HICL Infrastructure

Prospectus 2019

Issue of Ordinary Shares and Admission to the Official List and to trading on the Main Market

HICL Infrastructure PLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised for the purposes of FSMA who specialises in advising on the acquisition of shares and other securities.

A copy of this Prospectus, which comprises a prospectus relating to HICL Infrastructure PLC ("**HICL UK**"), prepared in accordance with the Prospectus Rules of the FCA made pursuant to section 73A of FSMA, has been delivered to the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

It is expected that application will be made to the UK Listing Authority for all of the Ordinary Shares currently in issue and to be issued pursuant to the Issue to be admitted to the Official List with a premium listing, and to the London Stock Exchange for all such Ordinary Shares to be admitted to trading on the Main Market. It is expected that Admission in respect of the Ordinary Shares issued pursuant to the Issue will become effective, and that unconditional dealings in such Ordinary Shares will commence on 1 April 2019. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

The Ordinary Shares are not dealt in on any other recognised investment exchanges and no applications for the Ordinary Shares to be traded on any such other exchanges have been made or are currently expected to be made.

HICL UK and its Directors, whose names appear on page 41 of this document, accept responsibility for the information contained herein. To the best of the knowledge of HICL UK and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this entire document and, in particular, the matters set out under in the section headed "Risk Factors" in this Prospectus, when considering an investment in HICL UK.

HICL INFRASTRUCTURE PLC

(*incorporated in England and Wales under the Companies Act 2006 with registered no. 11738373 and registered as an investment company under section 833 of the Companies Act 2006*)

Issue of up to 2 billion Ordinary Shares of 0.01p each in connection with the recommended proposals for moving the domicile of the investment business to the United Kingdom and winding up of HICL Infrastructure Company Limited
and
Admission to the Official List and to trading on the Main Market

Sponsor and Joint Broker
Canaccord Genuity Limited

Joint Broker
RBC Europe Limited

Investment Manager
InfraRed Capital Partners Limited

Canaccord Genuity, which is authorised by the FCA, and RBC Europe, which is authorised by the FCA and the UK Prudential Regulation Authority, are acting for HICL UK and no-one else in connection with the Issue and the contents of this document and will not be responsible to anyone other than HICL UK for providing the protections afforded to the respective clients of Canaccord Genuity and RBC Europe or for affording advice in relation to the Issue and the contents of this document or any matters referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Canaccord Genuity and RBC Europe may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity and RBC Europe by FSMA (or the regulatory regime established thereunder), neither Canaccord Genuity nor RBC Europe accepts any responsibility whatsoever nor makes any representation or warranty, express or implied, for or in respect of the contents of this Prospectus, including its accuracy, completeness or verification or regarding the legality of the Issue or for any other statement made or purported to be made by Canaccord Genuity or RBC Europe or on their behalf, in connection with HICL UK and/or the Issue and nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Each of Canaccord Genuity and RBC Europe accordingly disclaims to the fullest extent permitted by applicable law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus is not intended to constitute an offer to sell, or an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction and the Issue Shares will only be issued to HICL Guernsey Shareholders in accordance with the terms of the Transfer. Accordingly, no action has been taken by HICL UK or any other person that would permit an offer of the Ordinary Shares, or possession or distribution of this Prospectus, or any other offering or publicity material, in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to take any action in relation to this Prospectus or the Ordinary Shares.

The 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 may not be offered, sold, pledged or otherwise transferred directly or indirectly in or into the United States, or to or for the account or benefit of any US person within the meaning of Regulation S, subject to certain exceptions. The Ordinary Shares may be offered and sold outside the United States only in ''offshore transactions'' to persons that are not US persons as defined in, and in reliance on, Regulation S. See the section headed ''Notices to Non-UK Investors – For the attention of United States investors'' in this Prospectus.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (''**MiFID II**''); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the ''**MiFID II Product Governance Requirements**''), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any ''manufacturer'' (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors who do not need a guaranteed income or capital protection and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution eligible for distribution through all distribution channels as are permitted by MiFID II for each type of investor (the ''**Target Market Assessment**'').

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

It should be noted, however, that the Issue Shares will be issued solely to HICL Guernsey Shareholders in accordance with the Scheme.

This Prospectus is dated 4 March 2019.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and Warnings		
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the full text of this Prospectus by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of a member state of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who are responsible for this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the issuer or any person responsible for drawing up this Prospectus for the subsequent resale or final placement of securities by or through financial intermediaries.
Section B – Issuer		
B.1	Legal and Commercial Name	HICL Infrastructure PLC.
B.2	Domicile/Legal Form/ Legislation/Country of Incorporation	HICL UK was incorporated in England and Wales under the Act as a public company limited by shares on 21 December 2018 with company number 11738373 and is a closed-ended investment company.
B.5	Group Structure	With effect from the Effective Date, HICL UK will be the parent company of the HICL UK Group, which comprises HICL UK, the Luxcos and the Partnership. HICL UK will invest in equity and debt of Luxco 1, a *société à responsabilité limitée* established in Luxembourg, which in turn invests in the equity and debt of a similar entity, Luxco 2. Both Luxco 1 and Luxco 2 will be wholly owned subsidiaries of HICL UK. Luxco 2 is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle as its general partner. The General Partner is a wholly owned indirect subsidiary of InfraRed Partners LLP.

<table>
<tr><td></td><td></td><td>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 directly or indirectly through intermediate wholly owned companies and/or other entities.</td></tr>
<tr><td>B.6</td><td>Notifiable interests</td><td>HICL Guernsey holds all the voting rights in HICL UK as at the date of this Prospectus. Accordingly, pending the allotment of the Ordinary Shares under the Issue, HICL UK is controlled by HICL Guernsey.

In so far as is known to HICL UK, as at the close of business on 28 February 2019 (being, for these purposes, the latest practicable date prior to publication of this Prospectus), and based on the existing share register of HICL Guernsey, the following holdings are, following Admission, expected to represent a direct or indirect interest of three per cent. or more of HICL UK's issued share capital:
<table>
<tr><th></th><th>Number of Ordinary Shares Held</th><th>Percentage Held</th></tr>
<tr><td>BNY (OCS) Nominees Limited</td><td>84,925,340</td><td>4.74%</td></tr>
<tr><td>State Street Nominees Limited</td><td>71,521,848</td><td>3.99%</td></tr>
<tr><td>Rathbone Nominees Limited</td><td>60,609,624</td><td>3.38%</td></tr>
</table>
As at the date of this Prospectus, the Directors and their connected persons hold no Ordinary Shares in HICL UK. Following Admission, the Directors and their connected persons will hold the following Ordinary Shares in HICL UK, plus, in each case, an additional number of Ordinary Shares equal to the number of further HICL Guernsey Ordinary Shares (if any): (i) received by the relevant Director and his/her connected persons on 22 March 2019 in connection with the scrip dividend announced by HICL Guernsey on 12 February 2019; and (ii) otherwise acquired by such persons between the date of this Prospectus and the Record Date.
<table>
<tr><td>Ian Russell</td><td>95,979 Ordinary Shares</td></tr>
<tr><td>Frank Nelson</td><td>51,568 Ordinary Shares</td></tr>
<tr><td>Mike Bane</td><td>0 Ordinary Shares</td></tr>
<tr><td>Sally-Ann Farnon</td><td>59,931 Ordinary Shares</td></tr>
<tr><td>Simon Holden</td><td>9,833 Ordinary Shares</td></tr>
<tr><td>Kenneth D Reid</td><td>0 Ordinary Shares</td></tr>
</table>
There are no different voting rights for any holders of Ordinary Shares.</td></tr>
<tr><td>B.7</td><td>Key financial information</td><td>Not applicable. HICL UK has not commenced operations since its incorporation on 21 December 2018 and no financial statements of HICL UK have been made up as at the date of this Prospectus.</td></tr>
<tr><td>B.8</td><td>Pro forma financial information</td><td>Not applicable. This Prospectus does not contain any pro forma financial information.</td></tr>
<tr><td>B.9</td><td>Profit forecast</td><td>Not applicable. There are no profit forecasts in this Prospectus.</td></tr>
<tr><td>B.10</td><td>Qualification in the audit report</td><td>Not applicable. HICL UK has not commenced operations since its incorporation on 21 December 2018 and no financial statements of HICL UK have been made up as at the date of this Prospectus.</td></tr>
<tr><td>B.11</td><td>Insufficiency of Working capital</td><td>Not applicable. HICL UK is of the opinion that the working capital available to HICL UK is sufficient for HICL UK's present requirements, being for at least the next 12 months from the date of this Prospectus.</td></tr>
</table>

B.34	Investment objective and investment policy	**Investment Objectives** HICL UK will seek to provide investors with long-term, stable income from a portfolio of infrastructure investments that is positioned at the lower end of the risk spectrum. In addition to generating sustainable dividends, HICL UK will aim to preserve the capital value of its investment portfolio over the long term, with potential for capital growth, and provide a degree of correlation between the return[1] to Shareholders and changes in inflation rates. HICL UK is targeting an IRR of 7 to 8 per cent. on the original issue price of 100 pence of HICL Guernsey's ordinary shares in March 2006, to be achieved over the long term via active management, including the acquisition by the HICL UK Group of further investments to complement the Current Portfolio, and by the prudent use of gearing. **Investment Policy** The HICL UK Group's Investment Policy is to ensure a diversified portfolio which has a number of similarly sized investments and is not dominated by any single investment. The HICL UK Group will seek to acquire Infrastructure Equity with similar risk/reward characteristics to the Current Portfolio, which may include (but is not limited to): • public sector, government-backed or regulated revenues; • concessions which are predominantly "availability" based (i.e. the payments from the concession do not generally depend on the level of use of the project asset); and/or • companies in the regulated utilities sector. The HICL UK Group will also seek to enhance returns for Shareholders by acquiring more diverse infrastructure investments. The Directors currently intend that the HICL UK Group may invest in aggregate up to 35 per cent. of its total assets (at the time the relevant investment is made) in: • Project Companies which have not yet completed the construction phases of their concessions but where prospective yield characteristics and associated risks are deemed appropriate to the investment objectives of HICL UK. This may include investment in companies which are in the process of bidding for concessions, to the extent that such companies form part of a more mature portfolio of investments which the HICL UK Group considers it appropriate to acquire; • Project Companies with "demand" based concessions where the Investment Manager considers that demand and stability of revenues are not yet established, and/or Project Companies which do not have public sector sponsored/awarded or government-backed concessions; and • to a lesser extent (but counting towards the same aggregate 35 per cent. limit, and again at the time the relevant investment is made) in limited partnerships, other funds that make infrastructure investments and/or financial instruments and securities issued by companies that make infrastructure investments, or whose activities are similar or comparable to infrastructure investments. *Geographic focus* The Directors believe that attractive opportunities for the HICL UK Group to enhance returns for investors are likely to arise outside as well as within the UK (where the majority of the projects in the HICL Guernsey Portfolio are based). The HICL UK Group may therefore make

1 Return measured on the basis of movements in NAV per Ordinary Share plus dividends paid.

		investments in the European Union, Norway, Switzerland, the Americas and selected territories in Asia and Australasia. The HICL UK Group may also make investments in other markets should suitable opportunities arise. The HICL UK Group will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where it considers that contract structures and enforceability are reliable and where (to the extent applicable) public sector obligations carry what the Investment Manager believes to be a satisfactory credit rating and where financial markets are relatively mature. *Single investment limit and diversity of Clients and suppliers* For each new acquisition made, HICL UK will ensure that such investment acquired does not have an acquisition value (or, if it is a further stake in an existing investment, the combined value of both the existing stake and the further stake acquired is not) greater than 20 per cent. of the total gross assets of HICL UK immediately post acquisition. The total gross assets will be calculated based on the last published gross investment valuation of the portfolio plus acquisitions made since the date of such valuation at their cost of acquisition. The purpose of this limit is to ensure the portfolio has a number of investments and is not dominated by any single investment. In selecting new investments to acquire, the Investment Manager will seek to ensure that the portfolio of investments has a range of public sector Clients and supply chain contractors, in order to avoid over-reliance on either a single Client or a single contractor. *Restrictions under the Listing Rules* In accordance with the requirements of the UK Listing Authority, HICL UK has adopted the policies set out below: (a) HICL UK's primary objective is investing and managing its assets with a view to spreading or otherwise managing investment risk. HICL UK must, at all times, invest and manage its assets in a way which is in accordance with its investment policy; (b) HICL UK will not conduct a trading activity which is significant in the context of the HICL UK Group as a whole. HICL UK will not cross-finance businesses forming part of the HICL UK Group's investment portfolio; and (c) no more than 10 per cent., in aggregate, of HICL UK's assets will be invested in other listed closed-ended investment funds. The Listing Rules may be amended or replaced over time. To the extent that the above investment restrictions are no longer imposed under the Listing Rules, those investment restrictions shall cease to apply to HICL UK.
B.35	Borrowing limits	Under the Articles, the HICL UK Group's outstanding borrowings, including any financial guarantees to support outstanding investment obligations but excluding internal HICL UK Group borrowings, or borrowing of the HICL UK Group's underlying investments, are limited to 50 per cent. of the Adjusted Gross Asset Value of its investments and cash balances at any time. The HICL UK Group may borrow in currencies other than GBP as part of its currency hedging strategy.

B.36	Regulatory status	HICL UK is not (and is not required to be) regulated or authorised by the FCA but from Admission, in common with other investment companies admitted to the Official List, it will be subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange. HICL UK has applied to and received conditional approval from HMRC, and intends to conduct its affairs so as to satisfy the conditions for, approval as an investment trust pursuant to Chapter 4 of Part 24 of the Corporation Tax Act 2010 for accounting periods commencing on or after 1 April 2019. HICL UK will be subject to the full scope of the AIFMD as it will be subject to the UK regulatory regime implementing the AIFMD.
B.37	Typical investor	Typical investors in HICL UK will be UK based asset and wealth managers regulated or authorised by the FCA, other institutional or sophisticated investors and private individuals (some of whom may investor through brokers). An investment in HICL UK is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of HICL UK, for whom an investment in Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in HICL UK and who have sufficient resources to bear any loss (which may be equal to the amount invested) which might result from such investment.
B.38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable.
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable.
B.40	Service providers	*Investment Manager and AIFM* HICL UK has appointed InfraRed Capital Partners Limited as its investment manager and AIFM under the Investment Management Agreement. The Investment Manager is entitled to a fixed management fee of £100,000 per annum pursuant to the Investment Management Agreement. ICPL also receives fees from the Partnership with respect to its acting as both Investment Manager to HICL UK and as operator of the Partnership pursuant to the Operator Letter. 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 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. These fees are calculated and payable quarterly in arrears, and are based on the Adjusted Gross Asset Value of the HICL UK Group's assets at the beginning of the period concerned, adjusted on a time basis for acquisitions and disposals during the period. 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. *Administrator* The Administrator, Aztec Financial Services (UK) Limited, has been appointed to provide administrative and secretarial services to HICL UK under the Administration Agreement. Such services include 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. The Administrator will be paid an annual fee of £185,000, 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 be paid an initial set-up fee charged on a time cost basis capped at £15,000. The Administrator is also entitled to receive on demand an amount equal to all out-of-pocket expenses properly incurred and is entitled to additional fees for services outside the scope of the Administration Agreement. *Registrar and Transfer Agent* Link Asset Services is HICL UK's Registrar. The Registrar is entitled to a market standard annual fee which includes general day-to-day out-of-pocket expenses. Certain services are subject to additional charges, for example additional general meeting work. *Auditors* The Auditors, KPMG LLP, provide audit services to HICL UK. The fees charged by the Auditors depend on the services provided. As such there is no maximum amount payable to the Auditors.

		Depositary Augentius Depositary Company Limited has been appointed as the Depositary of HICL UK pursuant to the Depositary Agreement. 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.
B.41	Regulatory status of investment manager and depositary	The Investment Manager was incorporated in England and Wales on 2 May 1997 (registered number 3364976) and is authorised and regulated in the United Kingdom by the FCA. The Depositary is authorised and regulated by the FCA.
B.42	Calculation of Net Asset Value	All investments owned by the HICL UK Group will be valued on a six-monthly basis as at 31 March and 30 September each year. The valuations will be reported to Shareholders in HICL UK's annual report and interim financial statements.
B.43	Cross liability	Not applicable. HICL UK is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	HICL UK has not commenced operations since its incorporation on 21 December 2018 and no financial statements of HICL UK have been made up as at the date of this Prospectus.
B.45	Portfolio	**The Current Portfolio** Pursuant to the Scheme, the Current Portfolio will be transferred from HICL Guernsey to HICL UK on the Effective Date in accordance with the Transfer Agreement. The Current Portfolio includes: (i) the HICL Guernsey Portfolio; (ii) the Committed Investment; and (iii) any Additional Investments that are acquired by the HICL Guernsey Group on or prior to the Effective Date but after the date of this Prospectus. **The HICL Guernsey Portfolio** The HICL Guernsey Portfolio consists of Infrastructure Equity in 117 Portfolio Companies in the PPP, regulated assets and demand-based market segments. It includes investments in PPP projects including accommodation, education, health, fire, law and order, transportation, water and electricity sectors. The HICL Guernsey Portfolio includes six demand-based assets and two regulated assets. 100 investments are in Portfolio Companies located in the UK, four located in Ireland, four located in the Netherlands, five located in France, three located in Canada, and one located in the USA.

B.46	Net Asset Value	As at the date of this Prospectus, the unaudited Net Asset Value per Ordinary Share is £1,000,000,000.
	Section C – Securities	
C.1	Type and class of securities being offered	Under the Issue, HICL UK intends to issue up to 2 billion Ordinary Shares of 0.01p each in the capital of HICL UK at the Issue Price. The ISIN of the Ordinary Shares is GB00BJLP1Y77 and the SEDOL is BJLP1Y7.
C.2	Currency of the securities issued	The Ordinary Shares are denominated in GBP.
C.3	Number of shares issued	As at the date of this Prospectus, HICL UK has two Ordinary Shares and 50,000 Redeemable Shares in issue.
C.4	Description of the rights attaching to the securities	The holders of Ordinary Shares are 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 Ordinary Shares. On a winding up, once HICL UK has satisfied all of its liabilities, holders of Ordinary Shares are entitled to all the surplus assets of HICL UK attributable to the Ordinary Shares. Holders of Ordinary Shares are entitled to attend and vote at all general meetings of HICL UK and, on a poll, to one vote for each Ordinary Share held.
C.5	Restrictions on the free transferability of the securities	Ordinary Shares are freely transferable, subject to the restrictions contained in the Articles, which are summarised below: • The Directors may refuse to register a transfer of any certificated share or (to the extent permitted by the Regulations and the Rules) a share in uncertificated form which is not fully paid or on which HICL UK has a lien, or in a limited number of circumstances that would otherwise require HICL UK and/or the Investment Manager to be subject to or operate in accordance with certain US Laws or regulations (including ERISA or the Investment Company Act), provided that this would not prevent dealings in the shares from taking place on an open and proper basis. • The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in the aggregate in any one calendar year) as the Directors may decide except that, in respect of any shares which are participating shares held in an Uncertificated System, the register of members shall not be closed without the consent of the relevant Authorised Operator.
C.6	Admission	Applications will be made to the UKLA for the Issue Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for trading on the Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the Issue Shares will commence at 8.00 a.m. on 1 April 2019.
C.7	Dividend policy	HICL UK's principal financial return objective is to offer a long-term, sustainable income for Shareholders. This is delivered through HICL UK's dividend target – an annual distribution of at least that paid during

		the prior financial year – with the prospect of increasing the figure provided it is sustainable with regard to the portfolio's forecast operational performance and the prevailing macro-economic outlook. Distributions on the Ordinary Shares are expected to be paid four times a year, in respect of the three-month periods to 30 June, 30 September, 31 December and 31 March. Distributions are, subject to market conditions, expected to be made by way of dividend. HICL UK may also make distributions by way of capital and other distributions (or otherwise in accordance with the Act and the Articles) as well as, or in lieu of, by way of dividend if and to the extent that the Directors consider this to be appropriate. References in this Prospectus 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. 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 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). 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 in respect of Ordinary Shares. The Directors intend that HICL UK will generally restrict distributions (by way of dividend or otherwise) to the level of Distributable Cash Flows. The Directors may, where they consider this to be appropriate in respect of investments where such assets are not fully cash generative, distribute as dividend an amount up to the level of the HICL UK Group's gross income, i.e. in excess of Distributable Cash Flows (subject to the applicable provisions of the Act and the Articles). Project Companies which are operational will usually make distributions to the HICL UK Group twice a year, and occasionally these payments may be received shortly after a period end due to timing of payment process. The Directors intend to include such amounts in Distributable Cash Flows where it is clear these payments relate to the period concerned.
Section D – Risks		
D.1, D.2	Key information on the key risks that are specific to the issuer or its industry	• HICL UK will be exposed to potential changes in policy and legal requirements. All of the investments in the HICL Guernsey Portfolio have a public sector infrastructure service aspect. Some are subject to formal regulatory regimes. All are exposed to political scrutiny and the potential for adverse public sector or political criticism. HICL UK is therefore potentially highly exposed to changes in policy, law or regulations including nationalisation, adverse or punitive changes of law. • Most of the HICL UK Group's investments will be dependent on the performance of a series of counterparties to contracts. Failure by one or more of these counterparties to perform their obligations fully or as anticipated could adversely affect the performance of affected investments. Replacement counterparties where they can be obtained may only be obtained at a greater cost. These risks would negatively impact the HICL UK Group's cash flows and valuation.

		• The rate of return from the HICL UK Group's investments will be affected by the price at which they are acquired. The value of these investments will vary and due diligence exercises may not reveal all relevant facts. There can be no certainty that the future cashflows projected to be received at any time will actually be received either at all or in the amounts or on the dates projected. Any Net Asset Value published may not have been independently appraised and should not be assumed to represent the value at which the HICL UK Group's portfolio could be sold in the market at any time or that the assets of HICL UK and/or the HICL UK Group are saleable readily or otherwise. • There is no guarantee that current members of the Infrastructure Investment Team will continue to be associated with the Investment Manager. There is also no certainty that key personnel involved with individual projects or contractors will continue in their roles. Furthermore, the Infrastructure Investment Team has responsibility for managing all infrastructure assets managed by the Investment Manager. If key personnel were to depart, the HICL UK Group may not be able to realise its targets or objectives. • During the life of a PPP, regulated asset or demand-based concession, components of the project facilities or building may need, *inter alia*, to be replaced or undergo a major refurbishment. Shorter than anticipated asset lifespans or costs or inflation higher than forecast may result in lifecycle costs being more than anticipated or occurring earlier than projected. • Six of the investments in the HICL Guernsey Portfolio are in Project Companies which have "demand-based" concessions. There is a risk with such projects that demand and revenues fall below the current projections and this may result in a reduction in expected revenues. Other Project Companies may depend to a lesser degree on additional revenue from ancillary activities. The amount of additional revenue received from any such activities may be variable and less than projected. Certain "demand-based" assets in the HICL Guernsey Portfolio may be sensitive to changes in GDP. A drop in GDP could impact the revenues generated by these assets and therefore HICL UK's cash flows. • Inflation may be higher or lower than expected. Investment cash flows are correlated to inflation, and therefore portfolio-wide increases/decreases to inflation at variance to HICL UK's inflation expectations would impact on HICL UK cash flows. Negative inflation (deflation) will reduce HICL UK's cash flows in absolute terms. • Changes in tax legislation or practice, whether in the United Kingdom or Luxembourg or elsewhere, could affect the value of the investments held by HICL UK or the HICL UK Group, affect HICL UK's ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in HICL UK (including rates of tax and availability of reliefs). • Changes in market rates of interest could affect HICL UK and the HICL UK Group's investments in a variety of different ways including: (i) the discount rate used to value HICL UK's future projected cash flows and valuation; (ii) debt finance; and (iii) interest receivable on cash balances. If HICL UK receives less interest than it projects this will impact cash flows and NAV adversely. • HICL UK will indirectly hold part of its investments in entities in jurisdictions with currencies other than Sterling but will borrow

		corporate level debt, report its NAV and pay dividends in Sterling. Changes in the rates of foreign currency exchange may impact on HICL UK cash flows and valuation.
D.3	Key information on the risks specific to the securities	• The value of an investment in HICL UK is subject to normal market fluctuations and there is no assurance that any appreciation in the value of the Ordinary Shares will occur or that the investment objectives of HICL UK will be achieved. Investors may not get back the full value of their investment. • Although the Ordinary Shares will be admitted to trading on the Main Market and will be freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market, and the price which they may receive, will depend on market sentiment.
	Section E – Offer	
E.1	Net proceeds and costs of the Issue	HICL UK is not raising funds in connection with the Issue. The Issue relates solely to the implementation of the Scheme. Assuming that the Scheme becomes effective and is implemented in accordance with its terms, the Issue Shares will be issued to the HICL Guernsey Shareholders pursuant to the Transfer Agreement. Up to 2 billion Issue Shares will be issued pursuant to the Issue at the Issue Price. 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 costs of the Issue will include an additional fee of £10,000 payable to each Director in connection with the Issue, which will be borne by HICL Guernsey.
E.2a	Reason for offer and use of proceeds	The Issue relates solely to the implementation of the Scheme. Assuming that the Scheme becomes effective and is implemented in accordance with its terms, the Issue Shares will be issued to the HICL Guernsey Shareholders pursuant to the Transfer Agreement.
E.3	Terms and conditions of the offer	The Issue relates solely to the implementation of the Scheme. Assuming that the Scheme becomes effective and is implemented in accordance with its terms, the Issue Shares will be issued to the HICL Guernsey Shareholders pursuant to the Transfer Agreement. HICL Guernsey Shareholders will be issued with one Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share that they hold on the Record Date for the Scheme. **Conditions to the Issue** The Issue, which is not underwritten, is conditional upon: • the passing of the Scheme Resolutions by HICL Guernsey Shareholders at the HICL Guernsey EGM; • 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 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. If these conditions are not met, unless they are waived, the Issue will not proceed.
E.4	Material interests	Not applicable. There is no interest that is material to the Issue.
E.5	Name of person selling securities/ lock up agreements	Not applicable. No person or entity is offering to sell the Ordinary Shares as part of the Issue.
E.6	Dilution	Not applicable. No dilution will result from the Issue.
E.7	Expenses charged to the investor	Not applicable. There are no expenses charged directly to the investor by HICL UK under the Issue. 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, and therefore indirectly by Shareholders in HICL UK, if the Scheme becomes effective. If the Scheme does not become effective and implemented in accordance with its terms, all of the costs will have been borne by HICL Guernsey.

