governance
- Oversight
- Strategy

A **Investment Manager**

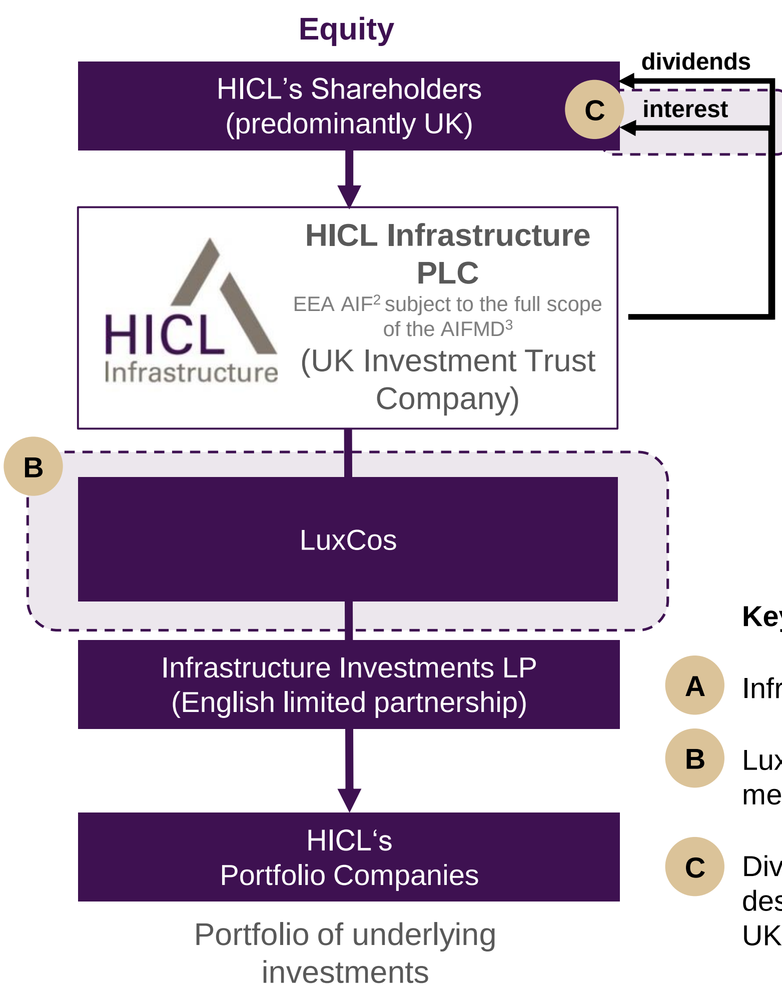
- HICL UK's AIFM
- Management
- Strategy
- Reporting
- Acquisition pipeline
- Asset Management
- Risk and Portfolio Management

Company Secretary

Aztec Financial Services (UK) Limited

Advisers and Service Providers

- Legal
- Corporate Broking
- Public Relations



Key Changes[4]

- **A** InfraRed is appointed HICL UK's AIFM
- **B** Luxembourg holding companies being merged
- **C** Dividends may be wholly or partially designated as interest distributions for UK tax purposes

1. Independent of the Investment Manager
2. Alternative Investment Fund, as defined by the EU's Alternative Investment Fund Managers Directive
3. Alternative Investment Fund Managers Directive
4. Shareholders should refer to the Circular dated 4 March 2019 for a full description of the key differences between HICL Guernsey and HICL UK

Governance

Independent board of non-executive Directors

- Approves and monitors adherence to strategy
- Monitors risk through Risk Committee
- Additional committees in respect of Audit, Remuneration, Management Engagement, Nomination and Market Disclosure
- Monitors compliance with, and implementation of actions to address, regulation impacting HICL
- Sets Group's policies
- Monitors performance against objectives
- Oversees capital raising (equity or debt) and deployment of cash proceeds
- Appoints service providers and auditors

Investment Manager: InfraRed

- Fulfils HICL UK's AIFM[1] responsibilities under the European Commission's Alternative Investment Fund Managers Directive
- All ongoing reporting
- Day-to-day management of portfolio within agreed parameters
- Utilisation of cash proceeds
- Full discretion within strategy determined by Board over acquisitions and disposals (through Investment Committee)
- Authorised and regulated by the Financial Conduct Authority

1. Alternative Investment Fund Manager

Board of Directors I

Non-executive Directors with a broad range of relevant experience and qualifications

Ian Russell, CBE
Chairman

Ian, HICL's Chairman, is resident in the UK and is a qualified accountant. He worked for Scottish Power plc between 1994 and 2006, initially as Finance Director and, from 2001, as its CEO. Prior to this, he spent eight years as Finance Director at HSBC Asset Management, in Hong Kong and London.

Ian is chair of Scottish Futures Trust and Herald Investment Trust.

Frank Nelson
Senior Independent Director

Frank, a UK resident, is a qualified accountant. He was Finance Director of the construction and house-building group Galliford Try plc from 2000 until October 2012, having held the position at Try Group plc from 1987.

After Galliford Try, he took on the role of interim CFO of Lamprell plc in the UAE.

Following his retirement, Frank was appointed as the Senior Independent Director of McCarthy and Stone and Eurocell. He is also Chair of a privately owned contracting and property development group.

Susie Farnon
Audit Committee Chair

Sally-Ann (known as Susie), a Guernsey resident, is a Fellow of the Institute of Chartered Accountants in England and Wales, and is a non-executive director of a number of property and investment companies.

Susie was a Banking and Finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants and as a member of The States of Guernsey Audit Commission and as Vice-Chairman of The Guernsey Financial Services Commission, and is a director of the Association of Investment Companies.

Mike Bane
Director

Mike, a Guernsey resident, is a chartered accountant with over 35 years of audit and advisory experience in the asset management industry including in relation to infrastructure investment companies. He led EY's services to the asset management industry in the Channel Islands and was a member of EY's EMEIA Wealth and Asset Management Board. Prior to EY, Mike was at PwC. Mike was president of the Guernsey Society of Charted and Certified Accountants from 2015 – 2017.

Mike graduated with a BA in Mathematics from the University of Oxford and is a long-standing member of the Institute of Chartered Accountants in England and Wales.

Board of Directors II

Non-executive Directors with a broad range of relevant experience and qualifications

Frances Davies*
Director

Frances has more than 30 years of experience across various roles within the banking and asset management industries. Since 2007, she has been a partner of Opus Corporate Finance, a corporate finance advisory business. Prior to that she served as Head of Global Institutional Business at Gartmore Investment Management. Previously she held roles at Morgan Grenfell Asset Management and SG Warburg.

Frances currently serves as a non-executive director of JPMorgan Smaller Companies Investment Trust plc and Aegon Investments Ltd; an independent member of the Aviva With-Profits Committee; and is a member of the Hermes Property Unit Trust committee.

* Frances was appointed to the HICL UK Board effective 1 April 2019

Simon Holden
Risk Committee Chair

Simon, a Guernsey resident, brings Board experience from both private equity and portfolio company operations roles at Candover Investments then Terra Firma Capital Partners. Since 2015, Simon has become an active independent director to listed investment company, private equity fund and trading company Boards.

Simon holds the DipIoD in Company Direction from the Institute of Directors, graduated from the University of Cambridge with an MEng and MA in Manufacturing Engineering and is an active member of Guernsey's GIFA, NED Forum and IP Commercial Group.

Kenneth D. Reid
Director

Kenneth, a Singapore resident, has more than 30 years international experience in infrastructure development, construction and investment. Initially with Kier Group, and then from 1990 with Bilfinger Berger AG, Ken served globally in various senior management roles, including as a member of the Group Executive Board of Bilfinger between 2007 and 2010.

Ken graduated in Civil Engineering from Heriot-Watt University with First Class Honours and then Edinburgh Business School with an MBA. He is a Chartered Engineer, a non-executive director of Sicon Limited, and a member of the Singapore Institute of Directors.