RISK FACTORS

Investment in HICL UK carries a degree of risk, including but not limited to the risks in relation to the HICL UK Group, HICL UK and the Ordinary Shares referred to below. The risks referred to below are the risks which are considered to be material, but are not the only risks relating to the HICL UK Group, HICL UK and the Ordinary Shares. There may be additional material other risks that HICL UK and the Directors do not currently consider to be material or of which HICL UK and the Directors are not currently aware. Prospective investors should review this Prospectus carefully and in its entirety and should consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Prospectus or any other risks were to occur, the financial position and prospects of the HICL UK Group and/or HICL UK could be materially adversely affected. If that were to occur, the trading price of the Ordinary Shares and/or their Net Asset Value and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to HICL UK, its industry, the HICL UK Group and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which HICL UK and the HICL UK Group face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

An investment in HICL UK is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the HICL UK Group, for whom an investment in Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in HICL UK and who have sufficient resources to bear any loss (which may be equal to the amount invested) which might result from such investment.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

Risks associated with the nature of the Current Portfolio

Specific risk factors apply to the HICL Guernsey Portfolio (details of which are contained in Part IV of this Prospectus), individual or groups of projects in the HICL Guernsey Portfolio, and to the other investments that may form part of the Current Portfolio as detailed in this Prospectus. Where risk factors apply specifically at Portfolio Company level, if the risks were to occur the value of the relevant investment or the returns the investments generate could be adversely affected, in turn affecting the HICL UK Group's Net Asset Value, returns to Shareholders, and/or the value of the Ordinary Shares. However, it should be noted that (save as disclosed in this Risk Factors section) it is not expected that there will be any recourse to HICL UK in respect of the liabilities of individual Portfolio Companies.

Counterparty Risk

In relation to PPPs, regulated assets and demand-based concessions, the performance of the HICL UK Group's investments is dependent on the complex set of contractual arrangements specific to each investment continuing to operate as intended. The HICL UK Group is exposed to the risk that such contracts do not operate as intended, are incomplete, contain unanticipated liabilities, are subject to interpretation contrary to the HICL UK Group's expectation or otherwise fail to provide the protection or recourse anticipated by the HICL UK Group.

In particular, investments are dependent on the performance of a series of counterparties to contracts including public sector bodies, construction contractors, facilities management and maintenance contractors, asset and investment managers (including the Investment Manager), banks and lending institutions and others. Failure by one or more of these counterparties to perform their obligations fully or as anticipated could adversely affect the performance of affected investments. Replacement counterparties where they can be obtained may only be obtained at a greater cost and with reduced risk transfer. These risks would negatively impact the HICL UK Group's cash flows and valuation.

Specific counterparty risks include:

- The institutions, including banks, with which the HICL UK Group and Project Companies will do business, or to which securities have been entrusted, may encounter financial difficulties that impair the HICL UK Group and/or the Project Company's operational capabilities or capital position. In particular, the terms of the borrowings within each Project Company typically provide for the Project Company to maintain cash deposits in escrow during the life of the concession for the benefit of the lenders in respect of reserves for future payments of interest and principal on the borrowing, as well as in respect of contracted future capital expenditure. These deposits will be monitored by the Investment Manager which, to the extent possible within the constraints of its power resulting from the HICL UK Group's stake in a particular Project Company, will direct the management of a Project Company to optimise the returns available from the deposit while taking into consideration a diversification of deposit counterparty credit risk among a portfolio of banks, all of which are of investment grade quality at the time the deposit is placed.
- If a contractor to a Project Company fails to perform the services which it has agreed to provide, the Project Company may fail to meet obligations which it has to others (including Clients) and there may be a consequent reduction in the revenues that the Project Company is entitled to receive, and/or claims for damages against the Project Company. If the relevant contractor or its guarantors (if any) or insurers fail to meet their obligations in respect of the liabilities that have been passed on to them or the liabilities are not fully passed on then, to the extent the liability cannot be set off against service fees, the Project Company will not be compensated for any reductions in payments and/or claims made against it (whether by the Client or a third party) which it suffers as a result of the subcontractor's service failure. Ultimately such service failure could lead to termination of a Project Agreement. There may also be a loss of revenue during the time taken to find a replacement contractor, or the replacement contractor may levy a surcharge on top of costs associated with the tender process and it may not be possible to find a replacement contractor at all.
- If there is a contractor service failure which is sufficiently serious to cause the Project Company to terminate the contract, or its lenders or the Client to require the Project Company to do so, there may be a loss of revenue during the time taken to find a replacement contractor and the replacement contractor may levy a surcharge to assume the contract or charge more to provide the services: this may render the project uneconomic, resulting in termination for default. There will also be costs associated with the re-tender process which, together with the increased service charges, may not be covered by any recovery from the defaulting contractor. Loss of revenue, additional costs and/or termination for default following a contractor service failure at a Project Company will reduce the HICL UK Group's returns from such Project Company and ultimately returns to Shareholders.
- In some instances in respect of the Current Portfolio, a single contractor is responsible for providing services to various Project Companies in which the HICL UK Group will invest. In these instances, the default or insolvency of such single contractor alone could adversely affect a number of the HICL UK Group's investments and thereby have a greater effect on returns to Shareholders. The HICL UK Group will aim to avoid an excessive reliance on any single contractor, and will have regard to this concern when making investments.

Market Value of Investments

The rate of return from the HICL UK Group's investments will be affected by the price at which they are acquired. The value of these investments will be (amongst other risk factors) a function of the discounted value of their projected future cashflows, and as such will vary with, *inter alia* movements in interest rates, government bond rates in the countries where the investments are based, and the competition for such assets. In addition, while HICL UK or the Investment Manager will undertake a review or due diligence exercise in connection with the purchase of investments, this may not reveal all relevant facts. There can be no certainty that the future cashflows projected to be received at any time will actually be received either at all or in the amounts or on the dates projected. Variances are certain to happen from time to time and any variances to these projections will affect the value of the HICL UK Group's investments and the income (if any) generated from them.

Where HICL UK publishes its Net Asset Value such value will be HICL UK's estimation of HICL UK's Net Asset Value from time to time based on its current projections for future cashflow discounted to a present value using such discount factors as may seem appropriate to HICL UK from time to time. The discount factors used are themselves certain to change from time to time, being influenced by (for instance) interest rates and the perception of risk in the assets being valued. Investors should note that any Net Asset Value published may not have been independently appraised and should not be assumed to represent the value at which the HICL UK Group's portfolio could be sold in the market at any time or that the assets of HICL UK and/or the HICL UK Group are saleable readily or otherwise.

Lifecycle costs

During the life of a PPP, regulated asset or demand-based concession, components of the project facilities or buildings (such as lifts, roofs, air handling plant, pavements and other structures) may need, *inter alia*, to be replaced or undergo a major refurbishment. The timing and costs of such replacements or refurbishments is typically forecast based upon manufacturers' data and warranties, and specialist advisers are usually retained from time to time by the Project Company to assist in such forecasting. However, shorter than anticipated asset lifespans or costs or inflation higher than forecast may result in lifecycle costs being more than anticipated or occurring earlier than projected. Any increased cost implication not otherwise passed down to subcontractors will generally be borne by the relevant Project Company, and therefore ultimately the HICL UK Group, which could have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Demand risk

Six of the investments in the HICL Guernsey Portfolio are in Project Companies which have "demand-based" concessions. Returns from "demand-based" concessions are impacted in whole or part by revenues receivable from users and are thus exposed to levels of demand risk. There is a risk with such projects that demand and revenues fall below the current projections and this may result in a reduction in expected revenues for the relevant Project Company.

Other Project Companies (including those operating "availability-based" projects where the bulk of payments are based on making the facilities available for use and do not depend substantially on the demand for or use of the project) may depend to a lesser degree on additional revenue from ancillary activities, for example letting of school accommodation for out of hours use. The amount of additional revenue received from any such activities may be variable and less than projected. As such, where there is demand risk, the projected returns to the HICL UK Group could be reduced.

Size of major holdings

The value of some of the investments in the HICL Guernsey Portfolio is significantly greater than others. For example, as at 31 December 2018, the largest ten investments represented approximately 47 per cent. of the HICL Guernsey Portfolio (based on unaudited valuations).

If any circumstances arose which materially affected the returns generated by any of those Portfolio Companies (or any other significant part of the Current Portfolio), the effect on the HICL UK Group's ability to meet its investment objectives could be material.

Portfolio Company Employees

Some Portfolio Companies have their own employees. Where a Portfolio Company has its own employees it may be exposed to potential employer and/or pension liabilities under applicable legislation and regulations, which could have adverse consequences for the Portfolio Company, and could consequently have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns for investors.

Limits on vendors' liabilities

Where the HICL UK Group acquires an asset, the acquisition agreement will typically include various warranties from the vendor(s) for the benefit of the HICL UK Group in relation to the relevant asset. Such warranties however are generally limited in scope, subject to time limitations, materiality thresholds and a liability cap. To the extent that any loss suffered by the HICL UK Group is not covered by warranties, arises outside of such limitations or exceeds such cap, such loss will be borne by the HICL UK Group and will impact on returns to Shareholders.

Control

Certain infrastructure investments will be in Portfolio Companies that the HICL UK Group does not always control. While the HICL UK Group is likely to acquire voting rights in proportion to the equity share capital it acquires, commercial negotiation of the contractual documentation, which may include concession, finance and shareholder agreements, may result in certain minority restrictions and protections that may impact on the ability of the HICL UK Group and the Operator to have control over the underlying investments and/or expose the HICL UK Group to the risk that other investors may individually or collectively act in a way that is contrary to the HICL UK Group's interests. This may affect the value of, and/or the returns from, the HICL UK Group's assets.

Monoline Insurers and Rated Debt

Some of the Portfolio Companies in the HICL Guernsey Portfolio are, and some future investments may be, in Portfolio Companies that are financed by bonds which are insured by monoline insurers. Any downgrade in (or loss of) the rating of a monoline insurer may have a negative performance impact on such Portfolio Company, as well as potentially causing a margin increase on the related senior debt and/or default under the relevant finance documents (increasing costs and thereby potentially reducing returns in respect of that investment). Similarly, some Portfolio Companies are financed by bonds which are rated and any downgrade in their ratings may have a negative performance impact on such Portfolio Company and lock-up or default under the relevant finance documents and regulatory regime. Any downgrade would have a negative effect on the performance of HICL UK.

Bench marking/market-testing

Project Agreements for PPP or demand-based concessions usually contain benchmarking and/or market-testing regimes in respect of the cost of providing certain services, which operate periodically, typically every five years. The operation of these regimes may result in a change in the costs to the Project Company of providing such services. Consequently, these mechanisms may expose the Project Company to losses arising from changes in some of its costs relative to its revenues, which would have an adverse effect on returns generated from the Project Company.

Insurance

In relation to PPPs and demand-based concessions, a Project Company will usually be responsible under its Project Agreement for maintaining insurance cover for, among other things, buildings, other capital assets, contents and third party risks (for example, risks arising from damage to property).

If insurance premiums increase, the HICL UK Group may not be able to maintain insurance cover comparable to that currently in effect or may only be able to do so at a significantly higher cost.

Certain risks may be uninsurable in the insurance market or subject to an excess or exclusions of general events (for example the effect of war) and it is not possible to guarantee that insurance policies will cover all possible losses. In such cases the risks of such events will rest with the Project Company. In the case of some projects, the Project Agreement may provide that the Client may, in certain circumstances, arrange to insure the relevant risks itself. If a risk subsequently occurs, the Client can typically choose whether to let the Project Agreement continue, and pay to the Project Company an amount equal to the insurance proceeds which would have been payable had the insurance been available (subject, in certain cases, to exclusions), or terminate the Project Agreement and pay compensation on the basis of termination for *force majeure* (see below under "Termination of Project Agreements"), which may not fully compensate the HICL UK Group to the level of the value of its investment.

In all these instances, the net asset value of the investment could be adversely affected, which could in turn have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Exceeded liability limits

In relation to PPPs, regulated assets and demand-based concessions, where Project Companies have entered into contracts, the contractors' liabilities to a Project Company for the risks they have assumed will typically be subject to financial caps and it is possible that these caps may be exceeded in certain circumstances. Any loss or expense in excess of such a cap would be borne by the Project Company unless covered by the Project Company's insurance. In certain circumstances, the shareholders in the Project Company may decide to contribute additional equity to fund such loss and expense, which could reduce the investment returns generated by the Project Company and have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Construction defects

In relation to PPPs and demand-based concessions, a Project Company will typically subcontract design and construction activities in respect of projects. The contractors responsible for the construction of a project asset will normally retain liability in respect of design and construction defects in the asset for a statutory period (which varies between projects and between countries) following the construction of the asset, subject to liability caps and other limitations. In addition to this financial liability, the contractor will often have an obligation to return to site in order to carry out any remedial works for a pre-agreed period after construction completion. The Project Company will take the risk that such liability cannot be adequately enforced and will not normally have recourse to any third party for any defects which arise after the expiry of these limitation periods. If liability for the defect cannot be enforced against the contractor or a third party (including where the relevant counterparty has become insolvent or otherwise ceased trading), the Project Company will bear the costs arising from the defect, including third party claims and repair costs, which is likely to reduce the HICL UK Group's returns from such Project Company and ultimately could have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Termination of Project Agreements

Typically contracts between the Client and HICL UK's Portfolio Companies will contain rights for the public sector to voluntarily terminate contracts in certain situations. Whilst the contracts will typically provide for compensation in such cases, this could be less than is required to sustain HICL UK's valuation causing loss of value to HICL UK and may vary depending on the reason for the termination. In serious cases where the terms of the underlying contract with the Client are breached due to default or force majeure then that contract can usually be terminated without compensation. Failure to receive the amount of revenue projected or termination of a contract will have a consequential impact on HICL UK's cash flow and value.

Under a typical Project Agreement, in some cases (e.g. termination for force majeure) the compensation payable may only cover the senior debt in the Project Company and may not include amounts to repay Infrastructure Equity; in other cases (e.g. termination for Project Company default), the compensation may only cover the nominal value of Infrastructure Equity in the Project Company; and, in yet other cases (e.g. Client default or termination by notice by the Client), the compensation would be expected to cover senior debt and the original return on the Infrastructure Equity, but not necessarily the prevailing value of the investment. Any compensation payable is typically paid subject to a "waterfall" whereby equity capital is repaid last. For these purposes, senior debt can be taken to include the costs (or gains) arising from breaking any interest rate hedging arrangements. Typically, senior lenders will have security over any compensation proceeds.

Should a termination occur, the net asset value of the investment concerned could be adversely affected and the ability of HICL UK to fund distributions to Shareholders may be restricted.

Physical asset risk

HICL UK will indirectly invest in physical assets used by the public and thus will be exposed to possible risks, both reputational and legal, in the event of damage or destruction to such assets and their users including loss of life, personal injury and property damage. While the assets in which HICL UK will invest benefit from insurance policies these may not be effective in all cases.

Asset availability

In relation to PPPs and demand-based concessions, a Project Company's entitlement to receive income from its Clients or users is generally dependent on the underlying physical assets remaining available for use and continuing to meet certain performance standards. Failure to achieve such standards or maintain assets available for use or operating in accordance with pre-determined performance standards may entitle the public sector to stop (wholly or partially) paying the income that the Project Company has projected to receive or, in the case of demand-based concessions, lead to a reduction in a Project Company's revenues. If this occurred, this would negatively impact HICL UK's cash flows and valuation.

Environmental or health and safety laws or regulations

Breaches of environmental or health and safety laws or regulations could expose Portfolio Companies to claims for financial compensation and adverse regulatory consequences and could damage their reputation.

Project Companies engaged in PPPs and demand-based concessions generally take an ownership or occupation interest in land for the purpose of carrying out construction or operating the project assets. To the extent there are environmental liabilities arising in the future in relation to any sites owned or used by a Project Company, including, but not limited to, clean-up and remediation liabilities, such Project Company may, subject to its contractual arrangements and the relevant laws, be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the sites or by the value of the HICL UK Group's total investment in the Project Company. This may adversely affect the HICL UK Group's projected investment returns.

More generally, the operations of Portfolio Companies may involve dangerous or potentially dangerous activities and/or may use and/or generate in their operations hazardous and potentially hazardous machinery, facilities, products and by-products. Accordingly, such activities are subject to laws and regulations relating to pollution and the protection of the environment; and laws and regulations governing health and safety matters, protecting both the public and their employees. Any breach of these obligations, or even incidents relating to the environment or health and safety that do not amount to a breach, could adversely affect the results of operations of these Portfolio Companies and their reputations. This, in turn, could have an adverse effect on the HICL UK Group's investments, its Net Asset Value, its financial condition and/or results of operations. In addition, the investment, HICL UK and the Investment Manager could experience adverse publicity as a result of any such incident.

Environmental Risk

Some of the HICL UK Group's investments will be in industries that are subject to significant regulation. Were one of those investments, or another business in such an industry, to suffer a significant industrial or environmental incident, regulatory scrutiny of the relevant industry may increase significantly, which may adversely affect the operations of the underlying entities or businesses in which the HICL UK Group invests.

The HICL UK Group will make investments in Project Companies and Operating Companies that operate in industries which are, and may in the future be, subject to specific hazards and environmental risks, including in the form of leakage of polluting substances from sites or machinery operated by such companies or ingress of polluting substances or infections agents into such a site. Environmental laws, regulations and regulatory initiatives play a significant role in such industries and can have a substantial impact on investments in them. If an environmental or other serious industrial incident were to affect one of the HICL UK Group's investments, or another business operating in the same industry, such incident could lead to increased regulatory scrutiny of the relevant industry, the introduction of more onerous regulation in respect of that industry or direct regulatory intervention in such industry (including a decision by a relevant regulator to suspend or shut down the operations of businesses, including companies in which the HICL UK Group has invested, operating in the relevant sector). Such consequences may materially and adversely affect the operations of the affected companies and cause material losses which may not be covered by insurance.

Regulatory Risk

The HICL Guernsey Portfolio includes two regulated assets, and the HICL UK Group may make further investments in regulated assets, which operate in highly regulated industries within statutory legal frameworks, in the future. Unfavourable changes to such regulatory and legal frameworks could materially and adversely affect the performance of affected investments.

It is common for regulatory frameworks to be reviewed and/or reformed on a periodic basis. A change of government, change of public or government attitude towards the relevant sector, or a change of government policy more generally may result in changes to the regulatory and legal framework which applies to an Operating Company that owns and operates regulated assets. Such changes may include reductions in the allowed return on capital which private investors in a regulated industry are permitted to make or reductions in government controlled tariffs, subsidies or support schemes. Any such change to the regulatory legal framework could have a material adverse effect on the HICL UK Group's projected investment returns.

Changes to Contractual Arrangements

In relation to PPPs and demand-based concessions, contracts between Project Companies and Clients typically include provisions allowing the Client to require changes to the project facilities and/or to the terms of project contracts. Usually these provide for the Project Company to be in no better and no worse a position as a consequence of the change in comparison to its economic position when the project was established. It is nonetheless possible that changes required by Clients may have a negative effect on the HICL UK Group if the actual economic position of the Project Company at the time of the change is better than it was projected to be at the time of the establishment of the project.

Client or payor default

In relation to some assets, such as PPPs, OFTOs and government concessions such as HS1, the concessions granted to Project Companies comprised in the HICL Guernsey Portfolio are from a variety of Clients, including but not limited to central government departments, local and state governments, statutory corporations and regulated entities. Although the creditworthiness and power of each such body to enter into Project Agreements has been considered, the possibility of a default remains. It is not certain that central governments will in all cases assume liability for the obligations of local and state governments, statutory corporations and regulated entities in the absence of a specific guarantee, or that central governments will themselves not default on their obligations. In case of a default, the relevant Project Company's revenues may be less than projected and in turn the returns the HICL UK Group receives from that Project Company could be less than anticipated.

Covenants for senior debt

The covenants provided by a Portfolio Company in connection with its senior debt are normally extensive and detailed. If certain covenants are breached, payments on the Infrastructure Equity are liable to be suspended. Additionally, if an event of default occurs the senior lenders may become entitled to "step in" and take responsibility for, or appoint a third party to take responsibility for, the Project Company's rights and obligations under the Project Agreement, although the senior lenders will generally have no recourse against HICL UK in such circumstances (other than in respect of committed but unsubscribed risk capital).

In addition, in such circumstances the senior lenders will typically be entitled to enforce their security over the Infrastructure Equity in the Portfolio Company or over its assets and to sell the Portfolio Company or its assets to a third party. The consideration for any such sale is unlikely to result in any payment in respect of the HICL UK Group's investment in the Portfolio Company.

Construction risk

As at the date of this Prospectus, one of the Project Companies within the Current Portfolio has not completed the construction phase of its concession. Where delay is caused which is attributable to the construction contractor, as described above under "Counterparty Risk", the contractual arrangements made by a Project Company may not be as effective as intended and/or contractual liabilities on the part of the Project Company may result in unexpected costs or a reduction in expected revenues for the Project Company. Any adverse effect on the anticipated returns of the Project Company as a result of construction risks could have a material adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Industrial relations risk

Industrial action involving a subcontractor to a Portfolio Company may result in unexpected costs or a reduction in expected revenues for the Portfolio Company and may therefore reduce the HICL UK Group's returns from such Portfolio Company.

Force Majeure and Terrorism

With respect to the HICL UK Group's investments in PPPs, regulated assets and demand-based concessions (and any further investments in similar assets), if a *force majeure* event continues or is likely to continue to affect the performance of the services by a Project Company for a long period of time (for example, six months or longer) it is likely that both the Project Company and the Client will have the right to terminate the Project Agreement. In such circumstances, compensation (if any) would be unlikely to cover the amounts paid for the acquisition of the investment capital by the HICL UK Group.

More generally, there is also a risk that one or more of the HICL UK Group's investments could be directly or indirectly affected by terrorist attack. Such an attack could leave a Portfolio Company unable to use one or more properties for their intended uses for an extended period, or lead to a decline in income or property (and therefore investment) value, and/or injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or may be insurable only at rates that the HICL UK Group deems uneconomic (on which see "Insurance" above). More widely, terror attacks and ongoing military and related action in various parts of the world such as Syria, Iraq, Afghanistan, Iran, and elsewhere could have significant adverse effects on the world economy, securities, bond and infrastructure markets and the availability and cost of maintaining insurance. Increased costs for a Portfolio Company could reduce the returns received by the HICL UK Group in respect of that Portfolio Company.

Bribery, corrupt gifts and fraud

Typically, the Client will have the right to terminate the Project Agreement where the Project Company or a shareholder or contractor (or one of their employees) has committed bribery, corruption or other fraudulent act in connection with the Project Agreement or, in some cases, in connection with another Project Company with the same Client. Even though the HICL UK Group may have had no involvement, Investment Equity will frequently not be compensated in these circumstances. This would affect the HICL UK Group's Net Asset Value and projected returns.

If a Project Company or a shareholder or contractor (or one of their employees) were to commit bribery as contemplated by the UK Bribery Act 2010, such Project Company, shareholder, contractor or employee could be subject to a potentially unlimited fine. This could have an adverse effect on the anticipated returns of the Project Company and thus on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Liquidity of Investments

The majority of investments made by the HICL UK Group are likely to comprise unquoted interests in Portfolio Companies which are not publicly traded or freely marketable and a sale may require the consent of other interested parties. Such investments may therefore be difficult to value and realise. Such realisations may involve significant time and cost and/or result in realisations at levels below the Net Asset Value estimated by HICL UK.

Lack of Residual Value and Further Acquisitions

It is expected that Project Companies that have concession-based contracts will have no assets with any residual value to the HICL UK Group after the concessions expire. Unless the HICL UK Group acquires sufficient new investments in Project Companies with new concessions expiring at later dates, a significant part of the HICL UK Group's portfolio could be made up of Project Companies whose concessions have expired and who therefore have no residual value and the HICL UK Group's NAV would be significantly reduced.

While the HICL UK Group intends to acquire further investments following the completion of the Transfer, there is no guarantee that any such acquisition will occur. As well as the effect on the HICL UK Group's Net Asset Value described above, if the HICL UK Group has fewer investments with value as concessions expire, there will be fewer opportunities to enhance income and capital growth through ongoing management. In addition, other risks may become more acute as the HICL UK Group's portfolio is smaller and therefore less diversified.

Cybercrime and Use of Technology

Cybercrime is the attempted or actual exploitation of vulnerabilities in internet and electronic systems for financial gain. Cybercrime could affect the HICL UK Group's or a Portfolio Company's operations in a number of ways, including the theft of intellectual property or competition sensitive or price sensitive information, deliberate crashing or hacking of systems, fraudulent access to funds or counterparty data and reputational damage. Losses arising from these events could adversely affect returns to HICL UK and thereby to Shareholders.

Discontinuation of LIBOR

There can be no assurance that the benchmarks for calculating floating interest rates, including LIBOR, used in many credit arrangements to which Project Companies are party, will continue to be published. Market participants have been advised that they should not rely on LIBOR being available after 2021. It is not certain what benchmarks will be used to replace LIBOR in the event that it is no longer available, but it is likely that Project Companies will need to consider making amendments to their credit and hedging arrangements to deal with the replacement of LIBOR if the contractual fallbacks included in those agreements are not suitable, or if there are no such fallbacks. Whether or not such amendments are made, a change in benchmark could result in increased costs for Project Companies or increased exposure to floating interest rates (if hedging arrangements no longer match borrowing obligations) and could result in breaches of financing documents. A change in benchmark would also directly affect Project Companies that have under- or over-hedged interest rate exposure. As a result, the discontinuation of LIBOR or another such funding benchmark may increase Project Companies' costs and result in a reduction in returns to shareholders.

Risks relating to the proposed 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 Parts I and VII of this Prospectus. 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, HICL Guernsey Shareholders will continue to hold their HICL Guernsey 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 Prospectus, 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 Prospectus and further liabilities (perhaps significant) may arise following the date of this Prospectus. 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 Ordinary Shares and thereby potentially returns to shareholders in HICL UK.

Selling shareholders

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

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 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 Ordinary Shares.

Risks associated with valuation and group operations

Lack of operating history

HICL UK is a newly incorporated company which has not yet commenced operations and therefore has no track record of past performance or meaningful operating or financial data on which potential investors may base an evaluation, and there is therefore a risk that the value of an investment in HICL UK could decline substantially as a consequence. Although HICL UK is intending to acquire the Current Portfolio, any investment in the Ordinary Shares remains subject to all of the risks and uncertainties associated with any new business, including the risk that the business will not achieve its investment objectives and that the value of any investment made by HICL UK could substantially decline. There is no guarantee that the Current Portfolio will continue to generate the returns that it has generated to date.

Fund management and dependence on key personnel

The success of the HICL UK Group depends on the skill and expertise of the Infrastructure Investment Team in identifying, selecting and developing appropriate investments. There is no guarantee that current members of the Infrastructure Investment Team will continue to be associated with the Investment Manager. There is also no certainty that key personnel involved with individual projects or contractors will continue in their roles. Furthermore, the Infrastructure Investment Team has responsibility for managing all infrastructure assets managed by the Investment Manager. These activities will require a commitment of time and resources that might otherwise be devoted to evaluating and monitoring the then current portfolio and evaluating potential future investments for the HICL UK Group. If key personnel at the Investment Manager were to depart, the HICL UK Group may not be able to realise its targets or objectives.

Accounting

Accounting changes may have either a positive or adverse effect on cash flows available for distribution to HICL UK and therefore the value of the investments. Accounting changes that have the effect of reducing distributable profits in investment entities and holding entities may impact HICL UK's cash flows and thus adversely affect its valuation.

Financial Forecasts

HICL UK's projections will depend on the use of financial models to calculate future projected investment returns for HICL UK (including a number prepared by third parties). These are in turn dependent on the outputs from other financial model forecasts at the underlying investment entity level. There may be errors in any of these financial models including calculation errors, incorrect assumptions, programming, logic or formulaic errors and output errors. Once corrected such errors may lead to a revision in HICL UK's projections for its cash flows and thus impact on its valuation. The returns generated by any Portfolio Company may be less than expected or even nil.

Sensitivities

HICL UK will publish indicative information relating to its portfolio including projections of how portfolio performance and valuation might be impacted by changes in various factors e.g. interest rates, inflation, deposit rates etc. The sensitivity analysis and projections are not forecasts and actual performance is likely to differ (possibly significantly) from that projection as in practice the impact of changes to such factors will be unlikely to apply evenly across the portfolio or in isolation from other factors.

Conflicts of interest

The Investment Manager/Operator, the Administrator, the Luxembourg Administrator, Canaccord Genuity, RBC Europe, any other service provider to HICL UK, any of their directors, officers, employees, agents and connected persons and the Directors, and any person or company with whom they are affiliated or by whom they are employed, may be involved in other financial, investment or other professional activities which may cause conflicts of interest with members of the HICL UK Group and their investments. In particular, these parties may, without limitation: provide services similar to those provided to the HICL UK Group to other entities; buy, sell or deal with infrastructure assets on their own account (including dealings with the HICL UK Group); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to infrastructure assets and entities including Portfolio Companies that are or may be owned directly or indirectly by the HICL UK Group. Such parties will not in any such circumstances be liable to account for any profit earned from any such services.

The Investment Manager and its directors, officers, employees and agents and the Directors will at all times have due regard to their duties owed to members of the HICL UK Group and where a conflict arises they will endeavour to ensure that it is resolved fairly.

Exculpation and indemnification

The structure through which the HICL UK Group will make investments includes an English limited partnership. Certain provisions contained in the Limited Partnership Agreement limit the liability of the General Partner and the Operator. The HICL UK Group will also be responsible for indemnifying the General Partner and the Operator (and their employees and agents) for any losses or damage incurred by them except for losses incurred as a result of their gross negligence or wilful misconduct.

Hedging risk

Should the HICL UK Group elect to enter into hedging arrangements intended to provide some protection against inflation risk, currency risk and interest rate risk (and it will be under no obligation to do so), the use of instruments to hedge a portfolio (whether at Portfolio Company level or above) carries certain risks, including the risk that losses on a hedge position will reduce the HICL UK Group's earnings and funds available for distribution to investors and that such losses may exceed the amount invested in such hedging instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The HICL UK Group may also be exposed to the risk that the counterparties with which the HICL UK Group trades may cease making markets and quoting prices in such instruments, which may render the HICL UK Group unable to enter into an offsetting transaction with respect to an open position.

Although the HICL UK Group will select the counterparties with which it enters into hedging arrangements with due skill and care, there will be a residual risk that the counterparty may default on its obligations.

Leverage

The HICL UK Group will have the ability to use HICL UK Group-level leverage in the financing of its investments as well as leverage at the asset level. The use of leverage may increase the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market.

In respect of any borrowings that the HICL UK Group may incur, it is possible that the HICL UK Group may, from time to time, not be able to refinance borrowing which becomes repayable during the life of the HICL UK Group. In this case, the HICL UK Group may be required to seek alternative sources of financing which may be unavailable or may not be on as favourable terms, and the performance of the HICL UK Group may be adversely affected. If alternative sources of financing are unavailable, then the HICL UK Group may be required to dispose of assets in order to make such repayments and the HICL UK Group may not be able to realise the same value as if it were not a forced seller and the performance of the HICL UK Group may be adversely affected in such circumstances. These future borrowings of the HICL UK Group may be secured on the assets of the HICL UK Group and a failure to fulfil obligations under any related financing documents may permit lenders to demand early repayment of the loan and to realise their security. In such circumstances, lenders may be entitled to take ownership or dispose of the HICL UK Group's assets to the extent of outstanding liabilities of the HICL UK Group. This may adversely affect the HICL UK Group's returns.

Failure to restructure

If the HICL UK Group makes an investment with the intention of restructuring, refinancing or selling a portion of the capital structure thereof, there is a risk that the HICL UK Group will be unable to complete successfully such a restructuring, refinancing or sale. Any such failure could lead to increased risk and cost to the HICL UK Group and reduced returns.

Valuations

All investments owned by the HICL UK Group will be valued on a six-monthly basis in accordance with the HICL UK Group's valuation methodology and the resulting valuation will be used, amongst other things, for determining the basis on which any Ordinary Shares are repurchased by HICL UK and additional capital raised.

Valuations of the assets of the HICL UK Group as a whole may also reflect accruals for expected or contingent liabilities, the amount or incidence of which is inevitably uncertain. It follows that some unfairness may arise between departing, continuing and new investors. A valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the HICL UK Group, and valuations do not necessarily represent the price at which an investment can be sold.

All valuations of HICL UK prepared by the Investment Manager will be made, in part, on valuation information provided by the Portfolio Companies in which the HICL UK Group has invested. Although the Investment Manager will consider such information and data, it may not be in a position to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports are typically provided by the Portfolio Companies on a quarterly or half yearly basis and generally are issued one to four months after their respective valuation dates. Consequently, each half yearly Net Asset Value will contain information that may be out of date and require updating and completing. Shareholders should bear in mind that the actual Net Asset Values may be materially different from and in fact lower than these half yearly valuations and that the reported Net Asset Values of HICL UK will only be required to be audited annually. They are not required to be represented by HICL UK to be the value that HICL UK's investments would actually achieve on any sale.

Recourse to HICL UK's assets

HICL UK's assets, including any investments made by HICL UK and any funds held by HICL UK, will be available to satisfy all liabilities and other obligations of HICL UK. If HICL UK becomes subject to a liability (including under the Facility), parties seeking to have the liability satisfied may have recourse to HICL UK's assets generally and may not be limited to any particular asset, such as the asset giving rise to the liability. To the extent that HICL UK chooses to use special purpose entities for individual transactions to reduce recourse risk (and it may, but will be under no obligation to do so), the *bona fide*s of such entities may be subject to later challenge.

Risks relating to the Ordinary Shares and the Issue

No guarantee of return

The market value of the Ordinary Shares can fluctuate, and they are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of HICL UK's investments will occur and investors may not get back the full value of their investment, if any at all.

Any investment objectives of HICL UK are targets only and should not be treated as profit forecasts, assurances or guarantees of performance. The past performance of other investments managed and monitored by the Investment Manager, the Infrastructure Investment Team or their respective associates is not a reliable indication of the future performance of the investments held by the HICL UK Group. The success of the HICL UK Group will depend on the skill and expertise of the Infrastructure Investment Team in identifying, selecting, developing and managing appropriate investments. There is no guarantee that suitable further investments will be available or that any investment will be successful. Competition for investment opportunities may result in increased purchase prices and/or reduced returns.

Prospective investors should be aware that the periodic distributions made to Shareholders will comprise amounts periodically received by the HICL UK Group in repayment of, or being distributions on, its Infrastructure Equity in Portfolio Companies and other investment entities including distributions of operating receipts of investment entities. Investors should note that the majority of the investments in the HICL Guernsey Portfolio are in, and further investments are likely to be in, infrastructure assets that will have no or only limited value to the HICL UK Group once concession contracts with Clients (or other contractual counterparties) come to an end whether by expiry or earlier termination. As such, distributions to investors over the life of the HICL UK Group's Investments, while likely to be characterised as income, should be treated partly as distributions of income and partly as returns of capital. Where they are returns of capital, the HICL UK Group's NAV will decrease.

HICL UK's targeted returns for the Ordinary Shares are based on assumptions which the Directors consider reasonable. However, there is no assurance that all or any assumptions will be justified, and HICL UK's return may be correspondingly reduced. In particular, there is no assurance that HICL UK will achieve its distribution and/or IRR targets, which for the avoidance of doubt are targets only and not profit forecasts.

Value of Ordinary Shares

There is no guarantee that the market value of the Ordinary Shares will reflect the underlying Net Asset Value of such Ordinary Shares. The Ordinary Shares may trade at a discount to Net Asset Value per Ordinary Share for a variety of reasons, including market or economic conditions or to the extent investors undervalue the activities of the Investment Manager, in which event the Shareholders may not be able to realise their investment in the Ordinary Shares at the Net Asset Value per Share. While the Directors intend to pursue a proactive policy in seeking to mitigate any discount to Net Asset Value per Ordinary Share (as described more fully in Part II of this

Prospectus), there can be no guarantee that this strategy will be successful in effecting a reduction in any discount.

In the event of a winding-up of HICL UK, Shareholders will rank behind any creditors of HICL UK and, therefore, any positive return for Shareholders will depend on HICL UK's assets being sufficient to meet the prior entitlements of any creditors.

Liquidity

Although the Ordinary Shares are to be admitted to trading on the Main Market and will be freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market, and the price which they may receive, will depend on market conditions. The Ordinary Shares may trade at a discount to Net Asset Value and it may be difficult for a Shareholder to dispose of all or part of his holding of Ordinary Shares at any particular time.

HICL UK has the ability, subject to certain Shareholder approvals, to make tender offers for Ordinary Shares from Shareholders and to make market purchases of Ordinary Shares from Shareholders. Any such tender offers or market purchases will however be made entirely at the discretion of the Directors. As such, Shareholders will not have any ability to require HICL UK to make any tender offers for, or market purchases of, all or any part of their Ordinary Shares. Shareholders cannot therefore require HICL UK to take particular action that might reduce the discount at which Ordinary Shares are trading.

Distributions

The amount of distributions and future distribution growth will depend on the HICL UK Group's underlying investments. Any change or incorrect assumption in the tax treatment of dividends or interest or other receipts received by HICL UK (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the HICL UK Group invests) may reduce the level of distributions received by Shareholders. In addition, any change in the accounting policies, practices or guidelines relevant to the HICL UK Group and its investments may reduce or delay the distributions received by investors. HICL UK's ability to pay dividends will be subject to the provisions of the Act.

Whilst they will be mindful of the requirement to make distributions in order to maintain investment trust status, any dividends and other distributions paid by HICL UK will be at the discretion of the Board. The payment of any such dividends will generally depend on HICL UK's ability to generate realised profits, which, in turn, will depend on, *inter alia*, HICL UK's ability to acquire investments which pay dividends or repay capital, its financial condition, its current and anticipated cash needs, its costs and the net proceeds on sale of its investments and legal and regulatory restrictions.

Market, Political and Regulatory Risks

Political and regulatory risk in respect of the infrastructure sector

The nature of the businesses in which HICL UK will invest will expose HICL UK to potential changes in policy and legal requirements. Most investments will have a public sector infrastructure service aspect. Some will be subject to formal regulatory regimes. All will be exposed to political scrutiny and the potential for adverse public sector or political criticism. HICL UK is therefore potentially highly exposed to changes in policy, law or regulations including adverse or punitive changes of law.

Political policy and financing decisions may impact on HICL UK's ability to source new investments at attractive prices or at all.

The programmes that governments use to facilitate investment in infrastructure may vary from time to time and are not the only means of funding public infrastructure projects. In addition, governments have reduced, and may continue to reduce, the overall level of funding allocated to major capital projects. These factors may reduce the number of investment opportunities available to HICL UK. See "Lack of Residual Value and Further Acquisitions" above for the potential consequences if the HICL UK Group does not acquire any further investments. Changes of policy either at the government level or within individual Clients may also lead Clients to seek to vary or terminate existing projects either by change of law or by contract where contractual provisions allow this. Compensation may or may not be payable in such circumstances and if paid may not be sufficient to cover the amounts invested in, or paid for the acquisition of, the Infrastructure Equity by the HICL UK Group.

As HICL UK will be an investor in mostly operational public infrastructure projects, changes in the policy for new projects may not impact HICL UK for a number of years. Changes in law may affect any explicit or implicit government support provided to projects. A change in government may lead to a change in infrastructure procurement policy. The Directors are aware of the wider discussion in the United Kingdom in relation to the economic and social value that private sector investment brings to public infrastructure projects, and in particular the current government announcing that it has abandoned PFI in October 2018, and the risk that a future government might reduce use of PPP as a tool for infrastructure investment. The Labour Party has announced that if it forms a government it intends to renationalise certain privately owned infrastructure (including, potentially, infrastructure assets owned by HICL UK). If implemented, this would affect the value of, and/or the returns from, the HICL UK Group's assets, which in turn could reduce returns to Shareholders. The Directors believe that compensation should be payable to the HICL UK Group in these circumstances which may cover all or part of the value of the relevant investments to HICL UK, but there can be no guarantee of this.

In relation to PPPs, governments may in future decide to change the basis upon which Project Company and government counterparties share any gains arising either on refinancing or on the sale of project equity, although in the UK there is a code of conduct for the sharing of such gains which is currently adhered to on a voluntary basis by private sector entities. In some cases, if such gains would have been particularly significant, the returns ultimately available to the HICL UK Group from future project investments may be reduced. Project Companies would typically assume the risk of general non-discriminatory changes in law. While the cash flows and returns projected by the financial models of the projects within the HICL Guernsey Portfolio would not be affected by the refinancing gain risk described in this paragraph (as the financial models do not incorporate any upside for refinancing gain), such risk may affect the HICL UK Group's ability to enhance the IRR on a long-term basis.

The economic viability of a Portfolio Company may depend implicitly or explicitly on regulatory conditions in a particular jurisdiction. Changes in these conditions may adversely affect the financial performance of the Portfolio Company, which in turn may affect the returns the HICL UK Group receives from such investments. A Portfolio Company may incur increased costs or losses as a result of changes in law or regulation, for instance because a change of law affects explicit or implicit government support provided to the project. Where a Project Company holds a concession or lease from the Government, the concession or lease may (now or in the future) restrict the Project Company's ability to operate the business in a way that maximises cashflows and profitability. The lease or concession may also contain clauses more favourable to the Government counterparty than a typical commercial contract, reducing the opportunities for returns from the Project Company.

The vote by the United Kingdom to leave the European Union

The United Kingdom held a referendum on 23 June 2016 in which a majority of voters voted to exit the European Union, which is referred to as ''Brexit''. Following the referendum, the United Kingdom has formally given notice of its intention to leave the European Union and negotiations are ongoing to determine the future terms of the United Kingdom's relationship with the European Union, including, among other things, the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend, amongst other things, on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently.

Brexit could adversely affect UK, European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of Sterling and the Euro (both currencies in which projects within the HICL Guernsey Portfolio are denominated). The HICL UK Group's competitiveness when bidding for overseas assets is affected by a weakened Sterling as such assets become relatively more expensive in Sterling terms. There is a risk that in acquiring overseas assets in a period of weakened Sterling the value of these assets could be reduced should Sterling strengthen again. The Facility will help to mitigate this risk as it can be drawn and repaid in both Euro and Sterling (and such other currencies as may be agreed with the lender) if necessary. At the same time, there may be increased competition for UK assets within HICL UK's Investment Policy that come to market in the coming months, as such assets are likely to appear relatively less expensive for non-Sterling denominated investors. Such increased competition could reduce HICL UK's ability to continue to grow through acquisitions.

HICL UK's ability to raise new capital could be hindered by any heightened market volatility caused by Brexit in the shorter term. In the longer term, any changes to the AIFM's ability to market using the passport (as described in the risk factor below entitled "The AIFM Directive"), on which HICL UK is likely to rely to raise capital from certain investors based in the EEA, as a result of Brexit or otherwise, could restrict HICL UK's ability to raise capital and market its shares in the EEA.

As at the date of this Prospectus, 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.

Brexit could also adversely affect the operational, regulatory, insurance and tax regime to which the HICL UK Group is currently subject. There may be indirect effects on the type of infrastructure assets in which HICL UK will invest that arise from the renegotiation of the United Kingdom's trade agreements with the European Union, for example in relation to the provision of services, capital or employees to such assets that are based in the UK from within the European Union.

In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice, whether as a result of a United Kingdom departure from the European Union or otherwise, after the date of this Prospectus.

Any of these effects of Brexit, and others that the Directors cannot anticipate at this stage given the political and economic uncertainty surrounding the nature of the United Kingdom's future relationship with the European Union, could adversely affect HICL UK's business, financial condition and cash flows. They could also negatively impact the valuation of the HICL UK Group's portfolio and/or make accurate valuations of the Ordinary Shares and the investment interests comprising the Current Portfolio more difficult.

Potential Independence of Scotland

Notwithstanding the outcome of the referendum on the independence of Scotland held on 18 September 2014 that rejected independence, there are calls for a further referendum with respect to the independence of Scotland. Depending on the outcome of ongoing Brexit negotiations, the possibility of a second referendum being held in the near future may be more likely as a majority of votes cast in Scotland were in favour of the United Kingdom remaining in the European Union, in contrast to the decision of the United Kingdom as a whole.

The HICL UK Group could face potential uncertainty if any such referendum is called for in the future. The HICL Guernsey Portfolio contains projects located in Scotland and the HICL UK Group may make investments in Scottish projects in future. The effect on such projects could be far reaching if the Scottish government were to be given individual autonomy, particularly as this could lead to new infrastructure policies or legislation. However, the HICL UK Group will in any event always be exposed to the possibility of change in policy by a government of a country in which the HICL UK Group makes an investment.

In the absence of a vote in favour of independence in Scotland, there remains a risk that an enhanced devolution settlement may be agreed, in terms of which further elements of infrastructure could be devolved and could result in similar risks to those posed by independence.

Any move to Scottish independence or greater devolution could have an adverse effect on the HICL UK Group's financial position, results of operations, business prospects and returns to investors.

Change in Regulation

Changes in law or regulation may increase costs of operating and maintaining facilities or impose other costs or obligations that indirectly adversely affect HICL UK's cash flow from its investments and/or valuation of them. The performance of the regulated assets within the HICL Guernsey Portfolio could be adversely affected by changes to the legal and regulatory frameworks applicable to them, as discussed in more detail in "*Regulatory Risk*" above.

HICL UK will be subject to changes in regulatory policy that relate to its business and that of its Investment Manager. HICL UK is required to comply with the UK Listing Rules and the Disclosure Guidance and Transparency Rules applicable to issuers with premium listings. The Investment Manager is regulated by the FCA in the UK in accordance with FSMA and the AIFM Directive. Increased regulation may increase costs, which to the extent they are borne by the HICL UK Group, could negatively impact income and returns.

The AIFM Directive

The AIFM Directive seeks to regulate managers of private equity, hedge and other alternative investment funds. It imposes obligations on managers who manage AIFs in the EEA or who market shares in such funds to EEA investors.

HICL UK relies on EEA passporting rights in order for the AIFM to market to professional investors in certain jurisdictions in the EEA. Once Brexit becomes effective, there is no guarantee that this will continue or on what terms. If HICL UK is unable to rely on these passporting rights, it will need to rely instead on the national private placement regimes throughout the EEA to the extent that these are available, which is not itself certain as these are currently under review by ESMA. As a consequence, it may become more difficult for HICL UK to raise capital in the EEA post-Brexit.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit HICL UK's ability to market future issues of shares could have a material adverse effect on HICL UK's financial position, results of operations, business prospects and returns to investors.

Non-UK investments

The HICL UK Group may invest in infrastructure assets in a wide range of jurisdictions and the laws and regulations of non-UK countries may impose restrictions that would not exist in the United Kingdom. Investments in non-UK entities have their own economic, political, social, cultural, business, regulatory, industrial and labour environment and may require significant government approvals under corporate, regulatory, securities, exchange control, foreign investment and other similar laws as well as requiring financing and structuring alternatives that differ significantly from those customarily used in the United Kingdom.

In addition, non-UK governments from time to time impose restrictions intended to prevent capital flight which may, for example, involve punitive taxation (including high withholding taxes) on certain securities, transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for HICL UK to distribute the amounts realised from such investments at all, or may force HICL UK to distribute such amounts other than in GBP, with all or a portion of the distribution being made in foreign securities or currency. It also may be difficult to obtain and enforce a judgment in a court outside of the United Kingdom.

HICL UK, through due diligence investigations, will analyse information with respect to political and economic environments and the particular legal and regulatory risks in foreign countries before making investments, but no assurance can be provided that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the HICL UK Group and consequently returns to investors.

Macroeconomic Risks

Inflation

Inflation may be higher or lower than expected. Investment cash flows are correlated to inflation, and therefore portfolio-wide increases/decreases to inflation at variance to HICL UK's inflation expectations would impact positively or negatively on HICL UK cash flows. Negative inflation (deflation) will reduce HICL UK's cash flows in absolute terms.

The HICL Guernsey Portfolio has been developed in anticipation of continued inflation at the levels used in HICL Guernsey's valuation assumptions, and HICL UK will continue to develop its portfolio on the basis of similar assumptions. Where inflation is at levels below the assumed levels, HICL UK's investment performance may be impaired. The level of inflation linkage across the investments to be held by HICL UK varies and is not consistent. Some investments have no inflation linkage and some have a geared exposure to inflation. The consequences of higher or lower levels of inflation than that assumed by HICL UK will not be uniform across its portfolio.

HICL UK is also exposed to the risk of changes to the manner in which inflation is calculated by the relevant authorities.

HICL UK's ability to meet targets may therefore be adversely or positively affected by inflation and/or deflation. An investment in HICL UK cannot be expected to provide protection from the effects of inflation or deflation.

Currency risk

HICL UK will indirectly hold part of its investments in entities in jurisdictions with currencies other than Sterling but will borrow corporate level debt, report its NAV and pay dividends in Sterling. Changes in the rates of foreign currency exchange are outside the control of HICL UK and may impact positively or negatively on HICL UK cash flows and valuation.

If an investor's currency of reference is not Sterling, currency fluctuations between the investor's currency of reference and the base currency of HICL UK may adversely affect the value of an investment in HICL UK. Fluctuations in exchange rates between Sterling and the relevant local currencies and the costs of conversion and exchange control regulations will directly affect the value of the HICL UK Group's investments and the ultimate rate of return realised by investors. Whilst the HICL UK Group may enter into hedging arrangements to mitigate this risk to some extent, there can be no assurance that such arrangements will be entered into or that they will be sufficient to cover such risk.

HICL UK maintains its books, and intends to pay distributions, in GBP. Accordingly, fluctuations in exchange rates between GBP and the relevant local currencies, and the costs of conversion and exchange control regulations, will directly affect the value of the HICL UK Group's investments and the ultimate rate of return realised by investors. It is expected that HICL UK's exposure to currencies other than GBP will be partially hedged by borrowing in the relevant currencies and selling the relevant currencies forward on a monthly basis. Whilst the HICL UK Group may enter into hedging arrangements to mitigate currency risk to some extent, there can be no assurance that such arrangements will be entered into or that they will be sufficient to cover such risk.

Interest rate risks

Changes in market rates of interest can affect HICL UK and the HICL UK Group's investments in a variety of different ways:

- Changes in the general level of interest rates can affect the spread between, amongst other things, the income on HICL UK's assets and the expense of its interest bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets (should this be desirable). HICL UK, in valuing its investments, will use a discounted cash flow methodology. Changes in market rates of interest (particularly government bond rates) will impact the discount rate used to value HICL UK's future projected cash flows and thus its valuation. Higher rates will have a negative impact on valuation while lower rates will have a positive impact.