Chris Russell*
Director

Chris, a Guernsey resident, is a non-executive director of investment and financial companies in the UK, Hong Kong and Guernsey. He is the Chairman of F&C Commercial Property Trust Limited. Chris was a director of Gartmore Investment Management plc, where he was Head of Gartmore's business in the US and Japan. Before that he was a holding board director of the Jardine Fleming Group in Asia.

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

* On approaching nine year' tenure Chris resigned from the Board on 31 March 2019

Key Performance Indicators ("KPIs")[1]

KPI	Measure[1]	31 March 2019	31 March 2018	Objective	Commentary
Dividends	Aggregate interim dividends declared per share in the period	**8.05p**	**7.85p**	An annual distribution of at least that achieved in the prior year	**Achieved**
Total Return	NAV growth and dividends paid per share (since IPO)	**9.4% p.a.**	**9.3% p.a.**	A long-term IRR target of 7% to 8% as set out at IPO[2]	**Achieved**
Cash-covered Dividends	Operational cash flow / dividends paid to shareholders	**1.27x[3]**	**1.10x**	Cash covered dividends	**Achieved**
Positive Inflation Correlation	Changes in expected portfolio return for 1% p.a. inflation change	**0.8%**	**0.8%**	Maintain positive correlation	**Achieved**
Competitive Cost Proposition	Annualised ongoing charges / average undiluted NAV[4]	**1.08%**	**1.08%**	Efficient gross (portfolio) to net (investor) returns, with the intention to reduce ongoing charges where possible	**Market competitive cost proposition**

1. Performance data for the year to 31 March 2019 relates to HICL Guernsey. Refer to the Annual Report of HICL Guernsey for details of the measures and supporting information
2. Set by reference to the issue price of 100p per share, at the time of HICL Guernsey's IPO in March 2006
3. Including profits on disposals of £34.0m. Excluding this, dividend cash cover would have been 1.03x
4. Calculated in accordance with Association of Investment Companies guidelines; ongoing charges exclude non-recurring items such as acquisition cost

Key Quality Indicators ("KQIs")[1]

HICL Infrastructure

KQI	Measure[1]	31 March 2019	31 March 2018	Objective	Commentary
Investment Concentration Risk	Percentage of portfolio value represented by the ten largest investments	**45%**	**45%**	Maintain a diversified portfolio of investments (thereby mitigating concentration risk) and, at all times, remain compliant with HICL's Investment Policy	**Within acceptable tolerances**
	Percentage of portfolio value represented by the single largest investment	**7%**	**8%**		
Risk/Reward Characteristics	Percentage of portfolio value represented by the aggregate value of projects with construction and/or demand-based risk[2]	**24%**	**19%**	Compliance with HICL's Investment Policy	**Achieved**
Unexpired Concession Length	Portfolio's weighted average unexpired concession length	**29.5 years**	**29.5 years**	Seek where possible investments that maintain or extend the portfolio concession life	**Achieved**
Treasury Management	FX gain / (loss) as a percentage of the portfolio NAV	**0.3%**	**(0.4%)**	Maintain effective treasury management processes, notably: • Appropriate FX management (confidence in near-term yield and managing NAV gain / (loss) within Hedging Policy limits) • Efficient cash management (low net cash position)	**Achieved**
	Cash less current liabilities on an Investment Basis as a percentage of the NAV	**(0.3%)**	**0.3%**		
Refinancing Risk	Investments with refinancing risk as a percentage of portfolio value	**13%**	**16%**	Manage exposure to refinancing risk	**Improved**

1. Performance data for the year to 31 March 2019 relates to HICL Guernsey. Refer to the Annual Report of HICL Guernsey for details of the measures and supporting information
2. More diversified infrastructure investments made with the intention 'to enhance returns for shareholders', as permitted by HICL's Investment Policy – namely pre-operational projects, demand based projects and/or other vehicles making infrastructure investments

Summary Financials of HICL Guernsey I

Figures presented on an Investment Basis[1]

Income Statement	31 March 2019	31 March 2018
Total income	£324.1m	£161.7m
Fund expenses & finance costs	(£38.4m)	(£39.6m)
Profit before tax	£285.7m	£122.1m
Earnings per share[2]	**15.9p**	**6.9p**
Ongoing charges[3]	**1.08%**	**1.08%**

Balance Sheet (as at)	31 March 2019	31 March 2018
Investments at fair value[4]	**£2,909.6m**	**£2,794.6m**
NAV per share[2] (before final dividend)	157.5p	149.6p
Final dividend	(2.0p)[5]	(2.0p)
NAV per share (after interim dividend)	**155.5p**	**147.6p**

1. Investment Basis is the same basis as was applied in prior years. See the 2019 Annual Report for HICL Guernsey for further details
2. Earnings per share and NAV per share are the same under IFRS and Investment Basis
3. Calculated in accordance with Association of Investment Companies' guidelines
4. Directors' Valuation at 31 March 2019 of £2,998.9m net of £89.3m of future investment obligations (2018: 2,836.5m net of £41.9m)
5. Target dividend expected to be announced on 29 May 2019

Summary Financials of HICL Guernsey II

Figures presented on an Investment Basis[1]

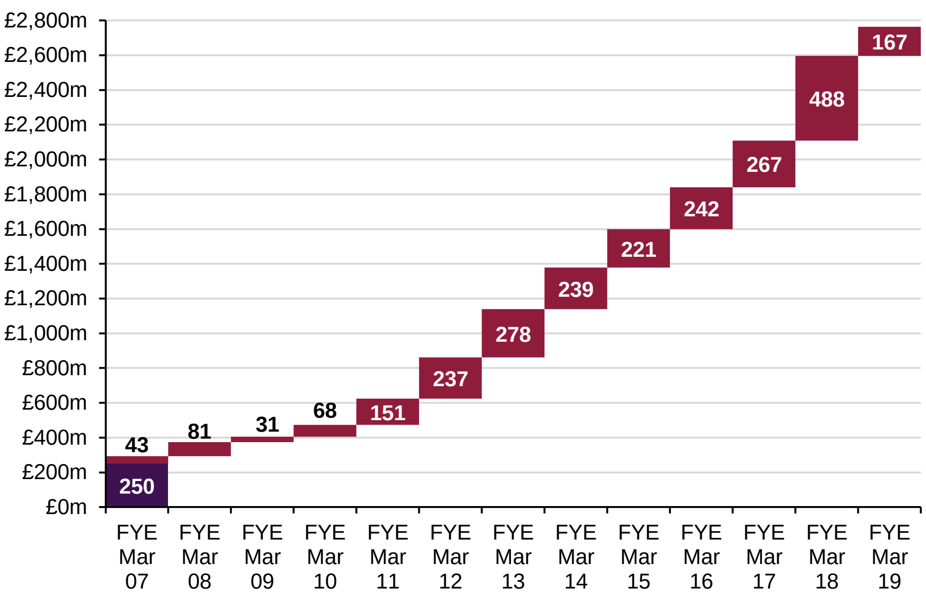
Cash Flow	31 March 2019	31 March 2018
Opening net cash	(£115.2m)	£82.2m
Net operating cash flow	**£178.9m**	**£142.9m**
Investments (net of disposals)	(£6.7m)	(£480.3m)
Equity raised (net of costs)	(£0.2m)	£265.8m
Forex movements and debt issue costs	(£0.5m)	£4.1m
Dividends paid	(£140.6m)	(£129.9m)
Net (debt) / cash	**(£84.3m)**	**(£115.2m)**
Dividend cash cover	**1.27[2]x**	**1.10x**

1. Investment Basis is the same basis as was applied in prior years. See the 2019 Annual Report for HICL Guernsey for further details
2. Including profits on disposals of £34.0m. Excluding this, dividend cash cover would have been 1.03x