- The HICL UK Group may finance its activities with both fixed and floating rate debt. HICL UK will replace HICL Guernsey under the Facility, that may be drawn from time to time, with effect from the Effective Date. HICL UK may employ a hedging strategy with the aim of counteracting this, including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. However, there can be no assurance that such arrangements will be entered into or, in the event that they are entered into, that they will be sufficient to cover such risk.

- HICL UK and underlying investment entities will typically choose or may be required to hold various cash balances, including contingency reserves for future costs (such as major lifecycle maintenance or debt service reserves). These will generally be held on interest bearing accounts and under the contractual terms applicable to certain investments which in many cases are projected to be held for the long term. HICL UK assumes that it will earn interest on such deposits over the long term. Changes in interest rates may mean that the actual interest receivable by HICL UK is less than projected. If HICL UK receives less interest than it projects this will impact cash flows and NAV adversely.

Changes in GDP

Certain demand-based assets in the HICL Guernsey Portfolio may be sensitive to changes in GDP. A drop in GDP during periods of lower economic activity could impact the revenues generated by these assets and therefore HICL UK's cash flows.

Further investments

Further investments may not be available to the HICL UK Group or may only be available on terms different to those in the Current Portfolio. Where further investments are available, the HICL UK Group will make them where it has sufficient finance, whether by using existing reserves, by borrowing or by issuing further shares. Although the Facility is available for drawdown until the last business day (as defined in the Facility) in April 2022, and although the HICL UK Group expects to be able to borrow thereafter on reasonable terms and that there will be a market for further shares, there can be no guarantee that this will always be the case in the longer term. The macro-economic environment has, and may continue to have, an impact on the availability of funds.

Taxation Risks

Taxation

Investors should consult their professional tax advisers with respect to their own particular tax circumstances and the tax effects of an investment in HICL UK.

Statements in this Prospectus concerning the taxation of investors or prospective investors in Ordinary Shares are based upon current tax law and practice, each of which is, in principle, subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This Prospectus does not constitute tax advice and must not therefore be treated as a substitute for independent tax advice.

Changes in tax legislation or practice, whether in the United Kingdom or Luxembourg or elsewhere, could affect the value of the investments held by HICL UK or the HICL UK Group, affect HICL UK's ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in HICL UK (including rates of tax and availability of reliefs).

To the extent that the HICL UK Group's investments are outside the UK, it is possible that the HICL UK Group will be subject to some amount of foreign income, capital gains and/or withholding taxes with respect to such investments.

Tax residence

The statements relating to taxation in this Prospectus are made on the basis that the tax residency of the companies within the HICL UK Group is maintained in the jurisdictions stated.

Loss of Investment Trust Status

HICL UK has applied to and received conditional approval from HMRC, and intends to conduct its affairs so as to satisfy the conditions for, approval as an investment trust pursuant to Chapter 4 of Part 24 of the Corporation Tax Act 2010 for accounting periods commencing on or after 1 April 2019. A failure to obtain or maintain HMRC approval as an investment trust (including as a result of a change in tax law or practice) could result in HICL UK not being able to benefit from the current exemption for investment trusts from UK corporation tax on chargeable gains. This could affect HICL UK's ability to provide returns to Shareholders.

It is not possible to guarantee that HICL UK will be and will remain a company that is not a close company for UK tax purposes, which is a requirement to obtain and maintain its status as an investment trust, as the Ordinary Shares are freely transferable. HICL UK, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the eligibility conditions or requirements for an approved investment trust, will need to notify HMRC of this fact.

Base Erosion and Profit Shifting

The OECD's Action Plan on Base Erosion and Profit Shifting ("**BEPS**"), published in 2013, seeks to address perceived flaws in international tax rules. It sets out 15 actions to counter BEPS in a comprehensive and coordinated way. The final reports on these 15 actions were published on 5 October 2015 and it is the responsibility of the OECD members to consider how the BEPS recommendations should be reflected in domestic national legislation. It is possible that the implementation of the BEPS actions in specific jurisdictions may have negative implications for the HICL UK Group or entities in which the HICL UK Group invests, including the potential for a reduction in the tax deductibility of debt interest (notwithstanding the potential for a carve out for public interest entities which may mitigate the impact on some or all of the underlying infrastructure investment entities).

Change in accounting standards, tax law and practice

Financing structures of Portfolio Companies are based on assumptions regarding prevailing taxation law, accounting standards and practice. Any change in a Portfolio Company's tax status or in tax legislation (including in relation to taxation rates and allowances) or in accounting standards could adversely affect the investment return of the Portfolio Company. In particular, if returns from infrastructure equity reach a high level, there is a risk that governments may seek to recoup returns that they deem to be excessive either on individual projects or more generally.

Transfer pricing

To the extent that interest paid by Portfolio Companies and Holding Entities on debt provided by parties interested in the equity of the Portfolio Company (for example, the subordinated debt element of the Infrastructure Equity) exceeds arm's length rates or the quantum of any debt provided by such interested parties exceeds that which would have been available at arm's length, the relevant tax authorities may seek to restrict the allowable deduction for such interest payments, and level penalties and interest for late payments. This could result in more tax being paid by a Portfolio Company or Holding Entity and ultimately may reduce the return to investors.

Due Diligence and Reporting Obligations

HICL UK will be required to comply with certain due diligence and reporting requirements under the International Tax Compliance Regulations 2015 as amended, which were enacted to meet the United Kingdom's obligations under FATCA, the Common Reporting Standard developed by the OECD and the EU Directive on Administrative Cooperation in Tax Matters. Shareholders may be required to provide information to HICL UK to enable HICL UK to satisfy its obligations under the regulations. In certain circumstances, HICL UK may be required to provide the Shareholders' information to HMRC and HMRC may pass this information on to tax authorities in other jurisdictions. Failure by HICL UK to comply with its obligations under the regulations may result in fines being imposed on HICL UK and, in such event, the target returns of HICL UK may be adversely affected.

IMPORTANT INFORMATION

General

In assessing an investment in HICL UK, investors should rely only on the information in this Prospectus and any supplementary prospectus published by HICL UK prior to Admission. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any such supplementary prospectus and, if given or made, such information or representations must not be relied on as having been authorised by HICL UK, the Directors, the Investment Manager, Canaccord Genuity, RBC Europe or any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of HICL UK to publish a supplementary prospectus, neither the delivery of this Prospectus nor the issue of Ordinary Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of HICL UK since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

Canaccord Genuity, RBC Europe and their respective affiliates may have engaged in transactions with, and have provided various investment banking, financial advisory and other services for, HICL UK or the Investment Manager for which they would have received fees. Canaccord Genuity, RBC Europe and their respective affiliates may provide such services to HICL UK, the Investment Manager or any of their respective affiliates in the future.

Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction. Issue or circulation of this Prospectus may be prohibited in some countries. Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out in the section headed "Notices to Non-UK Investors" in this Prospectus.

This Prospectus has been approved by the UKLA as a prospectus for the purposes of section 85 of FSMA and Directive 2003/7/EC (as amended by Directive 2010/73/EU). No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and, accordingly, no public offer is to be made in such jurisdictions.

HICL UK and its Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of HICL UK and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of HICL UK have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts, the omission of which would make misleading any statement in this Prospectus, whether of facts or of opinion. All the Directors accept responsibility accordingly.

HICL UK intends to conduct its affairs as an investment trust. On this basis, the Ordinary Shares should qualify as an "excluded security" and therefore be excluded from the FCA's restrictions in COBS 4.12 of the FCA Handbook that apply to non-mainstream pooled investment products.

Investment considerations

The contents of this Prospectus or any other communications from HICL UK, the Investment Manager, Canaccord Genuity, RBC Europe and their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning HICL UK and an investment therein.

The Ordinary Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of HICL UK's investments will occur or that HICL UK will achieve its distribution targets (which for the avoidance of doubt are targets only and not profit forecasts), and investors may not get back the full value of their investment. Any investment objectives of HICL UK are targets only and should not be treated as assurances or guarantees of performance. It should be remembered that the price of the Ordinary Shares, and the income from them, can go down as well as up.

All Shareholders are entitled to the benefit of, bound by and are deemed to have notice of the provisions of the Articles of HICL UK, which investors should review. A summary of the Articles can be found in Part IX of this Prospectus and a copy of the Articles can be found on HICL UK's website at *www.hicl.com*.

Typical investors

An investment in HICL UK is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of HICL UK, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in HICL UK and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in HICL UK are UK based asset and wealth managers regulated or authorised by the FCA, other institutional and sophisticated investors and private individuals (some of whom may invest through brokers). Investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in HICL UK.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause HICL UK's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect HICL UK's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to HICL UK's operations, results of operations and growth strategy.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as of the date of this Prospectus. Subject to any obligations under FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, HICL UK undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

For the avoidance of doubt, nothing in the foregoing paragraphs under the heading "Forward-looking statements" constitutes a qualification of the working capital statement contained in Part IX of this Prospectus.

Data Protection

The information that a prospective investor in HICL UK provides in documents in relation to the issue of Ordinary Shares pursuant to this Prospectus or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by HICL UK (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to HICL UK), the Investment Manager, the Registrar and/or the Administrator in compliance with the relevant data protection legislation and other regulatory requirements related to privacy and the processing of personal data in force in the United Kingdom from time to time.

Each of HICL Guernsey (prior to the Effective Date), HICL UK (from the Effective Date), the Investment Manager, the Registrar and the Administrator will process personal data collected in relation to prospective investors or third party individuals in particular in order to verify the identity of prospective investors, carry out the business of HICL UK and administering the Ordinary Shares in HICL UK, meet their respective legal and regulatory obligations and to contact prospective or actual investors with information about their investment and about other products and services, where permitted by applicable laws.

Processing personal data for these purposes will involve the sharing of such personal data with third parties, and in certain cases this will involve the transfer of personal data to countries which are not considered to provide the same level of protection for personal data as the UK. In such cases, HICL UK, the Investment Manager, the Registrar and the Administrator will take steps to ensure there are appropriate safeguards in place to ensure an adequate level of protection is in place.

For further details about the purposes for which personal data will be used and processed, how such personal data will be processed, and individuals' rights over personal data prior to the Effective Date, please see the HICL Guernsey privacy notice at www.hicl.com. In relation to personal data processed from the Effective Date, please see the HICL UK privacy notice at www.hicl.com. If you wish to receive a hard copy of the HICL Guernsey privacy notice, please contact the Administrator.

Where a prospective investor that is an individual provides personal data relating to themselves to HICL UK, the Investment Manager, the Registrar and/or the Administrator, that prospective investor represents and warrants that:

a) they have read and understood the privacy notice available at www.hicl.com; and

b) the personal data submitted is accurate and up to date.

Where a prospective investor provides personal data relating to individuals other than themselves, to HICL UK, the Investment Manager, the Registrar and/or the Administrator, that prospective investor represents and warrants at the time it provides that personal data that:

a) it has brought the privacy notice available at www.hicl.com to the attention of any individuals whose personal data is provided;

b) it has complied, and will continue to comply, in all respects with applicable laws related to privacy and the processing of personal data (including but not limited to Regulation (EU) 2016/679, the General Data Protection Regulation, and the UK Data Protection Act 2018, as amended or updated from time to time);

c) it will notify HICL UK without undue delay after becoming aware of any breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data which has been provided to HICL UK, the Investment Manager, the Registrar and/or the Administrator.

Prospective investors shall fully indemnify HICL UK, the Investment Manager, the Registrar and the Administrator (as applicable) and keep them fully indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including direct losses and loss of profits, business and reputation, actions, proceedings and liabilities of any nature whatsoever incurred by HICL UK, the Investment Manager, the Registrar and the Administrator (as applicable) arising from or in connection with any failure by the prospective investor to comply with the provisions set out above.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Current Taxation Law and Practice

Information on taxation provided in Part VIII of this Prospectus is a general guide only and is based on current UK and Luxembourg taxation law and the current practices of the UK and Luxembourg taxation authorities and should not be regarded as legal or tax advice. Prospective investors should consult their own professional advisers. Taxation law and practices may change in the future to the disadvantage of HICL UK and Shareholders.

No incorporation of website

The contents of HICL UK's website at www.hicl.com do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by HICL UK prior to Admission alone.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. HICL UK confirms that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "GBP", "Sterling", "£", "pence" or "p" are to the lawful currency of the UK, all references to "US$" are to the lawful currency of the US, all references to "CAD" are to the lawful currency of Canada, all reference to "AUD" are to the lawful currency of Australia, and all references to "e" or "Euro" are to the lawful currency of the Eurozone countries.

Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is close of business on 1 March 2019.

Definitions

A list of defined terms used in this Prospectus is set out in the section heading "Definitions" at the end of this Prospectus.

Governing law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales or Luxembourg (as appropriate) and are subject to changes.

EXPECTED TIMETABLE

	2019
Publication and posting of this Prospectus	4 March
Publication and posting of the Circular and Form of Proxy	4 March
Latest time and date for receipt of Forms of Proxy for the HICL Guernsey EGM	11.00 a.m. on 22 March
HICL Guernsey EGM	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 Ordinary Shares issued pursuant to the Issue	8.00 a.m. on 1 April
CREST members' accounts credited in respect of Ordinary Shares 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 Ordinary Shares issued in certificated form pursuant to the Issue	Week commencing 8 April

Notes:

- *All references to times in this Prospectus 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 UK 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.*

ISSUE STATISTICS

Number of Ordinary Shares being issued pursuant to the Issue	Up to 2 billion
ISIN for the Ordinary Shares	GB00BJLP1Y77
SEDOL for the Ordinary Shares	BJLP1Y7
Ticker Code	HICL
Legal Entity Identifier (LEI) for HICL UK	213800BVXR1E5L7PEV94

DIRECTORS, AGENTS AND ADVISERS

Directors (all non-executive)	Ian Russell CBE (*Chairman*) Frank Nelson (*Senior Independent Director*) Mike Bane Sally-Ann Farnon Simon Holden Kenneth D. Reid *all of the registered office address below*
Registered Office	12 Charles II Street London SW1Y 4QU
Administrator and Company Secretary	**Aztec Financial Services (UK) Limited** Forum 3, Solent Business Park Parkway South Whiteley Fareham PO15 7FH
Registrar	**Link Asset Services** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Administrator to Luxcos	**RSM Tax & Accounting Luxembourg** 6 Rue Adolphe L-1116 Luxembourg
Investment Manager, AIFM and Operator	**InfraRed Capital Partners Limited** 12 Charles II Street London SW1Y 4QU
Sponsor and Joint Broker	**Canaccord Genuity Limited** 88 Wood Street London EC2V 7QR
Joint Broker	**RBC Europe Limited** Riverbank House 2 Swan Lane London EC4R 3BF
Principal Bankers	**The Royal Bank of Scotland International** 7th Floor 1 Princes Street London EC2R 8BP
Auditors	**KPMG LLP** 15 Canada Square London E14 5GL
Depositary	**Augentius Depositary Company Limited** Two London Bridge London SE1 9RA

Legal Advisers to HICL UK as to English Law	**Hogan Lovells International LLP** Atlantic House Holborn Viaduct London EC1A 2FG
Legal Advisers to HICL UK as to Guernsey Law	**Carey Olsen** P.O. Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ

PART I – INTRODUCTION TO HICL UK AND THE SCHEME

INTRODUCTION

HICL UK is a newly incorporated, closed-ended, UK investment company. HICL UK intends to conduct its affairs as a UK investment trust company.

HICL UK has been incorporated for the purpose of effecting the 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**"). It is also proposed that the investment management arrangements with InfraRed Capital Partners Limited ("**ICPL**") be updated (the proposed Scheme and the proposed updates to the investment management arrangements together being the "**Proposals**"). As at the date of this Prospectus, HICL UK has not traded or conducted any activities other than those in connection with the Proposals.

The Proposals require the approval of HICL Guernsey Shareholders. If the Scheme is approved, HICL Guernsey Shareholders will be issued with one Ordinary Share in HICL UK for each HICL Guernsey Ordinary Share that they hold. Accordingly, the Shareholders in HICL UK will be the same as the HICL Guernsey Shareholders and each will hold the same number of Ordinary Shares in HICL UK as they held in HICL Guernsey on the Record Date. The Ordinary Shares will be listed on the premium segment of the Official List and admitted to trading on the Main Market.

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 the Current Portfolio under the Scheme.

The Circular has been sent to HICL Guernsey Shareholders to convene the HICL Guernsey EGM, at which HICL Guernsey Shareholders' approval for the Proposals will be sought.

BACKGROUND TO THE PROPOSED SCHEME

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 Ordinary Shares in HICL UK to Shareholders in HICL Guernsey. Shareholders in HICL Guernsey will be issued with one 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 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. Further analysis of the tax position of HICL UK is contained in Part VIII of this Prospectus.

The Proposals outlined in the Circular require the approval of Shareholders at the HICL Guernsey EGM.

BENEFITS OF THE PROPOSALS

It is expected that the Proposals will have the following benefits.

- 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.

IMPLEMENTATION OF THE PROPOSALS

Consents and Approvals

The Proposals require the consent of HICL Guernsey Shareholders at the HICL Guernsey EGM which has been convened for the purposes of considering the Proposals, and the subsequent approval by the Liquidation Shareholder of the winding up and appointment of the Liquidators. 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.

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 Ordinary Shares to HICL Guernsey's Shareholders. HICL Guernsey's Shareholders will be issued with one Ordinary Share 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 Ordinary Shares 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 Ordinary Shares 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).

Unless all of the conditions to which the Scheme is subject (further details of which are set out in Part VII of this Prospectus) 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.

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 the 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 HICL Guernsey Shareholders in relation to the Scheme

The Scheme, through which the shares in HICL Guernsey are exchanged for Ordinary Shares 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 HICL Guernsey 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.

FUTURE INVESTMENTS BY THE HICL UK GROUP

Based on the Investment Manager's analysis of the Current Portfolio, the Directors believe that an IRR of approximately 6.0 per cent. is an achievable long-term target in respect of an Ordinary Share, by reference to the 31 December 2018 HICL Guernsey Ordinary Share price of 157.7 pence.

The HICL UK Group will aim to manage and grow a diversified portfolio which is not dominated by any single investment. The HICL UK Group will seek to acquire Infrastructure Equity that fits within its Investment Policy and is consistent with the current investment strategy, which is set out below and will be updated and communicated to Shareholders through HICL UK's annual reports.

The HICL UK Group's Investment Objectives and Investment Policy are set out in full in Part II of this Prospectus.

Current investment strategy

The HICL UK Group has, as part of its Investment Policy, an investment strategy which will be reviewed annually by the Board and agreed with the Investment Manager. The investment strategy replicates that of HICL Guernsey (which has remained consistent since HICL Guernsey's launch with some evolution to reflect changes in the scope of opportunities in the market for infrastructure investment). The primary focus of the HICL UK Group will be on operational infrastructure assets in the following core infrastructure market segments:

- PPP projects: predominantly with availability-based contracts and most likely to be operational, although projects under construction will be considered.
- Regulated assets: predominantly assets subject to price controls (such as gas and electricity transmission and distribution; and water utilities) but also including other revenue models such as the OFTO regime.
- Demand-based assets: assets where revenues vary depending on end-user demand, examples of which include student accommodation and operational toll roads.

Of possible interest, but only opportunistically, are:

- the debt funding of infrastructure assets, where attractively priced and appropriately structured;
- investments in portfolios of infrastructure assets managed through fund structures; and
- infrastructure assets with corporate counterparties, where revenue risk is mitigated through long-term contracts (for example, railway rolling stock).

The Investment Manager will evaluate investment opportunities in terms of their potential to be accretive to the then existing portfolio. This analysis is performed using four accretion metrics: total return (suitably adjusted for the risk associated with an opportunity); yield; inflation correlation; and remaining asset life. While opportunities may not be accretive across all metrics, the Investment Manager will seek to make investments that in combination provide accretion to the then existing portfolio and further the investment objectives of HICL UK.

Opportunities for portfolio development

HICL UK, in consultation with the Investment Manager, will continually seek new infrastructure investments which: (i) are consistent with the investment strategy; (ii) will allow for development and diversification of the portfolio; (iii) fall within the scope of the HICL UK Group's Investment Policy; and (iv) have the required financial and risk characteristics to enable the HICL UK Group to meet its investment targets. The focus for new investments will remain within the three target market segments identified in HICL UK's investment strategy set out above.

The market for investments in PPP projects has evolved in recent years. The UK secondary market has matured and HICL UK, in consultation with the Investment Manager, expects to see fewer opportunities in this area. At the same time, secondary market activity in other geographies (principally Europe but also North America and Australia) has increased and HICL UK expects to add to the HICL UK Group's portfolio in these markets. In addition, procurement of new PPP projects continues in selected geographies (particularly in Europe, North America and Australia) and HICL UK expects to participate in these markets where it believes it can partner with credible counterparties and provide a compelling proposition to Clients.

The wider infrastructure market has also evolved since HICL Guernsey's launch in 2006 and HICL UK, in consultation with the Investment Manager, expects to see a broader spectrum of potential investment opportunities. HICL UK will actively consider investments which enhance the portfolio return and are consistent with its objective of producing income from a portfolio of infrastructure investments that is positioned at the lower end of the risk spectrum. These include regulated assets and demand-based assets. HICL UK expects to see secondary market opportunities for operational assets in both market segments and, more selectively, opportunities with construction risk.

Some demand-based assets (such as toll roads) have revenues that are closely correlated to changes in GDP, whereas the HICL Guernsey Portfolio produces returns that are largely uncorrelated to GDP. The HICL UK Group does not intend to fundamentally change the uncorrelated nature of the portfolio and its appetite for GDP-correlated investments is therefore limited.

Whilst there is no guarantee that suitable new investments will be found in the future, HICL UK, in consultation with the Investment Manager, is confident that opportunities to make selective acquisitions in its core market segments will become available from time to time. The investment process is set out in more detail in Part V of this Prospectus.

Geographical diversification

In seeking new investment opportunities, HICL UK's geographic focus will involve a proactive approach in the UK, Europe, North America and Australia. HICL UK, in consultation with the Investment Manager, believes there will be opportunities to acquire further investments in the UK, particularly PPP projects and regulated assets.

In Europe, with the growth of PPP as a procurement method in selected countries, there are a number of projects in construction which will become operational in due course. HICL UK, in consultation with the Investment Manager, believes that, in the same way as happened in the UK, the sponsors of these projects will want, in due course, to sell their investments.

The market in the USA consists principally of a slow but steady stream of new PPP procurements (i.e. with construction risk) and also some demand-based assets (principally operational toll roads). The Canadian PPP market is mature and HICL UK, in consultation with the Investment Manager, anticipates seeing continued activity in both the secondary market for operational projects and also in relation to new procurements.

Follow-on investments

Since launch, the HICL Guernsey Group has acquired or made 67 follow-on investments in Portfolio Companies in which it already held an investment. In the HICL Guernsey Portfolio, there are a number of shareholders in many of the Project Companies who may decide to dispose of their stakes in the future and, if this is the case, the HICL UK Group is well placed to acquire any such stakes.

PART II – INFORMATION ON HICL UK

Introduction

HICL UK was incorporated on 21 December 2018 in England and Wales and is registered as an investment company under section 833 of the Act.

Upon implementation of the Scheme, an investment in HICL UK will enable investors to access the income stream from a diversified and established portfolio of quality infrastructure investments.

HICL UK's capital and operational structure

As at the date of this Prospectus, HICL UK has two Ordinary Shares and 50,000 Redeemable Shares in issue and the unaudited Net Asset Value per Ordinary Share is £1,000,000,000. Further details of HICL UK's current share capital are contained in Part IX of this Prospectus.

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.

As explained in Part I of this Prospectus, HICL UK will, pursuant to the Scheme, acquire HICL Guernsey's interests in Luxco 1. Accordingly, upon implementation of the scheme, the HICL UK Group will hold its infrastructure investments indirectly via the Holding Entities:

- HICL UK will invest in equity and debt of Luxco 1, a *société à responsabilité limitée* established in Luxembourg, which in turn invests in equity and debt of a similar entity, Luxco 2. Both of the Luxcos will be wholly owned subsidiaries of HICL UK. HICL UK will control the investment policies of the Luxcos.
- Luxco 2 is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle, the General Partner, as its general partner. The General Partner is a wholly owned indirect subsidiary of InfraRed Partners LLP. The General Partner, on behalf of the Partnership, has appointed the Operator as operator of 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.

The HICL UK Group's infrastructure investments are registered in the name of the General Partner, the Partnership or wholly owned subsidiaries of the Partnership.

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).

InfraRed Capital Partners Limited is authorised and regulated in the UK by the FCA and acts as the Investment Manager and AIFM of HICL UK and as Operator of the Partnership.

Investment opportunity

HICL UK will offer investors access to income streams from the Current Portfolio (which is described more fully in Part IV of this Prospectus). The HICL UK Group intends to make further infrastructure investments in the future as suitable opportunities arise.

The Directors, in consultation with the Investment Manager, believe that investments in infrastructure assets have attractive features when compared to investments in other asset classes (such as non-infrastructure equities and real estate) and, in particular, offer the following features:

- monopolistic assets providing essential services to society, with limited or no competition from other asset owners, that typically generate long-term cash flows;
- low correlation and limited exposure of PPP projects and regulated assets to economic and business cycles;
- assets that generally have central or local government counterparties (providing strong credit quality) or operate within a regulatory framework that is defined by law;

- inflation-linked revenue streams supported by indexation mechanisms set out in either contracts or regulatory frameworks;
- underlying market demand for infrastructure remaining strong globally, given political and economic imperatives worldwide and public budget constraints;
- relative stability of infrastructure projects which contrasts with the volatility in financial markets over the past five years; and
- valuation of infrastructure investments remaining relatively stable, reflecting the inherent value of the underlying income streams of the assets.

The Directors, in consultation with the Investment Manager, also believe that an investment in HICL UK will offer investors seeking an investment in infrastructure assets the following benefits over the medium term:

- a stable dividend, with the potential for further growth;
- preservation of the capital value with the potential for capital growth;
- a diversified portfolio primarily focused on Infrastructure Equity investments in operational yielding assets with a proven track record;
- a portfolio of assets that combine size and type to maintain balance and diversification across the portfolio;
- the HICL UK Group will have the opportunity to purchase further stakes in Current Portfolio projects, giving an opportunity to enhance returns through benefits of scale;
- the Infrastructure Investment Team has strength and depth in key skills – deal sourcing, deal structuring and portfolio management – enhancing returns on a low risk basis;
- the HICL UK Group's underlying assets will typically have long-term amortising debt and do not require refinancing[2];
- HICL UK will provide investors with a range of timely and relevant information assisting them to understand how the portfolio is performing;
- the Infrastructure Investment Team has a network of contacts and relationships globally from which it will continue to source investment opportunities; and
- the Infrastructure Investment Team has experience of working internationally in countries where there are strong opportunities for further investments.

Investment Objectives

HICL UK will seek to provide investors with long-term, stable income from a portfolio of infrastructure investments that is positioned at the lower end of the risk spectrum. In addition to generating sustainable dividends, HICL UK will aim to preserve the capital value of its investment portfolio over the long term, with potential for capital growth, and provide a degree of correlation between the return[3] to Shareholders and changes in inflation rates.

HICL UK is targeting an IRR of 7 to 8 per cent. on the original issue price of 100 pence of HICL Guernsey's ordinary shares in March 2006, to be achieved over the long term via active management, including the acquisition by the HICL UK Group of further investments to complement the Current Portfolio, and by the prudent use of gearing.

Investment Policy

The HICL UK Group's Investment Policy is to ensure a diversified portfolio which has a number of similarly sized investments and is not dominated by any single investment. The HICL UK Group will seek to acquire Infrastructure Equity with similar risk/reward characteristics to the Current Portfolio, which may include (but is not limited to):

- public sector, government-backed or regulated revenues;
- concessions which are predominantly ''availability'' based (i.e. the payments from the concession do not generally depend on the level of use of the project asset); and/or
- companies in the regulated utilities sector.

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2 The Current Portfolio contains two assets, Affinity Water and the Northwest Parkway toll road, where the Portfolio Companies will need to refinance debt.

3 Return measured on the basis of movements in NAV per Ordinary Share plus dividends paid.

The HICL UK Group will also seek to enhance returns for Shareholders by acquiring more diverse infrastructure investments. The Directors currently intend that the HICL UK Group may invest in aggregate up to 35 per cent. of its total assets (at the time the relevant investment is made) in:

- Project Companies which have not yet completed the construction phases of their concessions but where prospective yield characteristics and associated risks are deemed appropriate to the investment objectives of HICL UK. This may include investment in companies which are in the process of bidding for concessions, to the extent that such companies form part of a more mature portfolio of investments which the HICL UK Group considers it appropriate to acquire;
- Project Companies with "demand" based concessions where the Investment Manager considers that demand and stability of revenues are not yet established, and/or Project Companies which do not have public sector sponsored/awarded or government-backed concessions; and
- to a lesser extent (but counting towards the same aggregate 35 per cent. limit, and again at the time the relevant investment is made) in limited partnerships, other funds that make infrastructure investments and/or financial instruments and securities issued by companies that make infrastructure investments, or whose activities are similar or comparable to infrastructure investments.

Geographic focus

The Directors believe that attractive opportunities for the HICL UK Group to enhance returns for investors are likely to arise outside as well as within the UK (where the majority of the projects in the HICL Guernsey Portfolio are based). The HICL UK Group may therefore make investments in the European Union, Norway, Switzerland, the Americas and selected territories in Asia and Australasia. The HICL UK Group may also make investments in other markets should suitable opportunities arise. The HICL UK Group will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where it considers that contract structures and enforceability are reliable and where (to the extent applicable) public sector obligations carry what the Investment Manager believes to be a satisfactory credit rating and where financial markets are relatively mature.

Single investment limit and diversity of Clients and suppliers

For each new acquisition made, HICL UK will ensure that such investment acquired does not have an acquisition value (or, if it is a further stake in an existing investment, the combined value of both the existing stake and the further stake acquired is not) greater than 20 per cent. of the total gross assets of HICL UK immediately post acquisition. The total gross assets will be calculated based on the last published gross investment valuation of the portfolio plus acquisitions made since the date of such valuation at their cost of acquisition.

The purpose of this limit is to ensure the portfolio has a number of investments and is not dominated by any single investment.

In selecting new investments to acquire, the Investment Manager will seek to ensure that the portfolio of investments has a range of public sector Clients and supply chain contractors, in order to avoid over-reliance on either a single Client or a single contractor.

Restrictions under the Listing Rules

In accordance with the requirements of the UK Listing Authority, HICL UK has adopted the policies set out below:

(a) HICL UK's primary objective is investing and managing its assets with a view to spreading or otherwise managing investment risk. HICL UK must, at all times, invest and manage its assets in a way which is in accordance with its investment policy;

(b) HICL UK will not conduct a trading activity which is significant in the context of the HICL UK Group as a whole. HICL UK will not cross-finance businesses forming part of the HICL UK Group's investment portfolio; and

(c) no more than 10 per cent., in aggregate, of HICL UK's assets will be invested in other listed closed-ended investment funds.

The Listing Rules may be amended or replaced over time. To the extent that the above investment restrictions are no longer imposed under the Listing Rules, those investment restrictions shall cease to apply to HICL UK.

Gearing

The HICL UK Group intends to make prudent use of leverage to finance the acquisition of investments, to enhance returns to investors and to finance outstanding investment obligations. Under the Articles, the HICL UK Group's outstanding borrowings, excluding intra-group borrowings and the debts of underlying investee companies but including any financial guarantees to support subscription obligations, are limited to 50 per cent. of the Adjusted Gross Asset Value (meaning the fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations) of its investments and cash balances at any time. The HICL UK Group may borrow in currencies other than GBP as part of its currency hedging strategy.

Amendments

Any material amendments to the Investment Policy will require the prior approval of the FCA and Shareholders.

New investments and conflicts of interest

It is expected that further investments will be sourced by the Investment Manager and it is likely that some of these will be investments that have been originated and developed by, and may be acquired from, the Investment Manager (or its affiliates) or from a fund managed by the Investment Manager (or its affiliates). In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the HICL UK Group, the Investment Manager (or its affiliates) or funds managed by the Investment Manager (or its affiliates) (the "Rules of Engagement"). If the HICL UK Group invests in funds managed or operated by the Investment Manager (or its affiliates), the HICL UK Group shall bear any management or similar fees charged in relation to such fund provided, however, that the value of the HICL UK Group's investments in such funds shall not be counted towards the valuation of the HICL UK Group's investments for the purposes of calculating the fees/profit share payable to the Investment Manager or the General Partner (as described in Part V of this Prospectus).

It is possible that in future the HICL UK Group may seek to purchase certain investments from funds managed or operated by the Investment Manager (or its affiliates) once those investments have matured and to the extent that the investments suit the HICL UK Group's investment objectives and strategy. If such acquisitions are made, appropriate procedures from the Rules of Engagement will be put in place to manage the conflict.

Key features of the Rules of Engagement include:

- the creation of separate committees within the Investment Manager. These committees represent the interests of the vendors on the one hand, the "Sellside Committee", and the HICL UK Group on the other, the "Buyside Committee", to ensure arm's length decision making and approval processes. The membership of each committee is restricted in such a way as to ensure its independence and to minimise conflicts of interest arising;
- a requirement for the Buyside Committee to conduct an independent due diligence process on the assets proposed to be acquired prior to making an offer for their purchase;
- a requirement for any offer made for the assets to be supported by a report on the Fair Market Value for the transaction from an independent expert;
- the establishment of information barriers between the Buyside and Sellside Committees with appropriate information barrier procedures to ensure information that is confidential to one or the other side is kept confidential to that side; and
- the provision of a "release letter" to each employee of the Investment Manager who is a member of the Buyside and Sellside Committees. The release letter confirms that the employee shall be treated as not being bound by his/her duties as an employee to the extent that such duties conflict with any actions or decisions which are in the employee's reasonable opinion necessary for him/her to carry out as a member of the Buyside or Sellside Committee.

In considering any such acquisition the Directors will, as they deem necessary, review and ask questions of the Buyside Committee and the HICL UK Group's other advisers, to ensure that the Directors are satisfied that the terms of any such acquisitions are negotiated on an arm's length basis.

Share liquidity

HICL UK is expected to benefit from a premium listing on the Official List and from admission to trading on the Main Market, and given the well-established two-way market for the secondary trading of HICL Guernsey's share capital, liquidity in the Ordinary Shares is expected to be substantial.

Distribution policy

General

HICL UK's principal financial return objective is to offer a long-term, sustainable income for Shareholders. This is delivered through HICL UK's dividend target – an annual distribution of at least that paid during the prior financial year – with the prospect of increasing the figure provided it is sustainable with regard to the portfolio's forecast operational performance and the prevailing macro-economic outlook.

Distributions on the Ordinary Shares are expected to be paid four times a year, in respect of the three-month periods to 30 June, 30 September, 31 December and 31 March. Distributions are, subject to market conditions, expected to be made by way of dividend. HICL UK may also make distributions by way of capital and other distributions (or otherwise in accordance with the Act and the Articles) as well as, or in lieu of, by way of dividend if and to the extent that the Directors consider this to be appropriate.

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 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 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 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 the Directors 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 Prospectus 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 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 principle advantages of scrip dividends for UK shareholders are not applicable in respect of UK-incorporated investment trusts such as HICL UK.

The Directors 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 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.

Distributable Cash Flows

The Directors intend that HICL UK will generally restrict distributions (by way of dividend or otherwise) to the level of Distributable Cash Flows. The Directors may, where they consider this to be appropriate in respect of investments where such assets are not fully cash generative, distribute as dividend an amount up to the level of the HICL UK Group's gross income, i.e. in excess of Distributable Cash Flows (subject to the applicable provisions of the Act and the Articles).

Project Companies which are operational will usually make distributions to the HICL UK Group twice a year, and occasionally these payments may be received shortly after a period end due to timing of payment process. The Directors intend to include such amounts in Distributable Cash Flows where it is clear these payments relate to the period concerned.

A proportion of Distributable Cash Flows includes cash receipts from the repayment of the subordinated debt element of the Infrastructure Equity in Project Companies in which the HICL UK Group will invest. This is because the Directors believe that the value of the future cash distributions expected to be made by such Project Companies in the final years of their concessions should be sufficient to preserve the capital value of the investments until those cash distributions commence.

HICL UK retains the discretion to reinvest the capital proceeds of any investments which are transferred or sold by the HICL UK Group during the life of HICL UK.

Dividend targets[4]

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 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 intend to declare an interim dividend for the fourth quarter of the financial year ending 31 March 2019 of 2.02 pence per 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 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 in respect of the Ordinary Shares.

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

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4 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.

Borrowings

The HICL UK Group intends to make prudent use of leverage to finance the acquisition of investments, to enhance returns to investors and to finance outstanding investment obligations. Under the Articles, the HICL UK Group's outstanding borrowings, including any financial guarantees to support outstanding investment obligations but excluding internal HICL UK Group borrowings, or borrowing of the HICL UK Group's underlying investments, are limited to 50 per cent. of the Adjusted Gross Asset Value of its investments and cash balances at any time.

The Partnership has a £400 million Facility provided by Natwest Markets plc (previously known as The Royal Bank of Scotland plc), the Royal Bank of Scotland International Limited, National Australia Bank Limited, Lloyds Bank International Limited, Sumitomo Mitsui Banking Corporation, HSBC Bank plc, ING Bank N.V. London Branch, Crédit Agricole Corporate and Investment Bank and Santander UK plc. The Facility is split into two tranches: a €300 million Euro tranche and a US$175 million US dollar tranche. Each tranche is repayable by 31 May 2022 and can be drawn in cash in the respective currencies of the tranches or optional currencies (subject to certain limits). Drawings can be by the issue of letters of credit under the Euro tranche.

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. Further details of the Facility are set out in Part IX of this Prospectus.

Currency and hedging policy

A portion of the HICL UK Group's underlying investments may be denominated in currencies other than GBP. For example, a portion of the HICL Guernsey Portfolio is denominated in Euros, US dollars and Canadian dollars. Any dividends or distributions in respect of the Ordinary Shares however will be made in GBP, and the market prices and Net Asset Value of the Ordinary Shares will be reported in GBP.

Foreign exchange risk from non-Sterling assets will be managed by hedging investment income from overseas assets through the forward sale of the respective foreign currency (for up to 24 months) combined with balance sheet hedging through the forward sale of Euros, US dollars and Canadian Dollars and by debt drawings under the Facility. This will reduce the volatility in the HICL UK Group's NAV from foreign exchange movements. The current hedging policy is designed to provide confidence in the near term yield and to limit NAV per share sensitivity to no more than 2% for a 10% forex movement. The Directors will review this policy with the Investment Manager on a regular basis and the policy may be varied in future depending on the cost of the policy when compared with its potential benefits.

Interest rate hedging may be carried out to seek to provide protection against increasing costs of servicing Group Debt drawn down to finance investments. This may involve the use of interest rate derivatives. Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

Financial information and reports to Shareholders

The HICL UK Group's annual reports will be prepared up to 31 March each year and copies will be sent to Shareholders in June of that year. Shareholders will also receive unaudited interim reports covering the six month period to 30 September in each year. HICL UK will publish its first annual report and accounts for the period from incorporation to 31 March 2019 in May 2019, and these will be made available on HICL UK's website (www.hicl.com) and the National Storage Mechanism (which is located at http://www.morningstar.co.uk/uk/NSM). It is expected that Shareholders will receive a pack containing both these accounts and HICL Guernsey's final audited annual report and accounts in June 2019.

The annual general meeting of HICL UK will be held in the United Kingdom in each year, with the first expected to take place in July 2019.

The audited accounts of HICL UK will be drawn up in GBP and prepared under IFRS. Under IFRS, HICL UK will prepare an income statement which does not differentiate between revenue and capital. The HICL UK Group's management and administration fees, finance costs and all other expenses will be charged through the income statement. In addition, fair value changes of equity and loan stock investments in Portfolio Companies will be recognised in HICL UK's income statement.

HICL UK will apply IFRS 10, 11 and 12, Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 and IFRS 10 – Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28). As a result, HICL UK will prepare IFRS financial statements which do not consolidate any subsidiaries that are themselves investment entities, meaning that for the foreseeable future the Holding Entities will not be consolidated in HICL UK's financial statements.

HICL UK and its advisers have concluded that in order to report the most relevant financial performance and position to stakeholders, HICL UK will prepare *pro forma* summary financial information on the basis that HICL UK consolidates the results of the Holding Entities. This basis is designated the Investment Basis and this approach is consistent with prior years for HICL Guernsey. In particular it will provide Shareholders with further information regarding the HICL UK Group's gearing and expenses, coupled with greater transparency in HICL UK's capacity for investment and ability to make distributions.

Shareholder communication

HICL UK and the Investment Manager, in conjunction with Canaccord Genuity and RBC Europe, have developed a planned format and programme of regular investor briefings for institutional investors. These are expected to include:

- a website with portfolio data, quarterly fact sheets and past trading information;
- interim and annual reports;
- investor presentations, and meetings with Shareholders who wish to meet with HICL UK at least twice a year;
- site visits and case studies to assist in explaining how a single project is structured and performs financially;
- investor lunches and dinners, being an opportunity to meet the Board and the Infrastructure Investment Team;
- periodic seminars, exploring aspects of HICL UK's strategy and activities in more depth; and
- broker conferences.

Valuations

The Investment Manager will be responsible for carrying out the fair market valuation of the HICL UK Group's investments which will be presented to the Directors for their approval and adoption. The Directors will receive a report and opinion from an independent third party, with considerable expertise in valuing these types of investment, at each valuation date. The valuation will be carried out on a six monthly basis as at 31 March and 30 September each year. The valuation principles used in such methodology will be based on a discounted cash flow methodology. In circumstances in which an investment is traded, a market quote will be used.

This is the same methodology as was used at the time of the launch of HICL Guernsey and has been used at each subsequent six month reporting period in respect of HICL Guernsey.

Fair value for each investment will be derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts, and an appropriate discount rate. The Investment Manager will exercise its judgement in assessing the expected future cash flows from each investment. Each Portfolio Company produces detailed financial models and the Investment Manager will typically take, *inter alia*, the following into account in its review of such models and makes amendments where appropriate:

- due diligence findings where current (e.g. a recent acquisition);
- outstanding subscription obligations or other cash flows which are contractually required or assumed in order to generate the returns;
- project performance against milestones;
- opportunities for financial restructuring;
- changes to the economic, legal, taxation or regulatory environment;
- claims or other disputes or contractual uncertainties; and
- changes to revenue and cost assumptions.

In determining the appropriate discount rate to apply to the expected future distributions from each Portfolio Company, the Investment Manager will take into account the relevant long term government bond yields, the specific risks of each investment (including counterparty risk) and the evidence of recent transactions of which it is aware. The discount rate takes into account risks associated with the financing of a project such as project risks (e.g. liquidity, currency risks, market appetite) and any risks to project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase.

The Investment Manager will use its judgement in arriving at the appropriate discount rate. This is based on its knowledge of the market, taking into account intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

The Investment Manager, on behalf of HICL UK, will calculate the Net Asset Value of an Ordinary Share as at 31 March and 30 September each year and this will be reported to Shareholders in HICL UK's annual report and interim financial statements. All valuations made by the Investment Manager will be made, in part, on valuation information provided by the Portfolio Companies in which the HICL UK Group has invested. Although the Investment Manager will evaluate all such information and data, it may not be in a position to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports typically provided by the Portfolio Companies are provided only on a quarterly or half yearly basis and generally are issued one to four months after their respective valuation dates. Consequently, each half yearly Net Asset Value contains information that may be out of date and require updating and completing. Shareholders should bear in mind that the actual Net Asset Values at such time may be materially different from these half yearly valuations.

The Directors do not envisage any circumstances in which valuations will be suspended.

Life of HICL UK

HICL UK has been established with an unlimited life.

Pre-emption rights

Pursuant to special resolutions passed on 28 February 2019, the Directors were empowered under section 570 of the Act to allot up to 2 billion Ordinary Shares on the basis that the statutory pre-emption rights in Section 561 of the Act do not apply to such allotment. Shareholders will be consulted on the disapplication of pre-emption rights at HICL UK's first annual general meeting (expected to be held in July 2019). Accordingly, such power will expire on the conclusion of the first annual general meeting of HICL UK.

Discount control

Purchase of Ordinary Shares by HICL UK in the market

Pursuant to a special resolution passed on 28 February 2019, the Directors were authorised under section 701 of the Act (subject to the Listing Rules and all other applicable legislation and regulations) to make market purchases of up to 14.99 per cent. per annum of HICL UK's issued Ordinary Shares for the purpose of addressing any imbalance between the supply of and demand for the Ordinary Shares, to assist in minimising any discount to Net Asset Value at which the Ordinary Shares may be trading and to increase the Net Asset Value per Ordinary Share.

The Directors intend to seek a renewal of this authority from Shareholders at each annual general meeting of HICL UK. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Directors. The timing of any purchases will be decided by the Directors in light of prevailing market conditions. However, such purchases will only be made in accordance with applicable law and the Listing Rules in force from time to time or any successor laws, rules or regulations. The Listing Rules currently provide that where HICL UK purchases its Ordinary Shares the price to be paid must not be more than 105 per cent. of the average of the market values of the Ordinary Shares for the five Business Days before the purchase is made or, if higher, the higher of the latest independent trade and the highest current independent bid.

Tender offers

Additionally, in order to further minimise the risk of the Ordinary Shares trading at a discount to Net Asset Value and to assist in the narrowing of any discount at which the Ordinary Shares may trade from time to time, HICL UK may make tender offers from time to time. As such, subject to certain limitations (set out below) and the Directors exercising their discretion to operate the tender offer on any relevant occasion, Shareholders may tender for purchase all or part of their holdings of Ordinary Shares for cash. It is envisaged that the tender offers will be effected such that the tender offer calculation date (the ''Calculation Date'') will be 30 September of the relevant year (or the following Business Day). The price at which Ordinary Shares will be purchased will be the prevailing Net Asset Value per Ordinary Share as at the close of business on the relevant Calculation Date, subject to a discount of 3 per cent. (to cover, *inter alia*, the costs of the tender offer). Tender offers will, for regulatory reasons, not normally be open to Shareholders in Australia, Canada, Japan, South Africa or the United States of America.

Implementation of a tender offer is subject to prior Shareholder approval. Renewal of the repurchase authority will be sought at each annual general meeting. In determining whether to operate a tender offer at any particular time, the Directors will, *inter alia*, take into account whether HICL UK has sufficient cash available to it at such time.

In order to implement a tender offer, a market maker selected by the Board will, as principal, purchase the Ordinary Shares tendered at the tender price and will sell the relevant Ordinary Shares on to HICL UK at the same price by way of an on-market transaction unless HICL UK has agreed with the market maker that the market maker may sell any of the Ordinary Shares in the market. The terms and conditions (and in particular those relating to Shareholders in Australia, Canada, Japan, South Africa or the United States of America) upon which it is intended that each tender offer will be implemented will be sent to Shareholders at the relevant time. The tender offers will be conducted in accordance with the Listing Rules and the rules of the London Stock Exchange.

Investors should note that the operation of the tender offers is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions in respect of Ordinary Shares or on the number of Ordinary Shares which may be the subject of a tender offer.

Investors should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in HICL UK, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the HICL UK Group.

PART III – INVESTMENT BACKGROUND TO AND OUTLOOK FOR THE INFRASTRUCTURE MARKET

What is infrastructure?

Infrastructure investments are generally defined as investments in assets that provide essential services to society. The assets are typically monopolistic in nature – with high barriers to entry for competition – and, when operational, attract predictable revenues that support long-term, stable cash flows for investors.

The market for infrastructure assets can be categorised into segments based on the type of revenue that the assets attract: PPP assets; regulated assets; demand-based assets; and corporate (contracted) assets. Investments in each market segment can be further categorised by sector; and between primary (capital growth) and secondary (operational and yielding) assets. These defining characteristics will in turn determine where each segment sits on the infrastructure market risk spectrum.

Public-Private Partnerships

PPP/P3 concessions generally concern infrastructure assets that are procured by the public sector in order to support the provision of services to the general public. The extent of the services provided varies from project to project, ranging from maintaining the infrastructure through to cleaning, security and providing meals. The typical revenue model is for a Client to make availability payments linked to service performance and availability of the asset for use (e.g. by teachers and pupils at a school). Occasionally, assets in this market segment might attract an element of revenue from other sources, but in these hybrid models availability payments still comprise the bulk of the asset's revenues. Some PPP/P3 concessions may involve payments from Clients that are not availability payments in the strictest sense, but have similar characteristics in terms of their predictability. As a result of their public sector Clients, availability-based revenue and long-term funding arrangements and maintenance contracts which allocate risk to those parties best placed to manage it, this asset class is at the lower end of the infrastructure market risk spectrum. Sectors in the PPP/P3 market segment include education, healthcare, prisons, court houses, other public sector buildings and transportation assets where the revenue is paid by the procuring Client.

Regulated assets

Regulated assets are generally existing monopolies that deliver an essential service, in many cases with little-to-no demand risk and low sensitivity of revenues and cash flows to the economic cycle. Examples include utilities (e.g. electricity/gas transmission and distribution, water and waste water utilities) and certain transportation assets (e.g. a limited number of airports and certain rail infrastructure). Revenues from regulated assets are typically outputs from a price control framework that is established by a regulator (usually government-appointed). The principal objective of a regulator is to protect the interests of consumers who are receiving an essential service from a monopoly asset owner, while ensuring safe and efficient operation of the regulated assets. Regulators periodically review and approve business plans of regulated assets, seeking to deliver their principal objective while also ensuring that the asset owners are sufficiently incentivised to invest. There are examples of regulated assets with revenue models other than a price control framework, such as OFTOs where the regulated entity is entitled to receive an availability payment in return for operating the transmission infrastructure. Where the asset is subject to periodic price reviews, this provides protection to investors over the long-term from industry-wide movements in costs (including the cost of capital, operations, maintenance and asset replacement), and provides opportunities to re-set the cost of capital to reflect changing market conditions. Counterparty risk is lower for regulated assets compared to PPP and demand-based concessions, as operations and maintenance activities are typically either self-performed or contracted to a wide array of contractors.

Demand-based assets

Demand-based assets feature revenues that vary with underlying usage of a piece of infrastructure. This market segment can be further divided into those assets that are sensitive to changes in GDP growth (such as tolled road links, heavy and light railways, airports and seaports) and those that are relatively insensitive to changes in GDP (such as student accommodation) but where demand is influenced by other factors. In common with PPP projects, demand-based assets are often structured as concessions and are typically procured by public sector Clients.

For example, in the case of a toll road concession, payment is in the form of user-paid tolls; and for student accommodation projects payment is in the form of student rents. Revenues may either be received directly from end users or, in some cases, are paid by an intermediary. A Client may act as an intermediary if it wishes to maintain the relationship with the end user or if the revenues are subsidised. In some cases, even though a Project Company's revenues are linked to usage of the asset, end users themselves may not be directly charged.[5]

Operational demand-based assets are at the lower end of the risk spectrum when accompanied by strong usage history or limited uncertainty in forecast demand. Typically, they are long-dated, add good inflation correlation and provide returns at a premium to PPP projects. These assets are generally less sensitive to political and regulatory risks compared to PPP projects or regulated assets.

Corporate assets

Infrastructure assets may also be developed for the purpose of providing services, or access to essential assets, to corporate counterparties. Examples of these include railway rolling stock, mobile communication towers or energy generation assets (that are not in receipt of subsidies). Corporates may seek to procure infrastructure assets in this way for a variety of reasons: outright asset ownership may be regarded as an inefficient use of capital; or operation and maintenance of an asset may not be a core activity. The relationship between the infrastructure asset owner and the corporate counterparty is usually contractual, with prices set through a commercial negotiation or a market-clearing price.