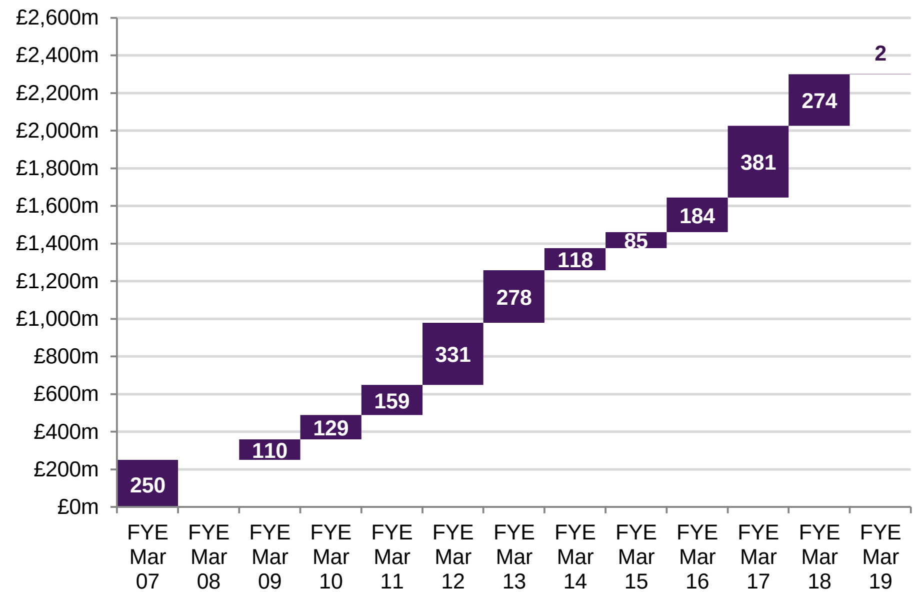
Investment and Capital Raising

- Acquisitions are identified which fit the Acquisition Strategy; facilitated by demand for HICL shares
- Acquisitions are initially debt-funded (using £400m committed Revolving Credit Facility at Group level), to avoid cash drag and to give shareholders visibility over the new investments, and then refinanced through equity issuance (subject to market conditions)
- HICL raised £250m at IPO and c.£2.0bn through subsequent share issues

193 Acquisitions[1] since IPO to 31 March 2018 totaling £2.78bn



Over £2.2bn of Equity Issuance from IPO to 31 March 2019 [2]



1. Split into 118 investments, as at 31 March 2019. Excludes disposals, the proceeds of which have been reinvested
2. Includes primary and secondary issuance by way of tap and scrip issues

HICL Infrastructure

Appendix III

The Investment Portfolio

Current Portfolio I

Portfolio of 118 assets[1]

HICL Infrastructure

Education			15% of Directors' Valuation[2]
Bangor & Nendrum Schools	Ealing Schools	Kent Schools	Renfrewshire Schools
Barking & Dagenham Schools	East Ayrshire Schools	Manchester School	Rhondda Schools
Belfast Metropolitan College	Ecole Centrale Supelec (France)	Newham BSF Schools	Salford & Wigan BSF Phase 1
Boldon School	Edinburgh Schools	Newport Schools	Salford & Wigan BSF Phase 2
Bradford Schools 1	Falkirk Schools NPD	North Ayrshire Schools	Salford Schools
Bradford Schools 2	Fife Schools 2	North Tyneside Schools	Sheffield Schools
Conwy Schools	Haverstock School	Norwich Schools	Sheffield BSF Schools
Cork School of Music (Ireland)	Health & Safety Labs	Oldham Schools	South Ayrshire Schools
Croydon School	Helicopter Training Facility	Paris-Sud University (France)	University of Bourgogne (France)
Darlington Schools	Highland Schools	Perth & Kinross Schools	West Lothian Schools
Defence Sixth Form College	Irish Grouped Schools (Ireland)	PSBP NE Batch	Wooldale Centre for Learning
Derby Schools			

Fire, Law & Order			7%
Addiewell Prison	Exeter Crown and County Court	Metropolitan Police Training Centre	Sussex Custodial Centre
Breda Court (Netherlands)	Gloucestershire Fire & Rescue	Royal Canadian Mounted Police HQ	Tyne & Wear Fire Stations
Dorset Fire & Rescue	Greater Manchester Police Stations	South East London Police Stations	Zaanstad Prison (Netherlands)
D&C Firearms Training Centre	Medway Police		

Transport			31%
A9 Road (Netherlands)	A249 Road	High Speed 1	N17/N18 Road (Ireland)
A13 Road	Blankenburg Connection (The Netherlands)	Kicking Horse Canyon (Canada)	Northwest Parkway (USA)
A63 Motorway (France)	Connect PFI	M1-A1 Link Road	NW Anthony Henday (Canada)
A92 Road	Dutch High Speed Rail Link	M80 Motorway	RD901 Road (France)

1. Includes the Blankenburg Connection PPP that was acquired post-period end
2. By value, at 31 March 2019, using the Directors' Valuation of £2,998.9m

Current Portfolio II

Portfolio of 118 assets[1]

HICL Infrastructure

Health			**28% of Directors' Valuation[2]**
Barnet Hospital	Doncaster Mental Health Hospital	Oxford John Radcliffe Hospital	South West Hospital Enniskillen
Birmingham Hospitals	Ealing Care Homes	Oxford Nuffield Hospital	Staffordshire LIFT
Birmingham & Solihull LIFT	Glasgow Hospital	Pinderfields & Pontefract Hospitals	Stoke Mandeville Hospital
Bishop Auckland Hospital	Hinchingbrooke Hospital	Queen Alexandra Hospital	Tameside General Hospital
Blackburn Hospital	Irish Primary Care Centres (Ireland)	Redbridge & Waltham Forest LIFT	West Middlesex Hospital
Blackpool Primary Care Facility	Lewisham Hospital	Romford Hospital	Willesden Hospital
Brentwood Community Hospital	Medway LIFT	Salford Hospital	
Brighton Hospital	Newton Abbot Hospital	Sheffield Hospital	
Central Middlesex Hospital	Oxford Churchill Oncology	Southmead Hospital	

Accommodation			**11%**
Allenby & Connaught	Miles Platting Social Housing	Northwood MoD HQ	Royal School of Military Engineering
Health & Safety Headquarters	Newcastle Libraries	Oldham Library	University of Sheffield Accommodation
Home Office			

Electricity Gas & Water			**8%**
Affinity Water	AquaSure Desalination PPP (Australia)	Burbo Bank OFTO	

Key

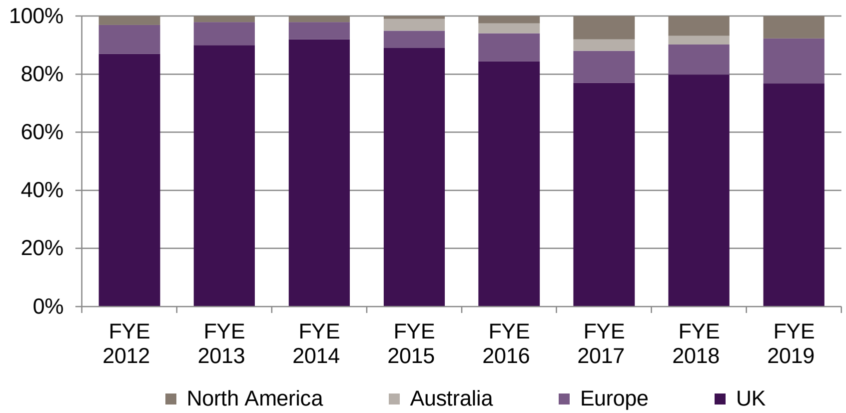
- New investment since 31 March 2018
- Incremental investment since 31 March 2018
- Disposal since 31 March 2018
- Partial disposal since 31 March 2018
- Completion due after period end 31 March 2019

1. Includes the Blankenburg Connection PPP that was acquired post-period end
2. By value, at 31 March 2019, using the Directors' Valuation of £2,998.9m