Infrastructure Companies

Infrastructure investments are generally made in either Project Companies or Operating Companies:

- Project Companies are formed specifically for the purpose of acting as counterparty to a Client for a concession contract with a defined expiry. These structures are most relevant to PPP projects and demand-based assets (such as toll road concessions and student accommodation projects).
- Operating Companies typically own and operate assets and do not have a defined life. In terms of their structure they are broadly similar to a typical corporate business model. Within the infrastructure market, the Operating Company structure is most relevant to regulated assets, corporate assets and certain demand-based assets.

Project Companies

In concession-based infrastructure projects (such as PPPs and many demand-based assets), a private sector consortium (often comprising a construction company, an operator and financial investors) will form a new Project Company which bids for a concession contract from a procuring Client (typically in the public sector). If successful with its bid, the Project Company is appointed by the Client to be responsible for the financing and construction of an infrastructure asset such as a hospital, school or transport link, and its long-term maintenance and operation in accordance with agreed service standards. The operational services for which the Project Company is responsible are typically low technology, such as cleaning, catering, maintenance, operation and security. Core "delivery" services such as teaching or medical care are typically retained by the public sector rather than being provided by the private sector.

Although the Project Company is responsible for the construction of the infrastructure asset, it does not usually have full ownership rights over the asset (some rights being retained by the procuring Client). The Project Company does, however, have various valuable rights under the long-term concession contract including the right to receive the revenue associated with the contract, usually subject to performance of its obligations and/or proper provision of the required services.

5 Shadow toll road projects are an example of this, where the revenues paid by the Client vary depending on the volume of traffic using the road. The payment regime may include a number of traffic volume bands, with the lowest band attracting the highest tariff rate, and the highest band attracting the lowest (often zero). Traffic usage is measured and payment by the Client may be based on both the number of vehicles in each traffic band and vehicle type. When traffic volumes are in the higher bands (i.e. with the lowest rate), revenue is generally relatively insensitive to changes in demand, in which case revenue characteristics are more similar to availability-based projects.

At the outset of the project, the Project Company generally subcontracts the majority of its obligations to third parties, often for the duration of the concession. The Project Company seeks to pass on to those third parties the various risks associated with providing the construction and operational services, subject to appropriate liability and indemnity provisions in the contracts. In some instances, the Project Company may perform the operation and maintenance of the asset itself.

The Project Company funds the initial project costs, including the cost of the construction of the infrastructure asset, through a mixture of: (i) long-term senior debt contributed by banks and/or bonds; and (ii) Infrastructure Equity contributed by the financial investors and other consortium members participating in the Project Company. From time to time, the public sector may also provide some of the funding itself or contribute a subsidy to the capital cost.

Senior debt typically constitutes between 70-90 per cent. of a Project Company's initial funding, with the balance being provided by Infrastructure Equity. This level of senior debt is generally available because the Project Company's revenue is payable by public sector (or equivalent bodies with low counterparty risk), or is generated by predictable demand from end users; and because the Project Company has contractually allocated a number of key risks that might affect its income stream to subcontractors who have sufficient financial resources and experience to bear those risks. The senior debt is secured, *inter alia*, on the assets of the Project Company (including the concession contract but generally excluding any land, structures or buildings).

Operating Companies

Infrastructure assets can also be owned and operated by entities that are structured in line with more traditional corporate models. An Operating Company may have been created as part of a privatisation process (e.g. to own and operate regulated assets); as a part of a divestment or spin-out process from a larger corporate; or be newly-formed for the purpose of owning or acquiring certain infrastructure assets.

Operating Companies own, operate and are responsible for the performance of their infrastructure assets. Where assets are leased to a counterparty, responsibility for operations and maintenance may pass from the Operating Company to the lessee. Where operations and maintenance risk is retained by the Operating Company, it may subcontract certain aspects of these activities, but would also typically perform many operational activities using its own workforce.

Operating Companies are typically funded along more traditional corporate finance models. For example, an Operating Company that owns regulated assets (such as a gas distribution network) may deploy a rolling programme of debt financing of varying maturities. It may seek to hedge inflation-linked revenue, and outperform against financing cost assumptions made in its approved business plan, through a combination of fixed, floating and index-linked borrowings.

In common with Project Companies undertaking concessions, Operating Companies are able to support significant leverage. For owners of regulated assets, debt can constitute 60-90 per cent. of the relevant Operating Company's capital structure, with the balance being provided by Infrastructure Equity. This level of senior debt is generally available because the Operating Company's revenue stream is regarded as reasonably predictable; and its business plans (including cost forecasts) are reviewed and determined as part of the periodic regulatory settlement, which typically includes some risk-sharing. Cash flows from regulated assets are therefore perceived as relatively robust.

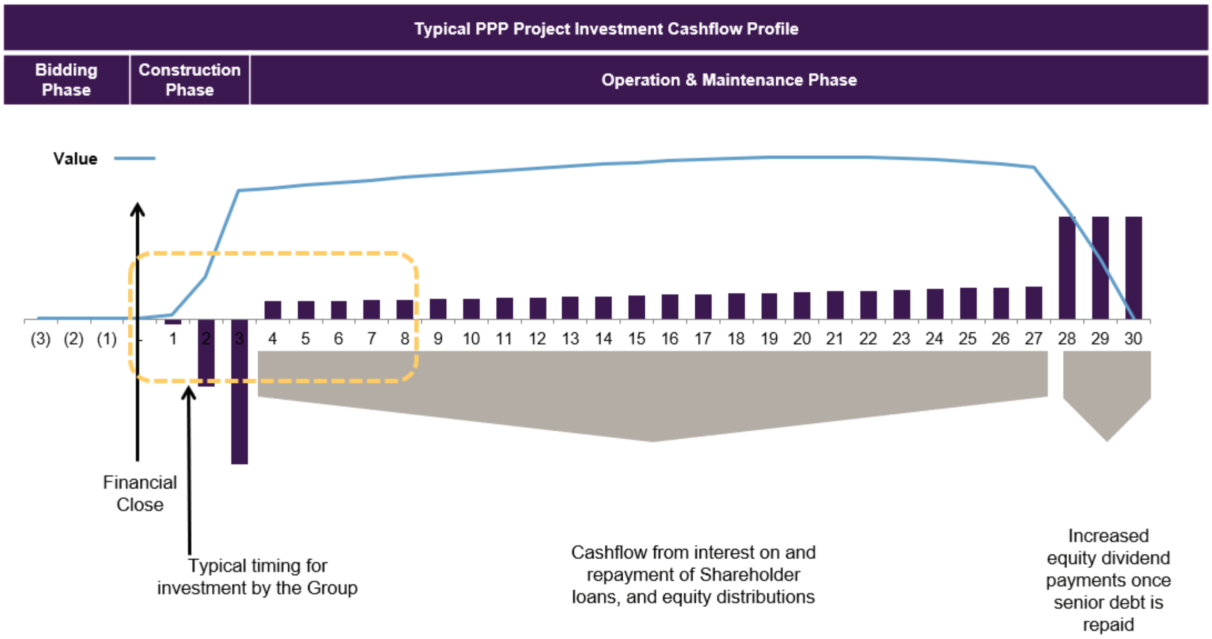
Returns to equity

The profile of equity returns from Infrastructure Equity is influenced by a number of factors, including the asset life, the senior debt financing structure and the nature of the revenues associated with the underlying infrastructure asset.

Project Companies

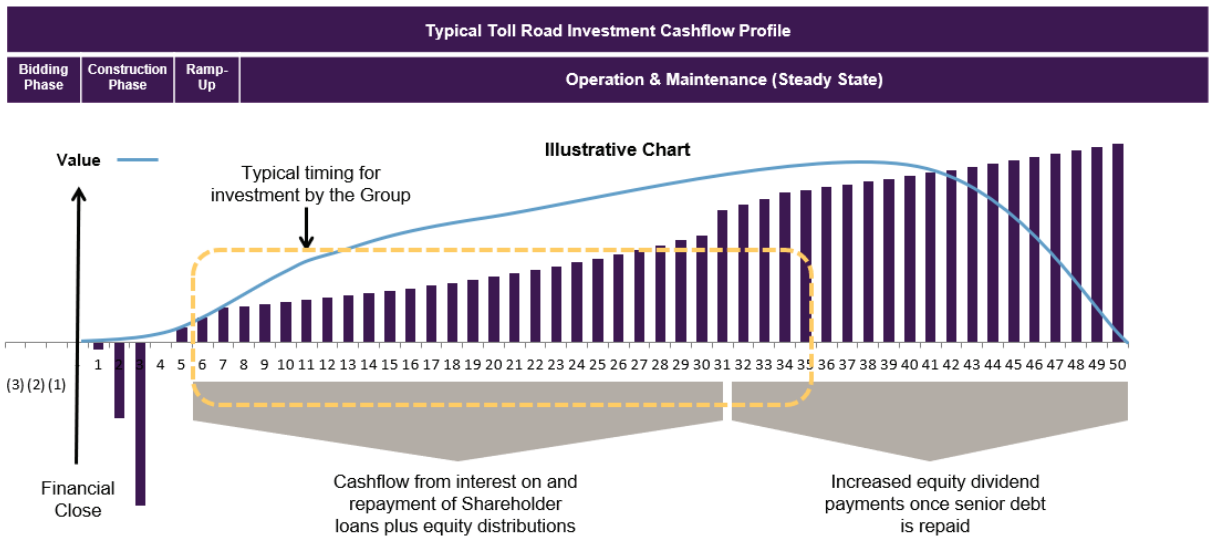
The payments received by a Project Company from its Client or end users are used to remunerate the Infrastructure Equity investment in the Project Company once the senior debt service, operating costs and other expenses of the Project Company have been met.

Figure 1: Illustrative Infrastructure Equity cash flow characteristics of a PPP Project Company (with availability-type income)



Source: Investment Manager analysis.

Figure 2: Illustrative Infrastructure Equity cash flow characteristics of a Project Company (with demand-based income from tolls)



Source: Investment Manager analysis.

As shown in Figures 1 and 2 above, capital in the form of Infrastructure Equity is committed to finance the construction phase of a project. Senior debt tends to be drawn first, and Infrastructure Equity subscription amounts are typically drawn towards the end of the construction phase. Positive investment cash flow or income from an investment in a Project Company is typically received once the project is operational. Income from the investment is received in the form of: (i) interest payments on subordinated debt; (ii) repayment of subordinated debt capital; and (iii) dividend payments; and (iv) ultimately, repayment of share capital. Part of the "income yield" received by Infrastructure Equity investors typically may therefore comprise a capital repayment.

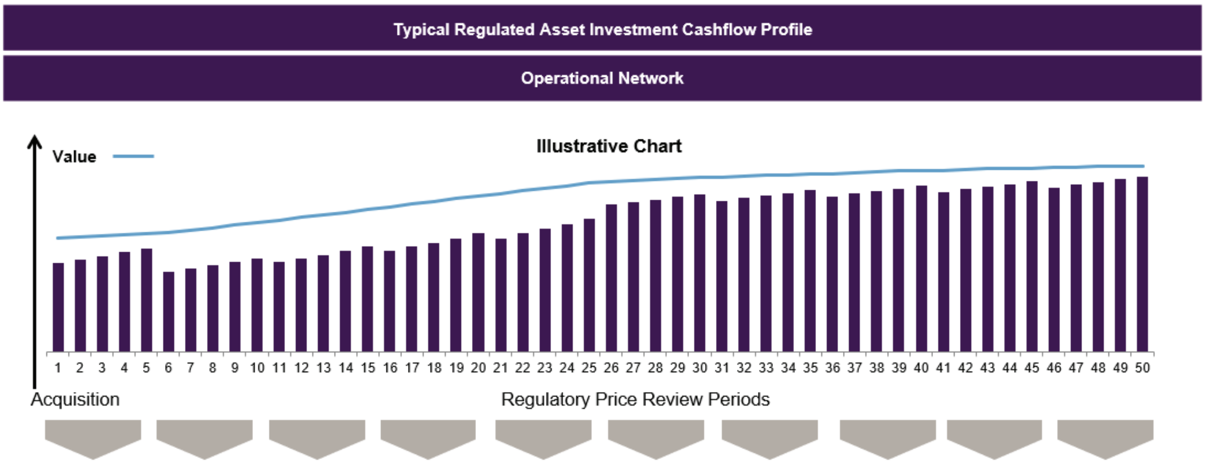
Dividend payments by a Project Company tend to be concentrated later in the project life, especially in the last few years once senior debt is fully repaid. This is illustrated in the increase in the cash flows shown in Figure 1 above. The present value (on a discounted cash flow basis) of these residual cash flows should be significant enough to largely preserve the capital value of the Project Company, until the distribution of these residual cash flows commences.

In the case of demand-based concessions where revenues are projected to grow significantly due to their correlation with GDP growth, Project Company dividend payments tend to start earlier in the project life. These assets, which feature growing income over the long-term (as shown in Figure 2 above), may also produce opportunities for refinancing of senior debt enabling a Project Company to bring forward distributions by generating income from the proceeds of new senior debt financing.

Operating Companies

The payments received by an Operating Company are used to remunerate the Infrastructure Equity investment in the Operating Company once the operating costs, capital investment requirements, senior debt service and other expenses of the Operating Company have been met.

Figure 3: Illustrative Infrastructure Equity cash flow characteristics of an Operating Company, with regulated income that is subject to periodic reviews



Source: Investment Manager analysis.

As shown in the above charts, Infrastructure Equity is typically invested in an Operating Company as part of a secondary market purchase. In the example of an Operating Company that owns a regulated asset (subject to price controls), investors generally receive a steady stream of income. This is typically received in the form of: (i) interest payments on shareholder loans; and (ii) dividend payments. In the long-term this income is expected to be broadly stable, although over shorter horizons it may experience some variation following regulatory reviews.

Inflation protection characteristics

Returns on Infrastructure Equity tend to vary as inflation rates vary. PPP projects in the portfolio have contractual income streams from public sector clients, which are rebased every year for inflation (either partially or totally). These arrangements are structured so as to achieve, as far as possible within other constraints, a matching of the indexation of the revenue with the indexation of the cost base so as to provide a measure of protection of the real Infrastructure Equity returns against movements in inflation. UK projects tend to use either RPI (Retail Price Index) or RPIx (RPI excluding mortgage payments) while non-UK projects use CPI (Consumer Price Index), and revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management and operating sub-contracts have similar indexation arrangements. On the demand-based assets the concession agreement usually prescribes how user fees are set, which is generally rebased annually for inflation. Similarly, for PPP projects in the UK this is typically RPI, while non-UK projects use CPI.

HICL Guernsey has historically published long-term inflation rate assumptions in connection with each valuation of its portfolio, and it is expected that HICL UK will do the same.

Additionally, to assist investors, ICPL has historically produced in HICL Guernsey's results a sensitivity analysis on how the valuation of the portfolio varies with changing key economic assumptions. It is expected that ICPL will continue to do this in HICL UK's results.

The sensitivity of Infrastructure Equity returns to inflation varies between assets but, generally, lower rates of inflation than assumed in the base case will lead to lower nominal returns. Conversely, higher rates of inflation will lead to increased nominal returns, although this may only occur over the longer term. This is because in some assets, particularly PPP projects funded by index-linked bonds, the near-term impact of higher inflation can reduce distributable profits[6] available to pay dividends out of the additional cash generated by the incremental inflation. The full benefit of inflation on returns on an investment may therefore be deferred until sufficient distributable reserves are available in that investment.

Relatively low risk associated with cash flows from mature Infrastructure Equity investments

Subject to the relevant risk factors identified in the section of this Prospectus entitled "Risk Factors", the cash flows from Infrastructure Equity investments in assets that have completed their construction phases and are operational are usually relatively predictable.

For assets with "availability" based income streams (such as PPP projects), provided that pre-determined contractual standards are met, the Project Company is entitled to receive a pre-determined and usually inflation-linked revenue stream, thereby giving significant protection from economic cycles and competitive pressures.

In the case of "regulatory" based assets that fall within a price control framework, income streams are principally exposed to regulatory determinations, which introduce periodic uncertainty (typically every five to seven years) but provide stability between such determinations. The nature of the regulatory model is such that Operating Companies that own regulated assets are also insulated from economic cycles and competitive pressures.

For "demand" based asset, income streams are inherently less certain than availability-based income due to volatility in, for example, traffic volumes. Those assets that feature a reasonably high correlation to GDP growth generally carry greater risk than PPP projects or regulated assets. This risk is mitigated by typical infrastructure characteristics – the provision of an essential service on a monopoly-basis – that support long-term revenues. This is particularly the case for operating assets with a proven track record of demand where rigorous research and modelling should enable income streams to be predicted with a reasonable degree of accuracy.

Certainty of operating and capital costs is also important in being able to forecast Infrastructure Equity returns. In the case of PPP projects, the majority of the costs associated with a project are contractually pre-determined at its outset. This includes the debt funding which is normally secured for the majority of the concession, so that projects rarely require refinancing to meet their base case investment objectives. Demand-based assets might also feature contracted operating costs and long-term financing arrangements. The price control model affords Operating Companies material mitigation in relation to the cost incurred through ownership of regulated assets. Regulatory settlements will typically make allowances for the recovery of operating costs, remuneration of necessary capital expenditure and protection from market-wide changes in financing costs.

Background to the infrastructure market

The UK has been one of the countries at the forefront of the use of private sector capital in the construction and operation of essential infrastructure assets. In 1992, the Conservative Government launched the Private Financial Initiative in an attempt to increase the involvement of the private sector in the procurement of public infrastructure assets and avoid poorly conceived projects, cost overruns and delays. After a slow start, the policy gained momentum from 1995 onwards. It was adopted and developed from 1997 by the Labour Government, and under the PPP umbrella became an established method of UK procurement for social and transportation infrastructure. In the UK, according to a recent report from HM Treasury, there were, as at 31 March 2017, over 700 PPP projects in the UK, with a capital value of £59 billion[7].

Having been developed on a large-scale in the UK, private sector investment in infrastructure was pursued by a number of countries around the world. Amongst others, agencies in various European countries, Canada, Australia and, to an extent, the USA have procured PPP and other, demand-based concessions.

6 The outstanding principal amount of index-linked bonds is adjusted for movements in the relevant inflation index. The amount of the adjustment is taken through the profit and loss statement of the Project Company as a finance cost.

7 Private Finance Initiative and Private Finance 2 projects: 2017 summary data, HM Treasury, March 2018

Private ownership of regulated assets has a longer track record globally than PPPs. The market continues to evolve and the UK has been of one of the frontrunners in the movement of regulated assets from public ownership into the private sector. This began with the privatisations of state-owned utilities in the gas (1986), water (1989) and electricity (1990, 1991, 1995) sectors. In the UK, the following assets are now owned almost entirely by private sector investors (including specialist infrastructure investors): water treatment and distribution; waste-water gathering and treatment; electricity transmission and distribution; and gas and electricity transmission and distribution.

Market Outlook

The market in infrastructure investments is generally divided into a primary market and a secondary market. The primary market typically involves an investment in a Project Company made at the outset of a PPP project and normally entails the investor providing new equity funds that contribute to the financing of the project's construction. The secondary market typically involves the transfer of an investment in an existing Project Company or Operating Company to a new investor. In most cases a secondary market transaction involves either: (i) a Project Company that has completed, or nearly completed, the construction phase of its concession and which will often have begun to undertake operation and maintenance of an asset; or (ii) an Operating Company that is an owner and operator of existing assets (such as regulated assets).

Investments in mature infrastructure assets are traded between investors (including specialist investment funds) either as single investments or aggregated into portfolios. These developments have helped to create a more liquid market in infrastructure investments.

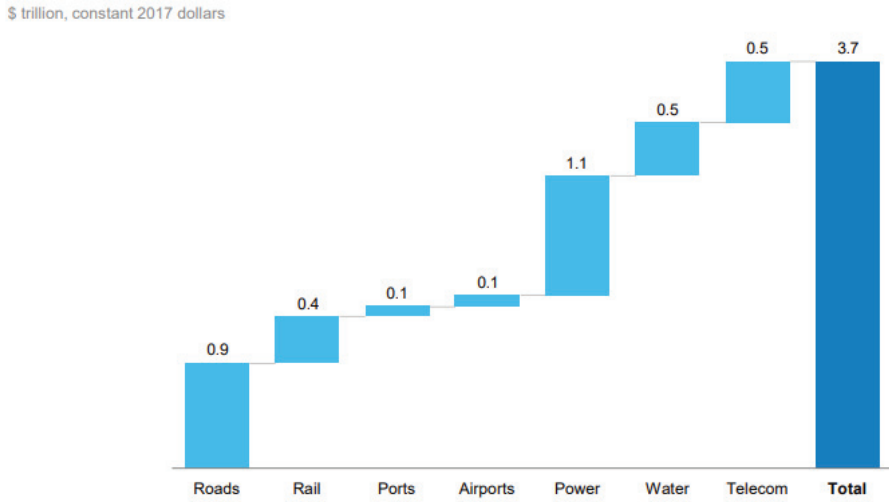
Global trends

In the OECD, population growth and increasing urbanisation are pressing the need for better transport solutions in road and rail sectors; an ageing and wealthier population needs more and improved social infrastructure; and an increased awareness of the social and environmental impact of infrastructure is supporting the need to upgrade existing infrastructure.

Globally, McKinsey[8] has calculated that the there is a USD 5.5 trillion spending gap globally between now and 2035. The world needs to invest an average of USD 3.7 trillion a year on infrastructure by 2035, up from the current rate of USD 2.5 trillion a year, just to keep up with economic growth. This need could increase further by up to $1 trillion annually in order to meet the United Nations' sustainable development goals. Investment is particularly lacking in network infrastructure such as roads, railways, ports, airports, power, water and telecoms, as set out in Figure 4 below.

8 Bridging infrastructure gaps: Has the world made progress?, McKinsey Global Institute, October 2017

Figure 4: Network infrastructure-average annual investment need, 2017-35



	Roads	Rail	Ports	Airports	Power	Water	Telecom	Total
Annual spending % of GDP	1.0	0.4	0.1	0.1	1.3	0.5	0.6	**4.1**
Aggregate spending, 2017–35 $ trillion	18.0	7.9	1.6	2.1	20.2	9.1	10.4	**69.4**

Source: McKinsey Global Institute (underlying sources: IHS Global Insight; ITF; GWI; National Statistics; McKinsey Global Institute Analysis).

Whilst half of the investment need will be in emerging countries, McKinsey notes that developed economies, particularly the US, the UK and Germany, suffer from significant gaps between their current spending commitments and estimated need. McKinsey estimates that approximately USD 1.3 trillion per annum needs to be invested in developed economies[9].

Finally, McKinsey observes that closing the infrastructure gap will require a particular focus on project efficiency (ie. streamlined delivery) but more importantly on the optimisation of operations and maintenance of existing infrastructure, which they estimate could reduce spending by more than $1 trillion a year for the same amount of infrastructure delivered.

United Kingdom

In 2017, the UK was the largest PPP market in Europe in terms of number of projects and third largest in terms of value, with projects that reached financial close totalling circa EUR 2 billion[10].

In November 2018, the Infrastructure & Projects Authority published a National Infrastructure and Construction Pipeline (the ''UK Pipeline''), updating the National Infrastructure Pipeline that was published in 2017. The investment pipeline for the period 2018/19 to 2020/21 is identified as £190bn[11], of which just over half is expected to be financed by the private sector with 35% of that investment being made in regulated sectors.

The HICL UK Group does not expect statements in the October 2018 Budget speech regarding the future use of PFIs and PF2s as procurement models to negatively impact this investment pipeline, particularly as the Government made clear that it retains intent to work constructively with the private sector on new infrastructure projects. It is clear that infrastructure investment remains a Government priority, and that private sector capital will play a key role in funding public infrastructure.

Therefore, the HICL UK Group expects the UK to see deal flow in the regulated asset market segment in the near term, in relation to Operating Companies with price controls and also OFTOs where the fifth and six tender rounds are underway. Although most of the private sector investment in the UK Pipeline relates to energy and regulated assets, there remains a need for new investment in sectors such as education, social housing and roads.

9 Infrastructure investment gap defined as an estimate of annual need 2017 – 2035 vs. actual annual investment 2010 – 2015, expressed as a percentage of GDP per annum: US 0.5 per cent.; UK 0.5 per cent.; Germany 0.5 per cent.

10 Review of the European PPP Market in 2017, EPEC, March 2018

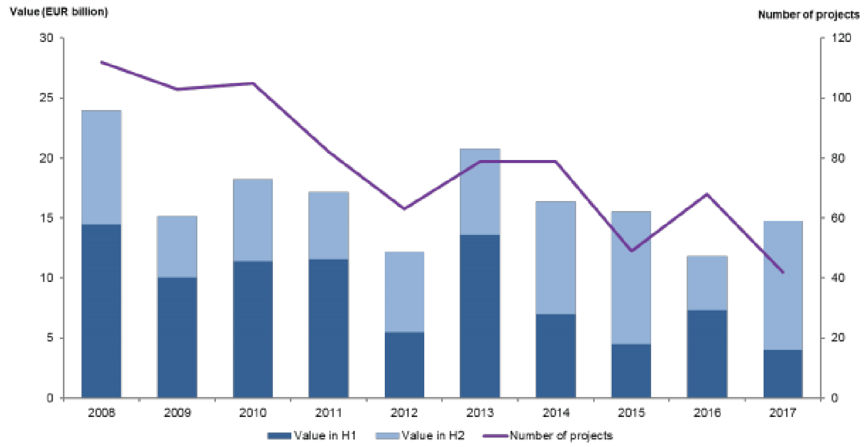
11 National Infrastructure & Construction Pipeline: Analysis, Infrastructure & Projects Authority, November 2018

Europe

In Europe, in 2017, the aggregate value of PPP transactions that reached financial close totalled EUR 14 billion, a 22% increase from 2016 (EUR 12 billion)[12].

The total value of PPP and toll road projects that have reached financial close since 2008 is approximately €174 billion. As Figure 5 below shows, the volume of projects signed in the period from 2008 to 2017 was on average above €17 billion per annum.

Figure 5: European PPP Market by Value and Number of Projects between 2008-2017

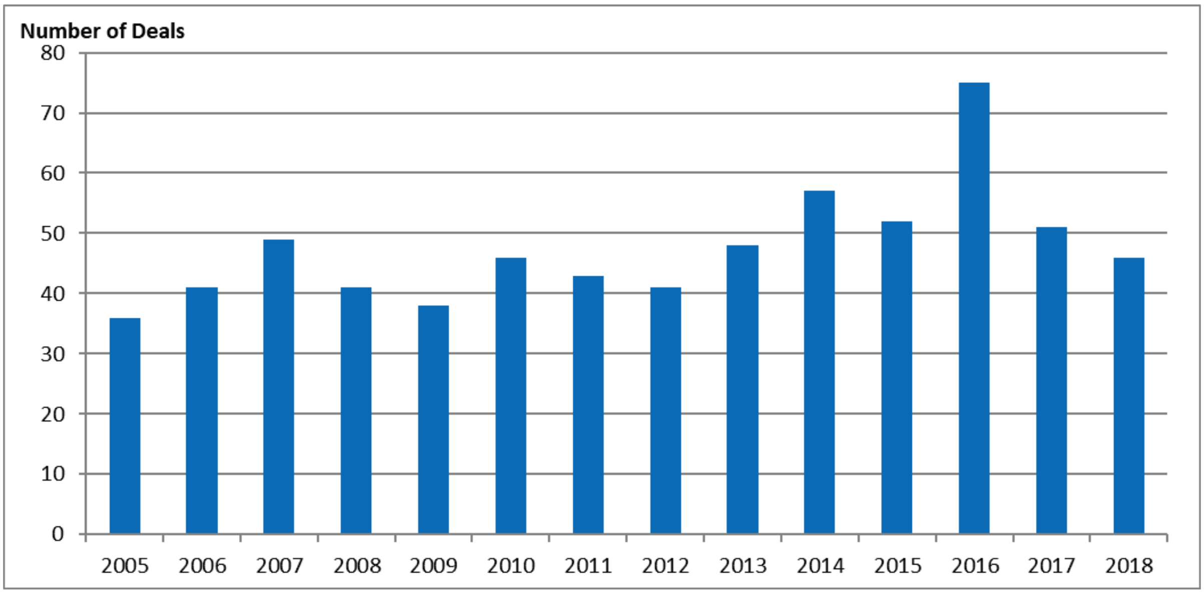


Source: Review of the European PPP Market in 2017, EPEC, March 2018.

Although the volume of PPP projects has declined in recent years, there remains a reasonable level of activity. As projects complete their construction phases and become operational, this will create further potential acquisition opportunities for the HICL UK Group.

In addition to PPP projects, HICL UK expects to see continued opportunities to invest in regulated assets. According to data published by Acuris Group, European deal activity in the utilities sector has been sustained in recent years (see Figure 6 below). This is expected to continue, driven in part by the need for some unlisted infrastructure funds to make divestments as they near the end of their fund lives.

Figure 6: Number of M&A transactions in the Utilities sector in Europe, 2005 – 2018



Source: Investment Manager analysis based on data from Mergermarket and Inframation online databases screened by region (Europe) and sector (Utilities), 31 December 2018, published by Acuris Group.

12 Review of the European PPP Market in 2017, EPEC, March 2018

North America

The US market exemplifies the deficit in infrastructure spending that exists in the OECD: despite the political attention given to infrastructure investment at Federal level, the country is still far from addressing its infrastructure deficit. The American Society of Civil Engineers projected in May 2016[13] a US$1.44 trillion investment funding gap between 2016 and 2025, with the largest part of it (US$1.1 trillion) being needed in surface transportation.

The adoption of the PPP model by procurement agencies in the US has been slow and orientated towards demand-based assets such as toll roads. As a result, there are few investment opportunities for the HICL UK Group in operational PPP projects. It remains to be seen whether the renewed profile being given to infrastructure investment (and the potential role for the private sector in funding this) during and since the recent presidential election will translate into PPP pipeline activity. If there is progress, then the HICL UK Group would expect to see primary market activity in addition to further opportunities in demand-based assets.

In Canada, there has been a consistent level of PPP procurement across social infrastructure sectors and transportation for a number of years. According to the Canadian Council for Public-Private Partnerships, 281 projects have been procured with a capital value of approximately CAD135 billion and a further 69 projects are currently in the procurement pipeline across all provinces[14]. Primary market activity continues although currently at a slightly reduced rate. The HICL UK Group will continue to seek appropriate opportunities in the Canadian primary and secondary markets, while noting that competition from domestic investors is fierce.

Australia

The Australian market is similar to Canada in that it has a long history of using PPP procurements to invest in public infrastructure. The Australia Infrastructure Plan, published in February 2015, identified a list of priority projects for the next 15 years[15]; however, at state and territory level political support for PPP procurement has cooled and this has been reflected in a slow-down in new primary market activity. However, there has been some significant activity in other market segments, for example the partial privatisation of electricity networks in New South Wales. While HICL UK expects infrastructure investment activity to continue, competition from domestic investors is intense across all market segments.

HICL UK, in consultation with the Investment Manager, believes that the market in infrastructure investments will provide a suitable background against which the HICL UK Group will be able to make selective acquisitions in its core market segments as well as generate returns from the Current Portfolio.

13 Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future – May 2016
14 www.pppcouncil.ca home page and Knowledge Centre, November 2018
15 Australian Infrastructure Plan: The Infrastructure Priority List, Infrastructure Australia, February 2016

PART IV – THE CURRENT PORTFOLIO

The Current Portfolio

Pursuant to the Scheme, the Current Portfolio will be transferred from HICL Guernsey to HICL UK on the Effective Date in accordance with the Transfer Agreement.

The Current Portfolio includes: (i) the HICL Guernsey Portfolio; (ii) the Committed Investment; and (iii) any Additional Investments that are acquired by the HICL Guernsey Group on or prior to the Effective Date but after the date of this Prospectus.

The details of the Current Portfolio are unaudited.

The HICL Guernsey Portfolio

The HICL Guernsey Portfolio consists of Infrastructure Equity in 117 Portfolio Companies in the PPP, regulated assets and demand-based market segments. It includes investments in PPP projects including accommodation, education, health, fire, law and order, transportation, water and electricity sectors. The HICL Guernsey Portfolio includes six demand-based assets and two regulated assets.

100 investments are in Portfolio Companies located in the UK, four located in Ireland, four located in the Netherlands, five located in France, three located in Canada, and one located in the USA.

As at 31 December 2018, the weighted average project concession length remaining in the HICL Guernsey Portfolio was 29¾ years.[16]

The majority of projects in the HICL Guernsey Portfolio have completed their main construction phases and are fully operational. As at the date of this Prospectus, there is one project with construction ongoing (being 1% of the HICL Guernsey Portfolio by value).

Interests comprising the HICL Guernsey Portfolio

A breakdown of the interests in each investment comprising the 40 largest investments by value as at the date of this Prospectus is set out below.

Figure 7: Breakdown of interests comprising the ten largest investments by value, in the HICL Guernsey Portfolio by Project Company

HICL Guernsey Portfolio – ten largest investments[17]

	Group Holdings		
	Equity	**Subdebt**	**Percentage of total by value[18]**
Affinity Water	33.2%	n/a	8%
High Speed 1	21.8%	21.8%	8%
A63 Motorway (France)	20.9%	20.9%	6%
Northwest Parkway (USA)	33.3%	n/a	6%
Southmead Hospital	62.5%	62.5%	4%
Home Office Headquarters	100.0%[19]	100.0%	4%
Pinderfields & Pontefract Hospitals	100.0%	100.0%	4%
Dutch High Speed Rail Link (The Netherlands)	43.0%[20]	43.0%	3%
Allenby & Connaught	12.5%	12.5%	3%
Queen Alexandra Hospital	100.0%	100.0%	2%
Sub total			47%[21]

Further details about the ten largest investments in the HICL Guernsey Portfolio are set out in Figure 8 below.

16 Assumes that the Client break option is exercised in relation to the Bishop Auckland Hospital and a 100 year life for Affinity Water.

17 Projects are located in the UK unless otherwise noted in the table.

18 As at 31 December 2018.

19 This is a rounded-up figure as a subsidiary of the Bouygues group has retained one share.

20 The HICL Guernsey Group retains the beneficial interest in the shares of the Project Company but the legal title is held by the project security trustee.

21 The percentages in this column are rounded figures.

Figure 8: Further details on Project Companies in which the HICL Guernsey Group has the ten largest investments by value, in the HICL Guernsey Portfolio

Asset in which the HICL Guernsey Group holds an investment[22]	Short description of concession arrangements	End date	Number of years	Project Capital Cost	Key sub-contractors
Affinity Water	The company is the largest water-only company in the UK by revenue and population served. It owns and manages the water assets and network in an area of approximately 4,515 km^2 split over three regions, comprising eight separate water resource zones.	n/a	n/a[23]	n/a	n/a
High Speed 1	HS1 is the high speed rail link between London St Pancras station and the Channel tunnel, and the concession is to operate and maintain the track and four stations along the route.	2040	30	n/a	Network Rail
A63 Motorway (France)	Design, build, finance, operate and maintain an upgrade to the A63 highway between Salles and Saint Geours de Maremne in France	2051	40	€1,130m	Egis
Northwest Parkway (USA)	Operate, manage, maintain, rehabilitate and toll a 14km four-lane road under an agreement with the Northwest Parkway Public Highway Authority	2106	99	n/a[24]	n/a
Southmead Hospital	Design, construct, finance, operate and maintain an 800-bed acute hospital on a single site at Southmead in North	2045	35	£431m	Bouygues Energies & Services[25]

22 Projects are located in the UK unless otherwise noted in the table.
23 Affinity Water is a regulated asset.
24 The asset was constructed prior to the commencement of the concession and lease agreement.
25 Providing services under interim agreements pending signing longer term contracts.

Asset in which the HICL Guernsey Group holds an investment[22]	Short description of concession arrangements	End date	Number of years	Project Capital Cost	Key sub-contractors
	Bristol, on behalf of the North Bristol NHS Trust				
Home Office Headquarters	Build, finance, operate and maintain a new headquarters building to replace the Home Office's existing London office accommodation with purpose-built serviced offices	2031	29	£200m	Bouygues Energies & Services
Pinderfields & Pontefract Hospitals	Design, construct, manage, finance and operate a new 708 bed acute hospital in Pinderfield, West Yorks and a new diagnostic and treatment hospital in Pontefract for the Mid Yorkshire NHS Trust	2042	35	£311m	Engie
Dutch High Speed Rail Link (The Netherlands)	Design, construct, finance, operate and maintain power, track and signalling for the high speed railway between Schiphol Airport and Belgian border in the Netherlands	2026	25	€890m	Royal BAM Siemens
Allenby & Connaught	Design, build and finance new and refurbished MoD accommodation across four garrisons on Salisbury Plain and in Aldershot, comprising working, leisure and living quarters as well as ancillary buildings	2041	35	£1,557m	KBR
Queen Alexandra Hospital	Design and construct a new hospital and retained estates work in Portsmouth	2040	35	£255m	Engie

Figure 9: Breakdown of interests comprising the next 30 largest investments by value, in the HICL Guernsey Portfolio by Project Company

HICL Guernsey Portfolio – next 30 largest investments[26]

	Group Holdings	
	Equity	**Subdebt**
A13 Road bonds	n/a	n/a
Addiewell Prison	66.6%	66.6%
Barnet Hospital	100.0%[27]	100.0%
Birmingham & Solihull LIFT	60.0%	60.0%
Birmingham Hospital	30.0%	30.0%
Blackburn Hospital	100.0%	100.0%
Central Middlesex Hospital	100.0%[28]	100.0%
Connect PFI	33.5%	33.5%
Edinburgh Schools	100.0%	100.0%
Enniskillen Hospital	39.0%	39.0%
Health and Safety Laboratory	80.0%	90.0%
Lewisham Hospital	100.0%	100.0%
M80 DBFO Road	50.0%	50.0%
MPA SEL Police Stations	50.0%	50.0%
N17 Road (Ireland)	42.0%[29]	42.0%[30]
North West Anthony Henday Road (Canada)	50.0%	50.0%
Northwood MoD HQ	50.0%	50.0%
Oxford John Radcliffe Hospital	100.0%	100.0%
Paris-Sud University (France)	85.0%	85.0%
Perth and Kinross Schools	100.0%	100.0%
PSBP North East	90.0%	90.0%
Romford Hospital	66.6%	66.6%
Royal Canadian Mounted Police (Canada)	100.0%	n/a
Royal School of Military Engineering	26.0%	n/a
Salford Hospital	50.0%	50.0%
Sheffield Student Accommodation	50.0%	50.0%
South Ayrshire Schools	100.0%[31]	100.0%
Stoke Mandeville Hospital	100.0%	100.0%
Tameside Hospital	50.0%	50.0%
West Middlesex Hospital	100.0%[32]	100.0%

26 Projects are located in the UK unless otherwise noted in the table.
27 This is a rounded-up figure as a subsidiary of the Bouygues group has retained one share.
28 This is a rounded-up figure as a subsidiary of the Bouygues group has retained one share.
29 The option to acquire an incremental 32% stake in the project is already included. Since 31 December 2018, this 32% stake has been acquired by the HICL Guernsey Group, together with an additional 8% stake (not in table above), taking the total ownership stake to 50%.
30 The option to acquire an incremental 32% stake in the project is already included. Since 31 December 2018, this 32% stake has been acquired by the HICL Guernsey Group, together with an additional 8% stake (not in table above), taking the total ownership stake to 50%.
31 The HICL Guernsey Group retains the beneficial interest in the shares of the Project Company but the legal title is held by the project security trustee.
32 This is a rounded-up figure as a subsidiary of the Bouygues group has retained one share.

Figure 10: HICL Guernsey Portfolio valuation summary as at 31 December 2018

HICL Guernsey Portfolio – summary as at 31 December 2018

	Percentage of Total by value
Sub-total – 10 largest investments (from Figure 7)	**47%**
Sub-total – next 30 investments	**31%**
Remaining 77 investments	**22%**

Outstanding investment obligations

As at the date of this Prospectus, there were outstanding investment obligations in relation to three investments totalling circa £21 million. These obligations will be met from drawings under the Facility.

Portfolio analysis

The charts set out in Figure 11 below show how the portfolio has developed since 31 March 2018 in terms of market segmentation, sector split, geographic location, ownership stake and projects still in construction. This analysis is of the HICL Guernsey Portfolio, based on an analysis of the HICL Guernsey Group's portfolio as at 31 December 2018, 30 September 2018 and 31 March 2018.

Figure 11: portfolio development since 31 March 2018

MARKET SEGMENT

	Mar-18	Sep-18	Dec-18
▲ PPP Projects	74%	70%	70%
▲ Demand-based Assets	18%	22%	22%
▲ Regulated Assets	8%	8%	8%

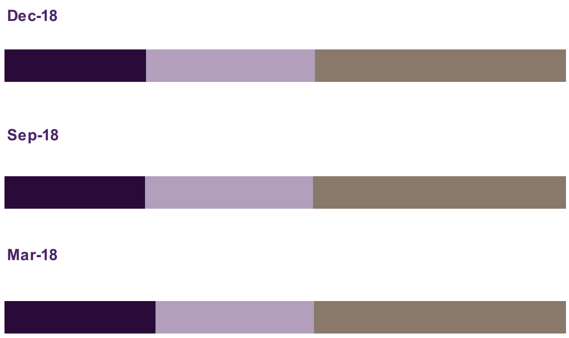
SECTOR

	Mar-18	Sep-18	Dec-18
▲ Accommodation	10%	10%	10%
▲ Education	18%	16%	16%
▲ Electricity, Gas & Water	11%	8%	8%
▲ Health	28%	29%	29%
▲ Fire, Law & Order	7%	7%	7%
▲ Transport	26%	30%	30%

GEOGRAPHIC LOCATION

	Mar-18	Sep-18	Dec-18
▲ UK	80%	79%	79%
▲ EU	10%	13%	13%
▲ Australia	3%	0%	0%
▲ North America	7%	8%	8%

OWNERSHIP STAKE



	Mar-18	Sep-18	Dec-18
▲ 100% ownership	27%	25%	25%
▲ 50% - 100% ownership	28%	30%	30%
▲ Less than 50% ownership	45%	45%	45%

INVESTMENT STATUS

	Mar-18	Sep-18	Dec-18
▲ Fully operational	99%	99%	99%
▲ Construction	1%	1%	1%

Market Segment

The HICL Guernsey Group's portfolio has three market segments: PPP projects, demand-based assets and regulated assets. The portfolio split has remained broadly similar since March 2018, with the purchase of an additional stake in the A63 Motorway, France in June 2018, increasing the demand-based segment from 18% in March 2018 to 22% as at December 2018.

Sector analysis

This analysis shows how the sector split of the HICL Guernsey's Group's portfolio has developed since March 2018. Transport has increased due to the purchase of the additional stake in the A63 Motorway. The water sector percentage has reduced, mainly due to the sale of the HICL Guernsey Group's investment in the AquaSure Desalination PPP Project in Australia in August 2018.

Geographic analysis

The two main changes in the geographical analysis since March 2018 were also due to the A63 Motorway additional investment purchase and the sale of the investment in the AquaSure Desalination PPP Project in Australia.

Ownership analysis

There have been no material changes to the percentage ownership stakes of the investments in the HICL Guernsey Group's portfolio since March 2018.

Investment status analysis

The HICL Guernsey Group has one investment currently under construction: the Biology, Pharmacy and Chemistry Department of the Paris-Sud University, in France, which represents 1% of the portfolio by value.

Committed Investment

At 31 December 2018, the HICL Guernsey Group had a commitment of €16.8 million to acquire a further 32% equity and loan interest in the N17/N18 Road project from existing co-shareholders (now that construction of the road is complete) and this transaction, together with acquiring an additional 8% equity and loan note interest, was completed in February 2019.

Investments to be acquired: Additional Investments

HICL Guernsey Group has been announced as preferred bidder for a 50% investment in the Race Bank OFTO Regulated Asset. Financial close is expected in Q1/Q2 2019 and the investment will be around £30m, which will be funded from the Facility.

In November, the HICL Guernsey Group was announced as preferred bidder for a 50% investment in the Galloper OFTO regulated asset. Financial close is expected in mid-2019 and the investment will be around £15m, which will be funded from the Facility.

Counterparty Exposure

The HICL Guernsey Group has investments in Project Companies that rely on facilities management contractors to provide maintenance and operational services under their concession agreements with their Clients. The HICL Guernsey Group portfolio has a diversified range of facilities management contractors.

In January 2018, Carillion plc was placed into compulsory liquidation. Ten Project Companies within the portfolio had facilities management subcontracts with Carillion subsidiaries. There were a further five projects where Carillion was the original construction contractor and held responsibility for latent defect risk. The financial impact assessed by HICL Guernsey was reflected in its published NAV at 31 March 2018 and at 30 September 2018.

The Investment Manager secured a number of suitable replacement facilities management contractors to replace those Carillion subsidiaries. Initially the replacement contractors operated under interim contracts: at the date of this Prospectus, eight of these have now been transferred onto long-term contracts.

PART V – MANAGEMENT AND ADMINISTRATION

Directors

The Directors are responsible for the overall management of HICL UK. The Directors, all of whom are independent and non-executive, are listed below:

Ian Russell CBE (British), resident in the UK, is a qualified accountant. He was appointed to the Board on 1 May 2013. Ian 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 chairman of Scottish Futures Trust and a director of Herald Investment Trust plc. Ian is Chairman of the Board.

Frank Nelson (British), resident in the UK, is a qualified accountant. He has over 25 years of experience in the construction, contracting, infrastructure and energy sectors. He was appointed to the Board on 1 June 2014. Frank was Finance Director of construction and house-building group Galliford Try plc from 2000 until October 2012. He was previously Finance Director of Try Group plc from 1987, leading the company through its floatation on the London Stock Exchange in 1989 and the subsequent merger with Galliford in 2001. After Galliford Try, he took on the role of interim CFO of Lamprell plc in the UAE. Following his return from the Middle East, Frank was appointed as the Senior Independent Director of McCarthy and Stone as well as Eurocell. Frank is the Senior Independent Director.

Mike Bane (British), resident in Guernsey, is a chartered accountant and retired from public practice on 29 June 2018. He has been a Guernsey resident for over 20 years. Mike was appointed to the Board on 1 July 2018. Mike has more than 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, in both London and Guernsey. Mike was President of the Guernsey Society of Chartered and Certified Accountants from 2015 to 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

Sally-Ann Farnon (known as Susie) (British), resident in Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales, having qualified as an accountant in 1983, and is a non-executive director of a number of property and investment companies. She was appointed to the Board on 1 May 2013. 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. Susie is Chairman of HICL UK's Audit Committee.

Simon Holden (British), resident in Guernsey, 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 (British and Irish), resident in Singapore, has more than 30 years of international experience in the sectors of construction, development and infrastructure investment. Working initially with Kier Group, and then from 1990 with Bilfinger Berger AG, he has been a project leader and senior management executive responsible for businesses and projects across all continents. From 2007 to 2010, Ken served as a member of the Group Executive Board of Bilfinger Berger AG. He graduated in Civil Engineering from Heriot-Watt University with First Class Honours (BSc), and subsequently from Edinburgh Business School with an MBA. Ken is a Chartered Engineer, a non-executive director of Sicon Limited, and a member of the Singapore Institute of Directors.

Chris Russell intends to retire from the board of HICL Guernsey on 31 March 2019, having served as a director since 2010. He is therefore not a Director of HICL UK.

Further details of the Directors' current and previous directorships are set out in Part IX of this Prospectus.

The Directors are responsible for managing the business affairs of HICL UK in accordance with its Articles and Investment Policy and have overall responsibility for HICL UK's activities, including its investment and capital raising activities and for monitoring the performance of HICL UK's portfolio and reviewing and supervising its delegates and service providers.

The Directors may delegate certain functions to other parties. In particular, the Directors have delegated responsibility for the majority of HICL UK's risk and portfolio management to ICPL, who will act as HICL UK's Investment Manager and AIFM on the terms of the Investment Management Agreement, subject to the overall control and supervision of the Directors. ICPL has also been appointed to operate and manage the Partnership and its assets in accordance with and subject to the Investment Policy, investment guidelines and approved investment parameters that are adopted by the Directors from time to time in conjunction with (and with the agreement of) ICPL.

Investment Manager, AIFM and Operator

ICPL is the investment manager and AIFM to HICL UK pursuant to the Investment Management Agreement and is the manager and operator of the Partnership. ICPL is authorised and regulated in the UK by the FCA.

ICPL is indirectly owned by 24 partners, having formerly been the infrastructure and real estate investment arm of the HSBC Group until its management buy-out in April 2011.

Members of the Infrastructure Investment Team are responsible for carrying out the Investment Manager's functions as investment manager, AIFM and operator. The Infrastructure Investment Team is comprised of experienced infrastructure professionals with a strong track record in managing infrastructure investments.

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) months' written notice (or, at HICL UK's option, making a payment in lieu of such notice). ICPL's appointment as Operator has corresponding termination provisions, and if ICPL's appointment as Investment Manager is terminated it may unilaterally terminate its appointment as Operator, and vice versa.

If the Notice Resolution does not pass, the Investment Management Agreement (and corresponding Operator appointment) may be terminated by either party giving the other party twelve (12) months' written notice. If the Notice Resolution is not passed, the Directors would re-open discussions with ICPL and would 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.

Management fees

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.

These fees are calculated and payable quarterly in arrears, and are based on the Adjusted Gross Asset Value of the HICL UK Group's assets at the beginning of the period concerned, adjusted on a time basis for acquisitions and disposals during the period.

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.

The Investment Manager is also entitled to a fixed management fee of £100,000 per annum.

The Investment Manager will not receive any directors' or other fees from any Project Company in the Current Portfolio and any fees arising from any Project Company will be for the benefit of the HICL UK Group.

The Directors intend to keep the fees described above under review to ensure they are set at appropriate levels.

If the HICL UK Group invests in funds managed or operated by ICPL, the HICL UK Group will bear any management or similar fees charged in relation to such funds, provided however that the value of the HICL UK Group's investments in such funds will not be counted towards the valuation of the HICL UK Group's investments for the purposes of calculating the sums payable to the Investment Manager or the General Partner.

Other fees and expenses

HICL UK is responsible for other ongoing operational costs and expenses which include (but are not limited to) the fees and expenses of the Administrator, the Registrar, the Depositary, the Directors and the Auditors, as well as listing fees, regulatory fees, expenses associated with any purchases of or tender offers for Ordinary Shares, printing and legal expenses and other expenses (including insurance and irrecoverable VAT). The Luxcos bear the costs of their directors' and administration fees. The Partnership bears the expenses of its operation.

Investment process

Asset origination

The sourcing of new investments is undertaken by the Operator of the Partnership. ICPL has a dedicated Infrastructure Investment Team which uses the following methods to source investments:

- The Infrastructure Investment Team has an excellent Infrastructure Equity track record of supporting blue chip sponsors and developers through the primary bidding and structuring phases of projects and pursues these relationships with likely vendors of investment stakes. The long-term approach to partnership and asset ownership is attractive to vendors and the underlying concession grantors. The Infrastructure Investment Team is based in offices in New York and Sydney as well as London, helping to source suitable investments within the target geographical regions. Further details relating to the Infrastructure Investment Team are set out below in Part VI of this Prospectus.
- Relationships have been developed with other investment partners including financial institutions, funds and sponsors groups. The Infrastructure Investment Team uses these relationships to network and find suitable opportunities.
- The track record and reputation of the Infrastructure Investment Team, together with its network of contacts and relationships, ensures that a number of new opportunities are brought to the Infrastructure Investment Team from financial advisers, other advisers and vendors.
- Secondary asset sales and divestments are made by developers, concessionaire companies, corporates (contractors and operators) and financial institutions. The Infrastructure Investment Team monitors these groups for suitable opportunities.
- The Infrastructure Investment Team has access to and assesses a number of opportunities which arise by way of auctions and privatisations.
- The Infrastructure Investment Team has sourced all the new investments made since the launch of HICL Guernsey in 2006.