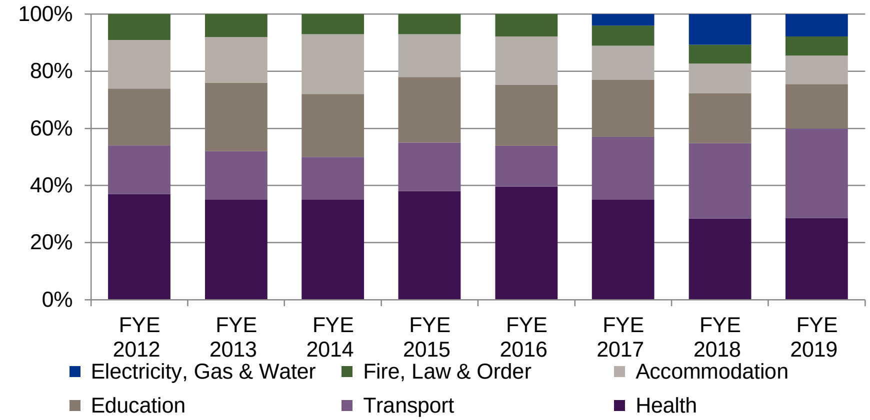
Portfolio – Key Attributes

Evolution of the Group's portfolio

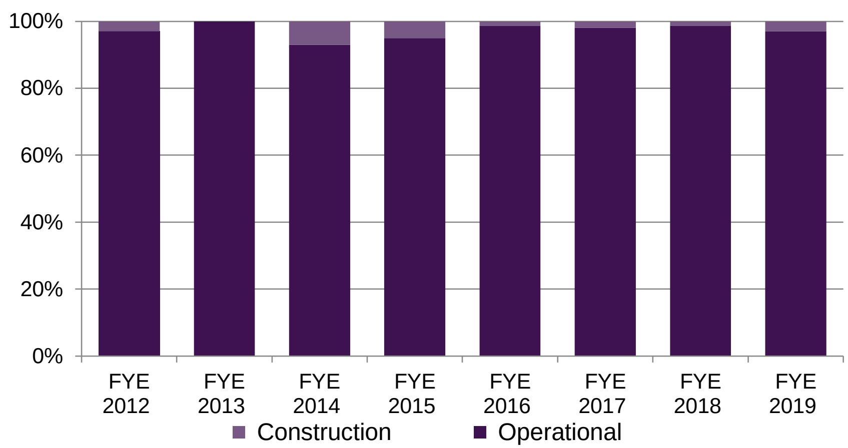
Geographically Diverse Portfolio



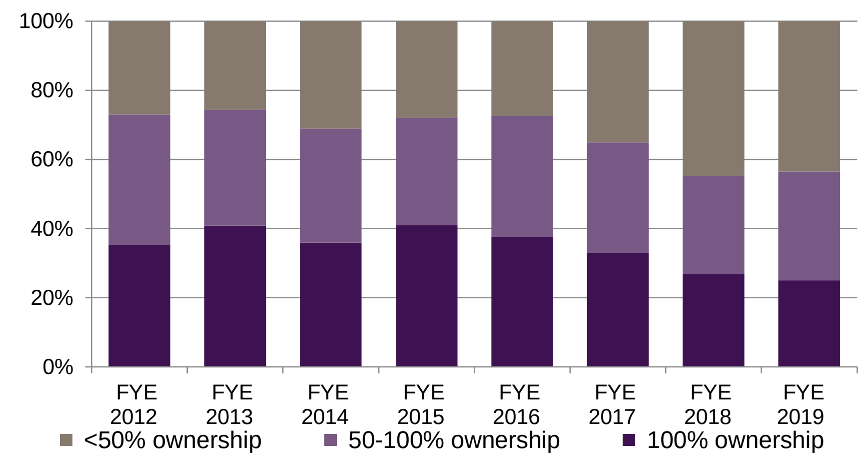
Diverse Sector Spread



Predominantly Operational Assets



Opportunities to Increase Ownership Stakes

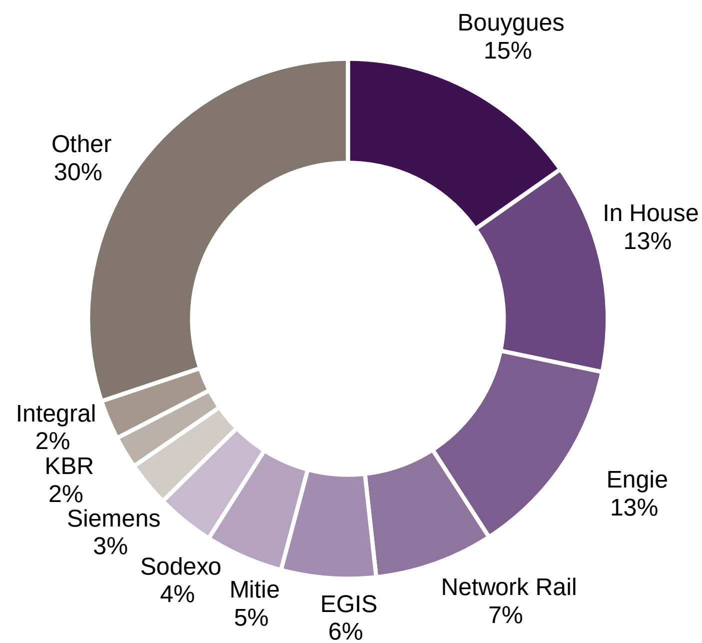


By value, using Directors' Valuation at 31 March each year

Facilities Management and Operations Counterparty Exposure

- Exposure is reviewed quarterly and reported to the Risk Committee by InfraRed
- Contingency plans are in place to address scenarios where material issues lead to a failure of service provision by a subcontractor
- "In House" represents Affinity Water and Northwest Parkway (USA)
- Bouygues, Engie, Skanska and Integral sourced by InfraRed's Asset Management team to replace Carillion on nine projects

10 Largest Facilities Management and Operations Counterparty Exposures[1]

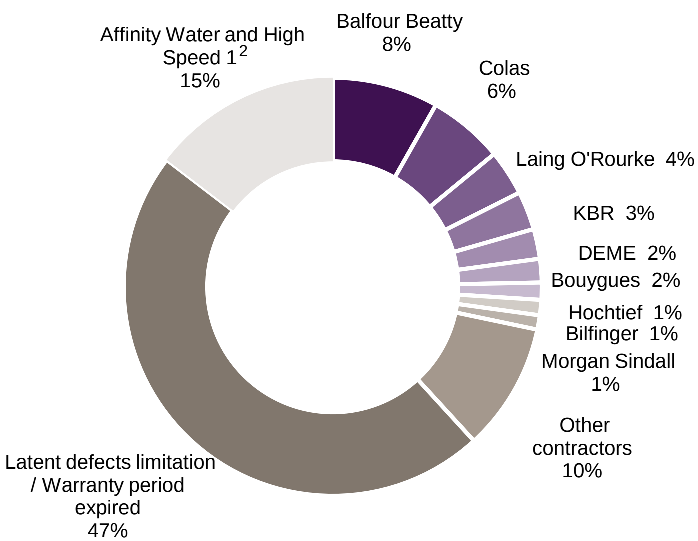


1. By value, at 21 May 2019 including one Carillion affected project, which completed its transition to a new long term arrangement since the balance sheet date, using Directors' Valuation. Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by InfraRed). Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' Valuation. Projects where Interserve of Kier are the facilities management contractor represent less than 2% and 1% of the portfolio, by value, respectively

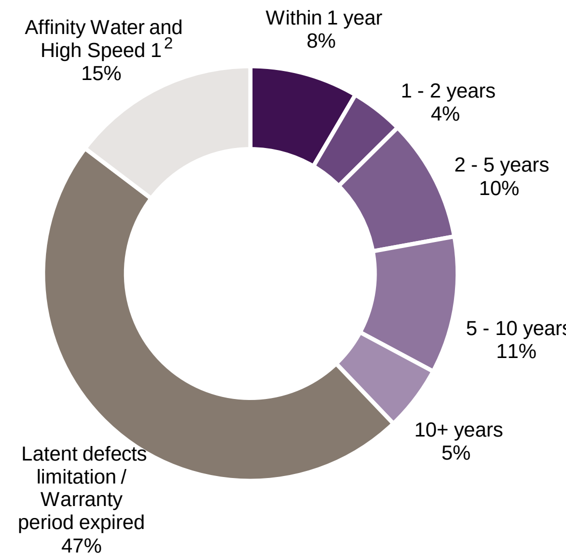
Construction Counterparty Exposure

- Following construction completion, the construction contractors are required to remediate construction defects for a specified period of time; in the UK the statutory period of limitations is 12 years
- As at 31 March 2019, 38% of the portfolio[1] benefited from this protection after having adjusted for those projects where Carillion was the construction contractor
- Where construction defects are detected within the defect limitations / warranty period, remediation is sought from the construction contractor; if negotiated solutions cannot reasonably be reached, then portfolio companies may seek to use contractual remedies to obtain resolution

10 Largest Construction Counterparty Exposures[1]



Latent Defects Limitations / Warranty Periods Remaining[1]



1. By value, at 31 March 2019, using Directors' Valuation. Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by the Investment Manager). Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' Valuation
2. Assets subject to regulatory regimes that help mitigate the potential impact of defects on equity

Appendix IV
Valuation Methodology

Valuation Methodology

HICL Infrastructure

HICL's valuation methodology is rigorous and closely scrutinised

Semi-annual valuation and NAV reporting:

- Carried out by Investment Manager
- Independent opinion for Directors sourced from third-party valuation expert
- Final valuation approved by Directors

Non traded - DCF methodology on investment cash flows

- Discount rate reflects market pricing for the investments and comprises the yield for government bonds plus an investment-specific premium (balancing item)
  - For bond yield, average of 20 and 30 year government bonds (matching concession lengths)

Affinity Water

- DCF methodology with a terminal value assumed and a market discount rate applied to cash flows which incorporates forecast future regulatory outcomes as well as operational performance
- Regulated Capital Value multiple measures a company's Enterprise Value considered against comparable transaction data from the market and forms a useful cross-check to the DCF-derived valuation

Traded

- Traded securities are valued at the quoted market price (as is the case with the listed senior debt in the A13 Road project)

Key Valuation Assumptions

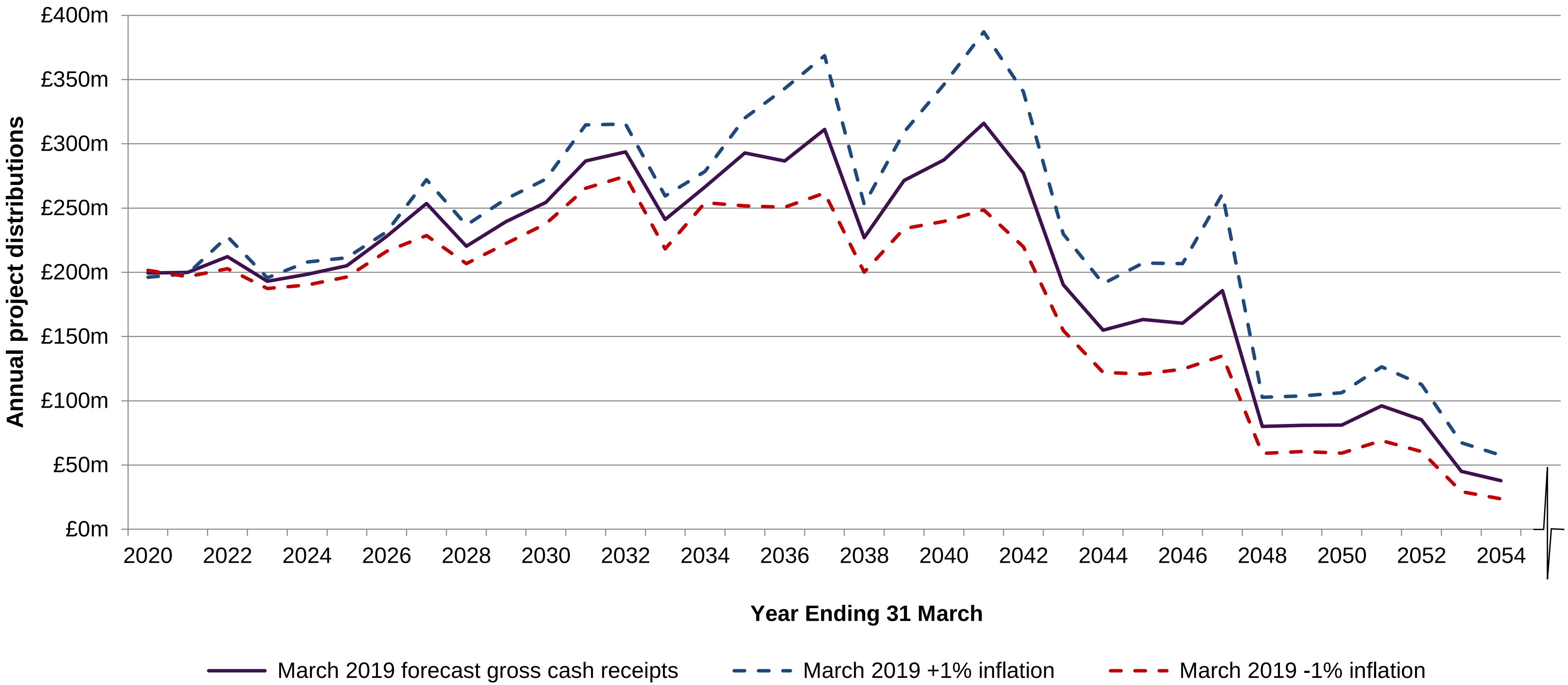
		Movement	31 March 2019	31 March 2018
Discount Rate	Weighted Average		7.2%	7.4%
Inflation[1] (p.a.)	UK (RPI[2] & RPIx[2]/CPIH[3]) Eurozone (CPI) Canada (CPI) USA (CPI)		2.75% / 2.0% 2.0% 2.0% 2.0%	2.75% / 2.0% 1.0% to 2019, 2.0% thereafter 2.0% 2.0%
Interest Rates (p.a.)	UK Eurozone Canada USA	*Increase in UK/Eurozone delayed 1 year, Canada/USA long term rate decreased*	1.0% to 2022, 2.0% thereafter 0.5% to 2022, 1.5% thereafter 2.0% to 2021, 2.5% thereafter 2.0% to 2021, 2.5% thereafter	1.0% to 2021, 2.0% thereafter 0.5% to 2021, 1.5% thereafter 2.0% to 2021, 3.0% thereafter 2.0% to 2021, 3.0% thereafter
Foreign Exchange	EUR / GBP CAD / GBP USD / GBP		0.86 0.57 0.77	0.88 0.55 0.71
Tax Rate (p.a.)	UK Canada USA		19% to 2020, 17% thereafter 26% and 27% (territory-dependent) 21% Federal & 4.6% Colorado State	19% to 2020, 17% thereafter 26% and 27% (territory-dependent) 21% Federal & 4.6% Colorado State
	Eurozone	*(Eurozone)*	Various – no change apart from Netherlands tax rate reduces to 20.5% by 2025.	Various - no change apart from French tax rate (33.3% in 2018, 31% in 2019, 28% in 2020, 26.5% in 2021 and 25% thereafter with no 3% distribution tax)
GDP Growth (p.a.)	UK Eurozone USA		2.0% 1.8% 2.5%	2.0% 1.8% 2.5%

1. Some portfolio company revenues are fully indexed, whilst some are partially indexed
2. Retail Price Index and Retail Price Index excluding Mortgage Interest Payments
3. Consumer Prices Index including owner-occupiers' housing costs; used in the valuation of Affinity Water

Portfolio Cash Flow Sensitivity I

Inflation correlated returns for long-term investors[1,2]

▲ If outturn inflation was 1.0% p.a. higher in all future periods than the rates in the valuation assumptions set out on page 58, the expected return from the portfolio[3] (before Group expenses) would increase by 0.8% from 7.2% to 8.0%

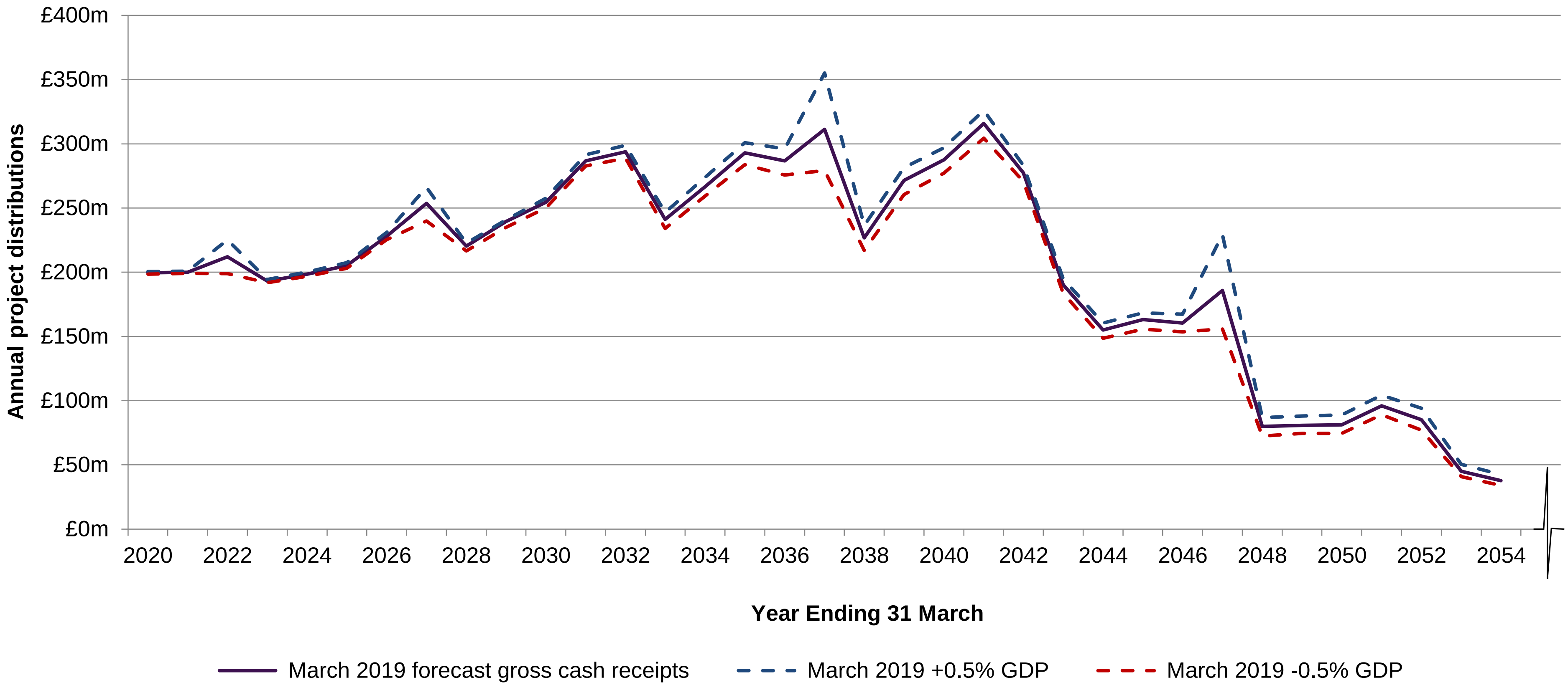


1. Sensitivity based on forecast gross portfolio cash flows as at 31 March 2019
2. The illustration represents a target only and is not a profit forecast. There can be no assurance that this target will be met
3. Expected return is the expected gross internal rate of return from the portfolio before group expenses; there is no assurance that returns will be met

Portfolio Cash flow Sensitivity III

Gross Domestic Product[1,2]

- If GDP assumptions were 0.5% p.a. lower for all future periods, expected return from the portfolio[3] (before Group expenses) decreases 0.2% from 7.2% to 7.0%
- Sensitivity based on forecast gross portfolio cash flows as at 31 March 2019



1. Sensitivity based on forecast gross portfolio cash flows as at 31 March 2019
2. The illustration represents a target only and is not a profit forecast. There can be no assurance that this target will be met
3. Expected return is the expected gross internal rate of return from the portfolio before group expenses; there is no assurance that returns will be met

Hedging Foreign Exchange Risk

HICL hedges foreign exchange ("FX") risk in relation to assets it owns where cash flows are denominated in currencies other than British Pounds

Hedging provides confidence in the near term yield and helps mitigate the impact on NAV per share of FX movements

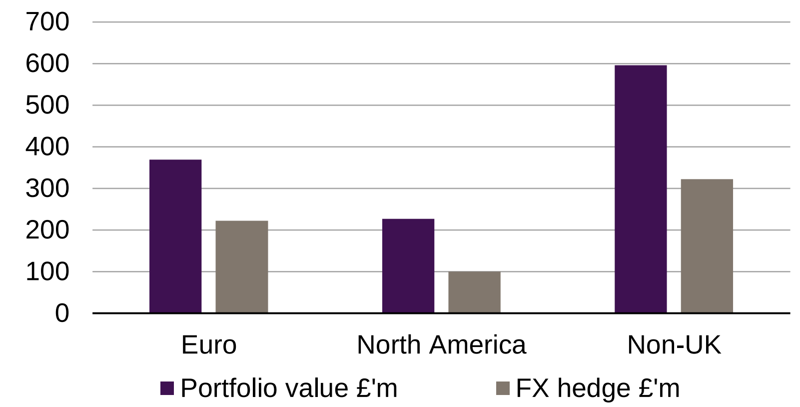
Objective

- Manage FX risk as part of aim to provide sustainable long-term income
- Balancing FX risk and opportunity with cost of hedging

How

- Hedging investment income forecast for up to 24 months and portion of portfolio value through forward sales
- Borrowing in foreign currencies from revolving credit facility
- Regularly reviewing non-Sterling exposure and adjusting level of hedging

Hedging at 31 March 2019



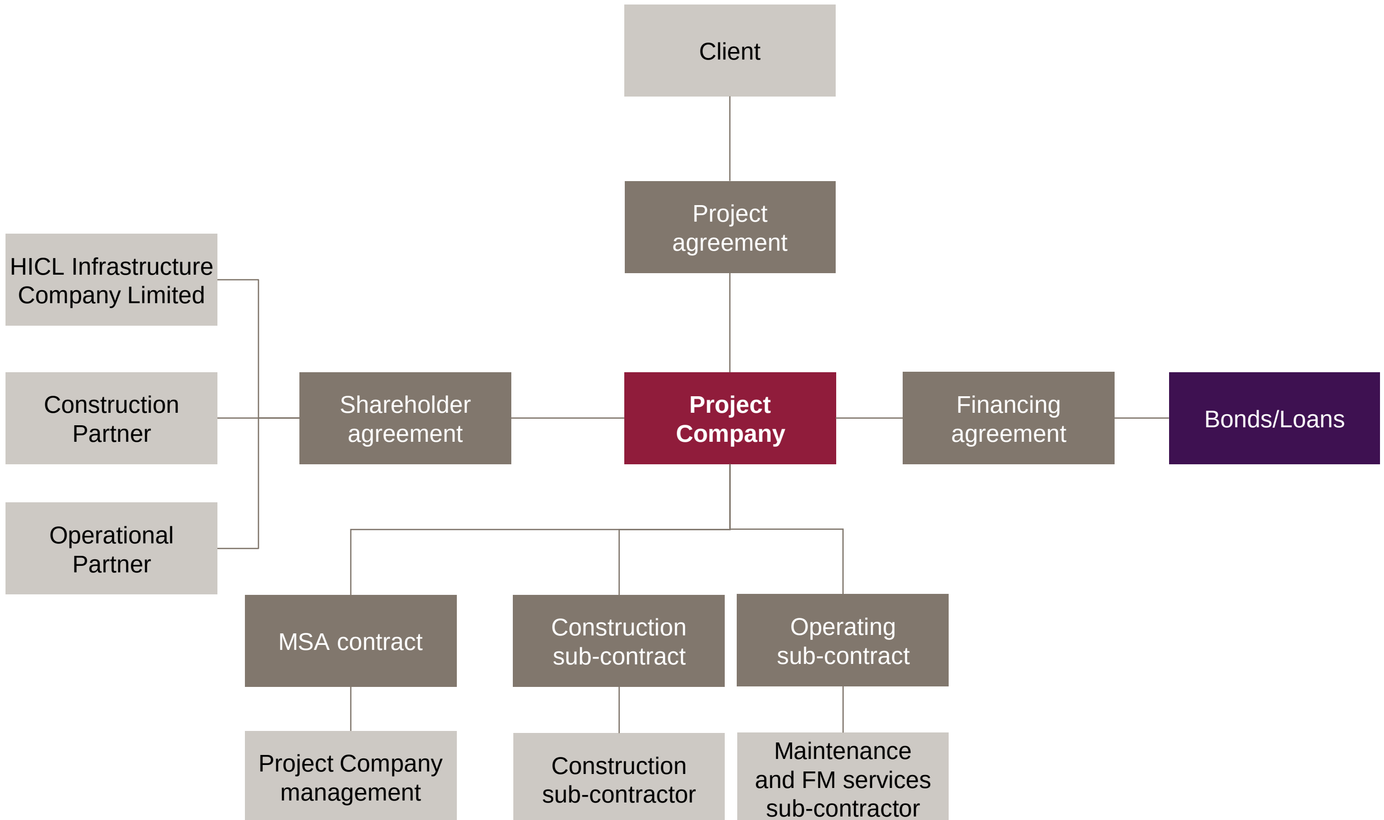
HICL's hedging policy

- Limit volatility of NAV per share to no more than 2% for a 10% movement in FX rates
- 0.2% net FX gain as percentage of NAV for year ended March 2019

Appendix V

The Infrastructure Asset Class

Typical PPP project structure



Source: InfraRed

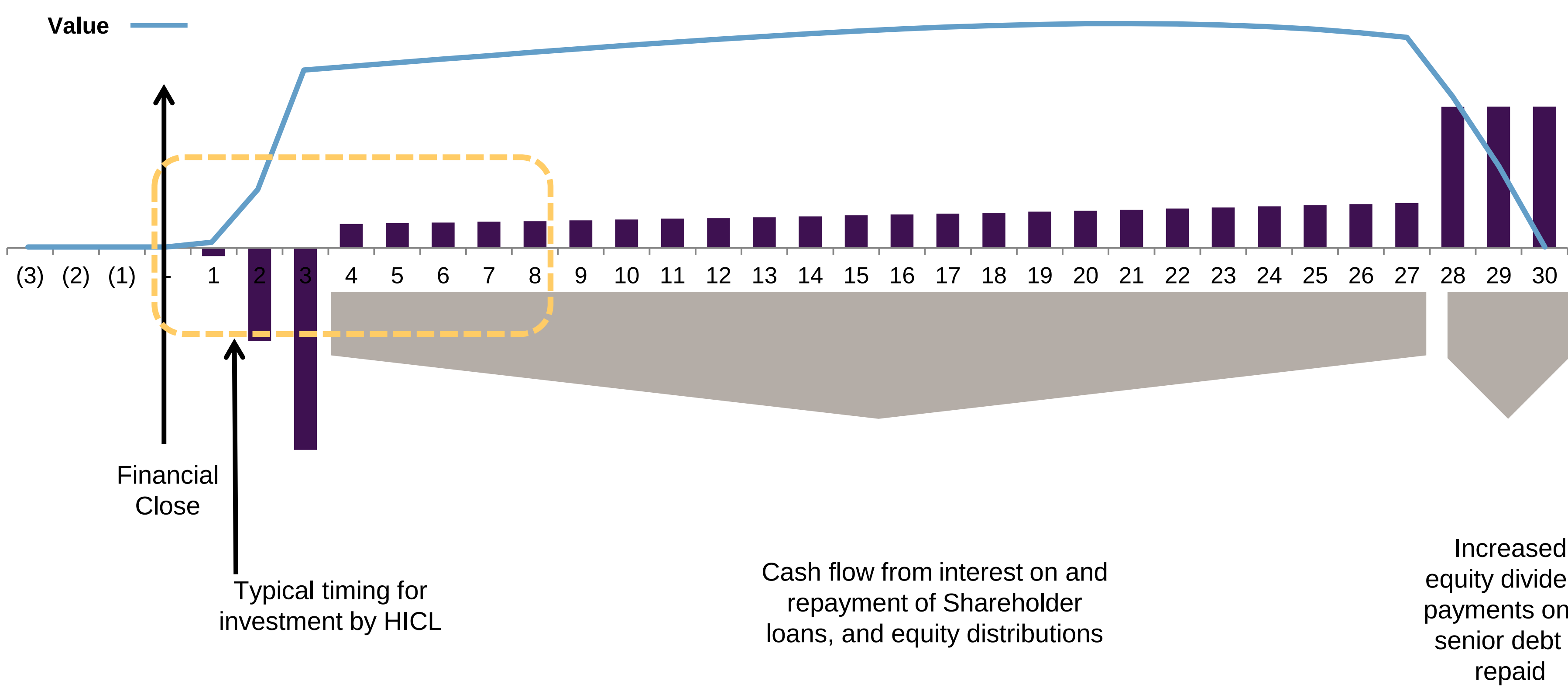
Illustrative Investment Cash Flow Profile – PPP Project

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

HICL Infrastructure

Typical PPP Project Investment Cash Flow Profile

Bidding Phase	Construction Phase	Operation & Maintenance Phase

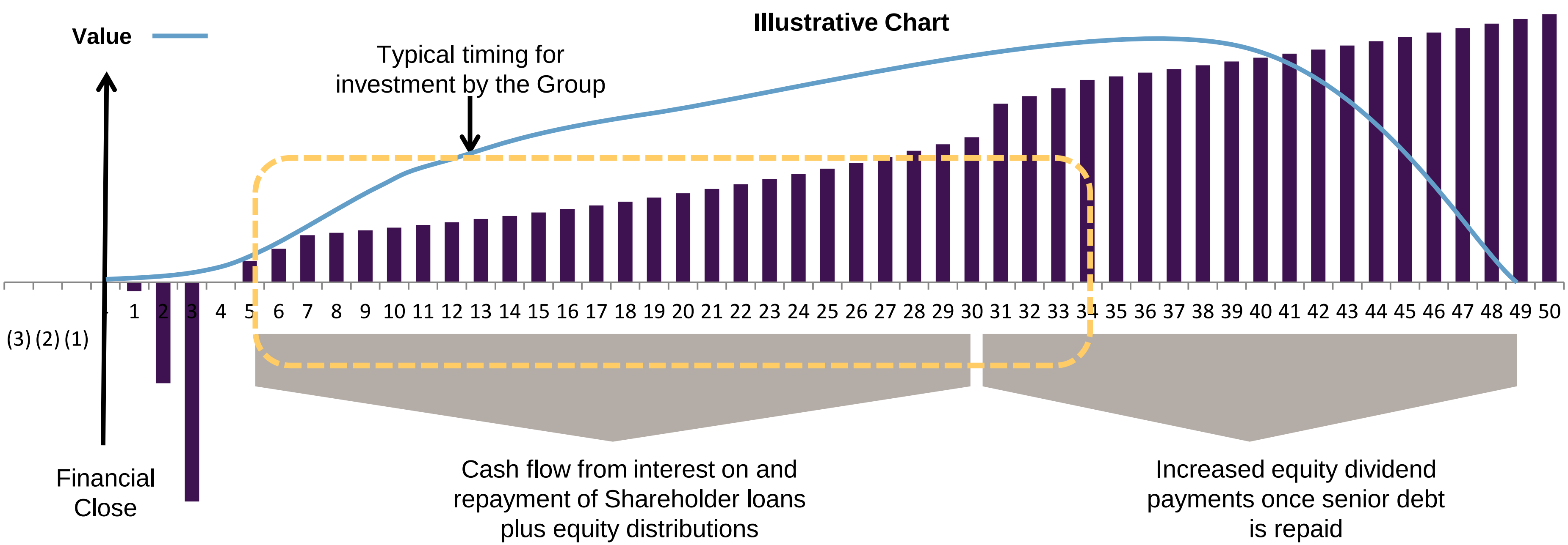


Source: InfraRed

Illustrative Investment Cash Flow Profile – Demand-based Asset

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

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



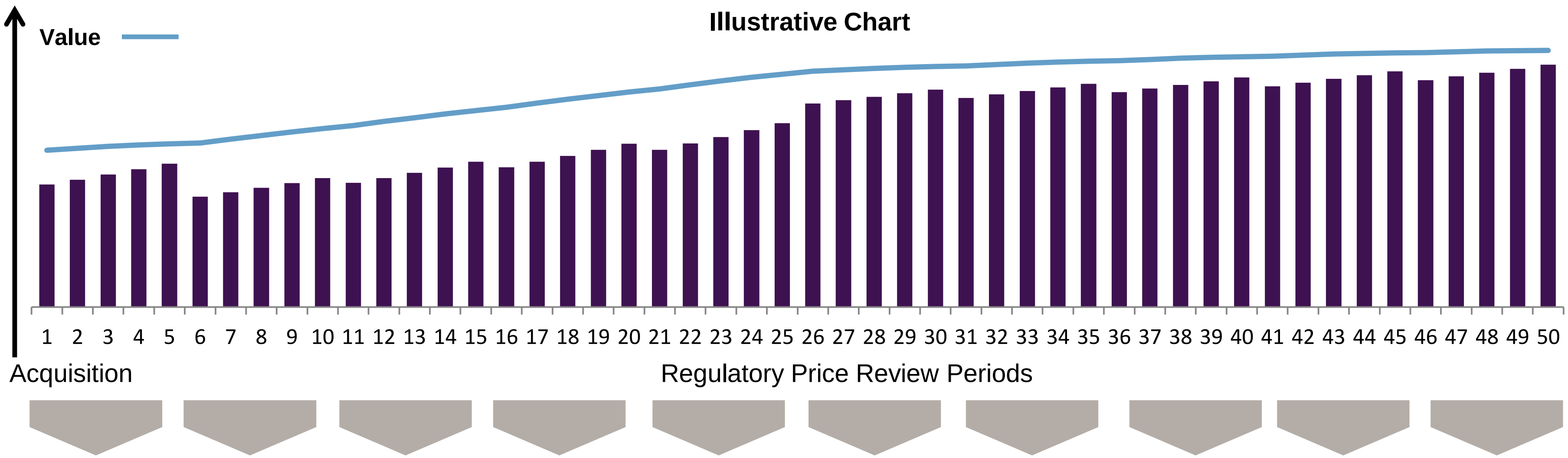
Source: InfraRed

Illustrative Investment Cash Flow Profile – Regulated Asset

Example: Utility company return derived from a regulated revenue stream

Typical Regulated Asset Investment Cash Flow Profile

Operational Network



Source: InfraRed

Valuation – Methodology

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

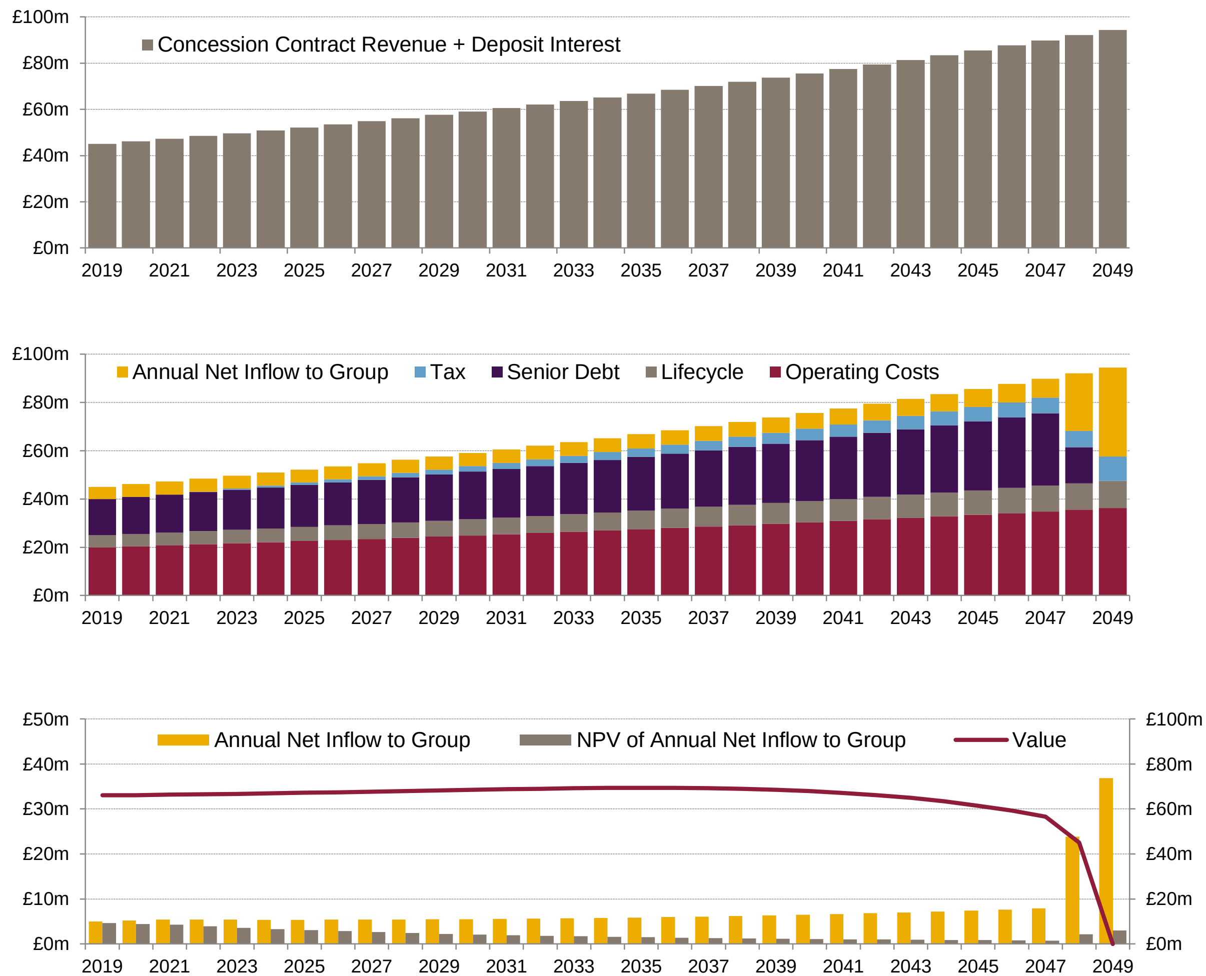
Forecast Project Inflows

less

Forecast Project Outflows

equals

Net Inflow from Project to HICL



Key Variables / Assumptions

- ▲ Long-term Inflation Rate
- ▲ Interest Rate

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

- ▲ Tax Rates

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

- ▲ Discount Rate
- ▲ FX

- Net cash flows discounted to derive project valuation
- All project cash flows aggregated to give overall portfolio valuation
- Adjust for other Group net assets/liabilities to get Group NAV

Source: InfraRed