Preliminary review

The Infrastructure Investment Team will initially screen new opportunities for quality and compliance with the HICL UK Group's Investment Policy, the robustness of the cash flows, and the spread of exposure to different types of infrastructure projects and key counterparties. If acceptable, a detailed financial analysis will then be undertaken to analyse the cash flows and returns with reference to key operating, financing, tax and accounting assumptions.

Due diligence procedures

Members of the Infrastructure Investment Team evaluate all the risks which they believe are material to making an investment decision. Where appropriate, they complement their analysis through the use of professional advisers including engineering and/or technical consultants, environmental consultants, accountants, taxation, legal, regulatory and economic advisers, financial modellers and insurance experts. These advisers may carry out independent analysis which is intended to provide a second and independent review of key aspects of a project, providing confidence as to the project's performance and likely business plan projections.

All investment evaluations are supported by detailed financial analysis. Investments are considered using a base case set of forecasts which will be assessed together with a sensitivity analysis on key variables, including fluctuations in revenues and costs.

In addition, members of the Infrastructure Investment Team carry out a credit risk assessment on counterparties, contractors, subcontractors, equity investors and other parties, as appropriate, whilst having regard to country risk.

Investment approval

The Investment Manager has an Investment Committee made up of six senior members of the Infrastructure Investment Team. The transaction leader presents a detailed paper describing the opportunity and the results of the asset review, valuation and due diligence for evaluation and formal approval prior to signing a binding investment agreement. The Investment Committee reviews prospective new investments at various stages up to their acquisition and sanctions the final approval of any acquisition. Prospective acquisitions are reviewed at least at the inception of discussions with the vendors or co-shareholders, at the formal offer stage and prior to any investment. The Investment Committee will consider, *inter alia*, the suitability of the acquisition in relation to the existing portfolio, its match with the HICL UK Group's Investment Policy and the projected returns compared to the HICL UK Group's targets. Whilst the Operator has full discretion over acquisitions and disposals within agreed delegation parameters, it keeps the Directors and the Investment Manager informed of new opportunities. All prospective new investments will be considered against a number of investment criteria to ensure they will be generally accretive to the Current Portfolio.

Investment monitoring

The Infrastructure Investment Team has a good understanding of each of the investments in the Current Portfolio and takes a proactive approach to portfolio and asset management. The Infrastructure Investment Team's asset management skills and capabilities provide important support through the appointment of directors to the Portfolio Companies to actively monitor and deal with any issues as they arise. Regular Portfolio Company board meetings, site visits and regular dialogue with key stakeholders are part of this active management process. This capability not only protects the value of the HICL UK Group's portfolio, but equally allows the team to continually explore opportunities for additional value creation.

The HICL UK Group will receive regular management accounts and annual audited accounts from each Portfolio Company in which it holds equity, as well as management progress reports addressing critical factors such as actual performance against service requirements. These are reviewed by the Infrastructure Investment Team to determine compliance with agreed targets.

The Infrastructure Investment Team will review the Current Portfolio on a quarterly basis to monitor performance.

The Infrastructure Investment Team has enhanced returns through the implementation of a range of portfolio enhancements and believes it will be able to deliver some further growth across the Current Portfolio through its management of the underlying PPP assets. The economies of scale that are achieved from portfolio enhancements can provide a competitive advantage in the acquisition of new assets.

Typical portfolio initiatives that have been, or are, actively analysed include:

- pooled portfolio insurance arrangements and other bulk buying arrangements;

- acquisitions of co-shareholders' interests in existing assets;
- spend-to-save initiatives;
- project variations;
- proactive business plan development, for example in stimulating third party revenues, managing service delivery and regulatory review outcomes;
- proactive treasury management to maximise deposit interest across the HICL UK Group;
- the agreement of operating cost and capital cost pricing on long-term contracts with budgeted contingency release;
- if appropriate, the capital restructuring of existing funding arrangements, including through the introduction of more competitive financing; and
- the maintenance of close working relationships with Clients and supply chain contractors.

Investment realisation

Whilst the HICL UK Group will be a long-term owner of infrastructure assets and therefore unlikely to dispose of assets, opportunities for value maximisation through disposal will be considered if appropriate. To date, the HICL Guernsey Group has made eight full disposals and three partial disposals of investments and has re-invested the cash proceeds.

Administrators and Registrar

Aztec Financial Services (UK) Limited is the Administrator to HICL UK and also provides company secretarial services to HICL UK. RSM Tax & Accounting Luxembourg provides administrative services to the Luxcos.

Link Asset Services is the Registrar to HICL UK.

Depositary

Augentius Depositary Company Limited has been appointed as HICL UK's Depositary (which HICL UK as an AIF is required to appoint to ensure that its AIFM can comply with the AIFM Rules). Further details of the Depositary Agreement pursuant to which the Depositary has been appointed are set out in Part IX of this Prospectus.

The Depositary was incorporated as a company whose liability is limited by shares on 30 May 2006, with number 05830789, in England & Wales under the Companies Act 1985. The Depositary is authorised and regulated by the FCA with number 481843.

The Depositary has appointed Canaccord Genuity Wealth Limited as its sub-custodian to hold HICL UK's assets where required by the AIFM Directive; otherwise HICL UK's assets will be held by HICL UK, the General Partner on behalf of the Partnership, their holding subsidiaries or its or their nominees. Canaccord Genuity Wealth Limited is authorised in the UK by the FCA.

PART VI – THE INFRASTRUCTURE INVESTMENT TEAM AND ITS TRACK RECORD

Introduction

The Investment Manager was appointed as the investment adviser to HICL Guernsey at the time of its launch in March 2006 and was appointed as the operator of the Partnership by the General Partner, on behalf of the Partnership, on 22 March 2006. Under the terms of the Limited Partnership Agreement, the Operator has full discretion to acquire, dispose of or 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 this Prospectus.

The Investment Manager is a wholly owned subsidiary of InfraRed Partners LLP. The Investment Manager was incorporated in England and Wales on 2 May 1997 (registered number 3364976) and is authorised and regulated in the United Kingdom by the FCA.

InfraRed Group

The InfraRed Group is a privately owned dedicated property and infrastructure investment business, managing a range of infrastructure and property funds and investments. The Infrastructure Investment Team has a strong record of delivering attractive returns for its investors, which include pension funds, insurance companies, funds of funds, asset managers and high net worth investors domiciled in the UK, Europe, North America, Middle East and Asia.

The InfraRed Group comprises InfraRed Partners LLP and a number of wholly owned subsidiaries, one of which is regulated by the FCA (being the Investment Manager and Operator). The InfraRed Group currently manages six infrastructure funds (including the HICL Guernsey Group) and six real estate funds. The InfraRed Group currently has a staff of over 150 employees and partners, based mainly in offices in London and with smaller offices in Hong Kong, New York, Seoul and Sydney. Further details on the InfraRed Group can be found at www.ircp.com.

Since 1990, the InfraRed Group (including predecessor organisations) has launched 19 investment funds investing in infrastructure and property, including HICL Guernsey.

InfraRed Partners LLP

InfraRed Partners LLP is owned by 24 partners through InfraRed Capital Partners (Management) LLP. This ownership structure was the result of a management buyout of the specialist infrastructure and real estate business which was previously known as HSBC Specialist Investments Limited and was completed successfully in April 2011.

The Infrastructure Investment Team

Members of the Infrastructure Investment Team are responsible for carrying out the functions of the Investment Manager and of the Operator.

The Infrastructure Investment Team specialises in Infrastructure Equity investment, predominantly in Europe, North America and Australasia to date. The Infrastructure Investment Team was originally established as an advisory business in Charterhouse Bank Limited in the early years of PFI/PPP, initially working as advisers to the UK Government and subsequently advising bidding consortia. This gave the Infrastructure Investment Team a valuable contact network within the UK public sector, which has since been maintained and developed.

By 1996, it was apparent that a funding gap had developed in the market because deal sponsors (contractors or facility management companies) did not have either the desire or the capacity to put up all the risk capital required to fund the flow of projects. In mid-1997, the Infrastructure Investment Team developed its advisory business into an investment business in order to take advantage of that opening. The Infrastructure Investment Team initially made principal investments on the Investment Manager's own balance sheet before raising the first of its institutional funds, Fund I, in October 2001. The final closing of Fund I took place in May 2002 with aggregate commitments of £125 million from an international investor base. The majority of the capital of Fund I was fully committed by 2004 and the fund was successfully realised in 2006.

The Infrastructure Investment Team raised Fund II in 2004/2005 with a broader international investor base and aggregate commitments of £300 million. Fund III was raised in 2010 with the final close in October 2011 with total capital raised of US$1.2 billion. In 2018 InfraRed successfully raised InfraRed Infrastructure Fund V with total capital raised of US$1.2 billion.

Funds I, II, III and V are "primary" funds which invest in infrastructure projects at their outset. The Investment Manager has also raised the €235 million InfraRed Environmental Infrastructure Fund in 2009, an unlisted capital growth fund which invests in environmental infrastructure projects including renewable energy assets, water related infrastructure and other sectors.

In 2012, the InfraRed Infrastructure Yield Fund was created and it raised around £500 million from global investors to acquire a fully-seeded diversified portfolio of operational infrastructure assets from Fund II.

The Infrastructure Investment Team currently consists of over 80 investment professionals, all of whom have an infrastructure investment background. The team currently has over 850 years' combined experience relevant to the infrastructure sector, and approximately 500 years with the InfraRed Group (including predecessor organisations) and has a broad range of relevant skills, including private equity, structured finance, construction and facilities management.

The Infrastructure Investment Team is based in offices in London, New York, and Sydney, enabling the team to source new investment opportunities globally for the InfraRed Group and the funds it manages. The Infrastructure Investment Team takes a proactive approach to monitoring the performance of infrastructure investments for which it is responsible. It will usually take a seat on the boards of the relevant Project Companies. It has an excellent track record for managing investments in infrastructure projects in their construction, commissioning and operational phases. Many of the investments in the HICL Guernsey Portfolio have been in their operational phase for some time and these projects have performed well. The Infrastructure Investment Team has built up substantial experience in dealing with issues presented by the projects so that investment yields are maintained.

Investment record

The Infrastructure Investment Team has a long and successful proven track record in sourcing, structuring, acquiring, managing and financing Infrastructure Equity investments. It has been responsible for over 200 separate Infrastructure Equity investments for the InfraRed Group (including predecessor organisations) and its funds to date. Its projects have won several awards including awards from the Project Finance Magazine, the Infrastructure Journal and the Partnerships Bulletin. The team has expanded the HICL Guernsey Group's portfolio beyond its initial investment pool and is responsible for its continuing development. The Infrastructure Investment Team possesses a range of different skills and core infrastructure experience in the following sectors:

- social infrastructure, including education, health care, court houses, public sector buildings, public order, road maintenance and PFI/PPP forms of toll roads, bridges, tunnels and heavy and light railways;
- renewable energy, such as wind farms, solar power parks and hydro-electric schemes;
- regulated utilities, such as electricity/gas transmission and distribution, water and waste water utilities and water and waste water treatment; and
- transportation, such as toll roads, bridges, tunnels, seaports, airports and heavy and light railways.

The Investment Committee

The Investment Committee comprises Werner von Guionneau (CEO), Chris Gill (Deputy CEO), Harry Seekings, Stewart Orrell, Keith Pickard, and Tony Roper, and is responsible for overseeing the structuring, transacting and managing investments for the HICL UK Group.

The Investment Committee has combined experience of over 145 years in making infrastructure investments and managing investments and projects. The skills and knowledge of its members are augmented by those of the investment professionals within the wider team as required. Further resource is provided from central functions within the business covering finance, risk management and control, document management and credit evaluations.

PART VII – ISSUE ARRANGEMENTS

The Issue – Introduction

The Issue relates solely to the implementation of the Scheme. Assuming that the Scheme becomes effective and is implemented in accordance with its terms, the Issue Shares will be issued to the HICL Guernsey Shareholders pursuant to the Transfer Agreement.

Up to 2 billion Issue Shares will be issued pursuant to the Issue at the Issue Price.

The number of Issue Shares to be issued under the Issue will be equal to the number of HICL Guernsey Ordinary Shares in issue as at the Record Date, which will be the sum of 1,790,679,605 HICL Guernsey Ordinary Shares in issue as at the date of this Prospectus together with any HICL Guernsey Ordinary Shares issued by way of scrip dividend or tap issue before the Record Date.

Conditions to the Issue

The Issue, which is not underwritten, is conditional upon:

- the passing of the Scheme Resolutions by HICL Guernsey Shareholders at the HICL Guernsey EGM;
- 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 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.

If these conditions are not met, unless they are waived, the Issue will not proceed.

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.

The costs of the Issue will include an additional fee of £10,000 payable to each Director in connection with the Issue, which will be borne by HICL Guernsey.

Non-UK Investors

The attention of persons resident outside the UK is drawn to the section of this Prospectus headed "Notices to Non-UK Investors" which contain restrictions on the holding of Ordinary Shares by such persons.

This Prospectus does not constitute an offer to sell or an offer to subscribe for or buy Ordinary Shares in any jurisdiction.

In particular investors should note that the 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. Accordingly, the Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Persons except in a transaction meeting the requirements of an applicable exemption from the registration requirements of the Securities Act.

Listing, Dealing and Settlement Arrangements

Applications will be made for the Ordinary Shares to be admitted to the Official List with a premium listing and to trading on the Main Market.

It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 1 April 2019.

Ordinary Shares will be issued in registered form and may be held either in certificated form or settled through CREST. Shareholders may elect to hold Ordinary Shares in certificated form on notice to HICL UK. The Issue cannot be revoked after dealings have commenced on 1 April 2019. Dealing in Issue Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the person concerned.

CREST

CREST is a paperless settlement procedure operated by Euroclear UK & Ireland enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system.

HICL UK has applied for the Ordinary Shares to be admitted to CREST with effect from Admission in respect of the Ordinary Shares issued under the Issue and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Registrar on behalf of HICL UK will arrange for Euroclear to be instructed on 1 April 2019 to credit the appropriate CREST accounts with their respective entitlements to Issue Shares. The names of the Shareholders or their nominees investing through their CREST accounts will be entered directly on to the share register of HICL UK.

The transfer of Ordinary Shares out of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside of CREST, a share certificate will be dispatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

PART VIII – TAXATION

The following summary is based upon current UK and Luxembourg tax law and what is understood to be current UK and Luxembourg tax authority practice, both of which are subject to change, possibly with retrospective effect.

The summary is intended only as a general guide to the tax treatment of the HICL UK Group and certain types of Shareholders, and does not purport to cover all taxation issues which might be applicable to the HICL UK Group or such Shareholders and 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 Ordinary Shares by virtue of an office or employment, who may be subject to special rules

The summary applies only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply, who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares.

All potential investors, 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 subscribing for, purchasing, holding or disposing of Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

UK taxation of HICL UK

It is the intention of HICL UK to conduct its affairs so that it satisfies the conditions necessary for it to be approved by HMRC as an investment trust. However, the Directors cannot guarantee that this approval will be obtained or maintained. In respect of each accounting period for which HICL UK is and continues to be approved by HMRC as an investment trust, HICL UK will be exempt from UK corporation tax on its chargeable gains. HICL UK will be liable to UK corporation tax on its income profits at the normal rate of 19 per cent. (expected to reduce to 17 per cent. for the year starting 1 April 2020).

In principle, HICL UK will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most dividends that HICL UK may receive.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming regime"). Under such treatment, HICL UK may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were HICL UK to designate any dividend it pays in this manner, Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and HICL UK would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

Luxembourg taxation of the Luxcos

The Luxcos are fully taxable companies and should be considered as resident taxpayers for Luxembourg domestic tax purposes within the meaning of article 159 of the Luxembourg income tax law ("**LITL**") and for the purposes of the tax treaties concluded by the Grand Duchy of Luxembourg with other countries. The Luxcos will be liable to Luxembourg corporate income tax and municipal business tax at an aggregate rate of 26.01 per cent., for companies with their registered seat in Luxembourg City, on their worldwide income (including the amount of the arm's length margin on their financing activities).

However, it is expected that the Luxcos will be able to mitigate taxation in Luxembourg by application of the participation exemption (see below) and their finance charges on their internal financing arrangements.

Financing margin

The Luxcos' interest income will be fully taxable in Luxembourg. Interest expenses will be fully deductible, subject to the recognition of an arm's length margin on the financing activity. The Luxcos will be liable to Luxembourg corporate income tax and municipal business tax at an aggregate rate of 26.01 per cent for a company with its registered seat in Luxembourg City, on the amount of the arm's length margin earned on their financing activities and on any of the interest income if not offset by a corresponding expense. In addition, further to the Luxembourg law of 21 December 2018 transposing the EU Directive 2016/1164, ''exceeding borrowing cost'' will only be deductible up to (a) 30% of Luxcos EBITDA or (b) EUR 3 million.

The financing margin of each of the Luxcos must be determined in a transfer pricing report which confirms the compliance of the financing margin with the OECD Transfer Pricing Guideline.

The arm's length principle also has to be applied to any intra-group transaction, not only intragroup financing activities.

Participation exemption

Dividends received by the Luxcos from qualifying participations will be exempt from tax under the Luxembourg participation exemption provided that certain conditions contained in Article 166 LITL are met. Similarly, the disposal of shares by either of the Luxcos will also be exempt from tax by virtue of the participation exemption provided that certain conditions are met. The Directors intend to manage the holdings in subsidiaries so that the participation exemption conditions are met.

An anti-hybrid provision has been included in the Luxembourg participation exemption regime, as a result of which hybrid instruments will no longer be able to benefit from the participation exemption regime. Dividend distributions received from EU companies may not benefit from the Luxembourg participation exemption if such distributions are tax deductible from the distributing company's tax basis. An anti-abuse rule has also been included in the Luxembourg participation exemption regime, under which the benefit of the Luxembourg participation exemption is denied if distributions are allocated to a sham arrangement which has no commercial or economic reasons but has been implemented solely or in particular to obtain a tax advantage which is not in line with the aim of the EU parent-subsidiary directive.

Withholding tax

The Luxcos should be entitled to receive dividend and interest payments from UK and other EU subsidiaries without a withholding on account of taxation, subject to the provisions of the EU parent-subsidiary directive, the EU interest and royalties directive and, in the case of UK source interest specifically, on receipt of clearance from HMRC for interest to be paid without deduction of UK income tax.

Insofar as the interest accrued or paid is at arm's length, the Luxcos are not over-indebted and the interest is not accrued or paid on a profit participating bond within the sense of Article 146(1) LITL or under a silent partnership agreement within the meaning of Article 97, (1), 2 LITL, the Luxcos can make interest payments to HICL UK without a withholding on account of taxation as there is no requirement to withhold tax under Luxembourg law. As HICL UK is a legal person, the Luxembourg Law of 23 December 2005 (as amended) on taxation of revenues from savings income should not apply. In principle, dividends payable by the Luxcos to HICL UK will be subject to a 15 per cent. of withholding tax, although measures will be taken to mitigate such withholding tax such as the application of the participation exemption regime as describe above.

Net worth tax

The Luxcos are liable to an annual net worth tax at a rate of 0.5 per cent on the first bracket on the worldwide net worth (i.e., assets minus liabilities) amounting to EUR 500 million and at a rate of 0.05% on the second bracket of the net worth exceeding this threshold. However, the Directors consider that the amount charged should be nominal on the basis that equity funded shareholdings that qualify for the participation exemption are considered exempt assets and the debts of the Luxcos are tax deductible for net worth tax purposes unless they are financing exempt assets.

Please note that the Luxcos may further be subject to (a) a minimum net worth tax of EUR 4,815 if they hold assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 per cent. of their total balance sheet value and if the total balance sheet value exceeds EUR 350,000, or (b) a minimum net worth tax between EUR 535 and EUR 32,100 based on the total amount of their assets. Items (e.g., real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive tax right, are not considered for the calculation of the 90 per cent. threshold.

Capital duty

No capital duty applies to subscribed capital. Nevertheless, a registration tax of EUR 75 should be due upon each amendment of the by-laws.

Registration taxes and stamp duties

In principle, neither the issuance of shares, nor the disposal of shares is subject to Luxembourg registration tax or stamp duty.

However a registration duty may be due upon the registration of the deed acknowledging the issuance/disposal of shares in Luxembourg in the case of legal proceedings before Luxembourg courts or in case such deed would have to be produced before an official Luxembourg authority or in case of a registration of such deed on a voluntary basis. In addition, registration duty may be due if such deed is attached (*annexé*) to a deed subject to a registration obligation (e.g. Luxembourg public deed) or lodged with a notary's records (*déposé au rang des minutes d'un notaire*).

Gift tax

Gift tax may be due on a gift or donation of shares if recorded in a Luxembourg notarial deed or otherwise recorded in Luxembourg.

UK and Luxembourg taxation of the Partnership

Luxco 2 invests in the Partnership which is transparent for UK tax purposes. From a Luxembourg tax perspective, the transparency of the Partnership is accepted by the Luxembourg tax authorities.

UK Taxation of Shareholders

Taxation of dividends (including dividends designated as "interest distributions")

The UK tax treatment of HICL UK's dividends may vary for Shareholders depending on whether or not HICL UK designates all or part of them as interest distributions for UK tax purposes (which it is entitled to do under the streaming regime to the extent that it has "qualifying interest income" for an accounting period).

HICL UK's first interim dividend, 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 in respect of the 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.

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.

HICL UK will not be required to withhold tax at source when paying dividends, regardless of whether it designates all or part of them as interest distributions.

UK resident individuals

(a) Dividends which are not designated as interest distributions

If the Directors do not elect for the streaming regime to apply to any dividends paid by HICL UK, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from HICL UK. If the Directors elect for the streaming regime to apply, the following statements would apply to the extent that dividends are not treated as "interest distributions".

UK resident individuals are entitled to a £2,000 (tax year 2018/2019) annual tax free dividend allowance (the "**Nil Rate Amount**"). In outline, dividends received in excess of this threshold will be taxed, for the tax year 2018/19, at 7.5 per cent. (on dividend income within the ordinary rate band), 32.5 per cent. (on dividend income within the upper rate band) and 38.1 per cent. (on dividend income within the additional rate band). The Nil Rate Amount exempts the first £2,000 of a taxpayer's dividend income, but does not reduce total taxable income. As a result, dividends within the Nil Rate Amount count as taxable income when determining how much of the basic rate band or higher rate band has been used. This may potentially affect the level of savings allowance to which a taxpayer is entitled and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating which tax band any dividend income in excess of the Nil Rate Amount falls into, savings and dividend income are treated as the highest part of a taxpayer's income. Where a taxpayer has both savings and dividend income, the dividend income is treated as the top slice.

(b) Dividends which are designated as interest distributions

If the Directors elect for the streaming regime to apply to any dividends paid by HICL UK, the following statements would apply to the extent that dividends are treated as "interest distributions".

UK resident individuals in receipt of such a dividend will be treated as though they have received a payment of interest and will be subject to tax on the amount received at their applicable marginal rates of UK income tax.

UK resident individuals who are basic rate taxpayers will be entitled to a Personal Savings Allowance which exempts the first £1,000 of savings income (including "interest distributions" from investment trusts). Higher rate taxpayers will receive a reduced allowance of £500 and additional rate taxpayers will not receive an allowance.

UK resident companies

(a) Dividends which are not designated as interest distributions

If the Directors do not elect for the streaming regime to apply to any dividends paid by HICL UK, the following statements summarise the expected UK tax treatment for Shareholders within the charge to United Kingdom corporation tax who receive dividends from HICL UK. If the Directors elect for the streaming regime to apply, the following statements would apply to the extent that dividends are not treated as "interest distributions".

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on any dividends paid by HICL UK on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by HICL UK on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that any dividends paid by HICL UK on the Ordinary Shares would qualify for exemption from corporation tax for other Shareholders, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

(b) Dividends which are designated as interest distributions

If the Directors elect for the streaming regime to apply to any dividends paid by HICL UK, the following statements would apply to the extent that dividends are treated as "interest distributions".

Shareholders within the charge to UK corporation tax will be subject to UK corporation tax on such dividends in the same way as a creditor in a loan relationship.

UK resident tax exempt investors

UK resident tax exempt investors will not be liable to tax on dividends (including dividends treated as "interest distributions") paid by HICL UK.

Non-UK resident investors

If Shareholders are not resident for tax purposes in the UK then they will not be subject to UK tax on dividends (including dividends treated as "interest distributions") paid by HICL UK, but may be taxed according to the rules of the jurisdiction in which they are resident.

Taxation of chargeable gains

UK resident individuals and companies

A disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

UK resident individuals may be subject to UK capital gains tax on any chargeable gains realised but are, for each tax year, entitled to an exemption from UK capital gains tax for a specified amount of gains realised in that tax year. The current annual exempt amount (for tax year 2018/19) is £11,700.

Shareholders within the charge to UK corporation tax may be subject to UK corporation tax on any chargeable gains made on disposal of the Ordinary Shares. Indexation allowance up to the end of December 2017 may reduce the amount of any chargeable gain arising on a disposal of the Ordinary Shares (but cannot give rise to or increase the amount of an allowable loss). No indexation allowance will be available to individual Shareholders.

UK resident tax exempt investors

UK resident tax exempt investors will not be liable to UK tax on chargeable gains arising on a disposal of the Ordinary Shares.

Non-UK resident investors

If Shareholders are not resident for tax purposes in the UK then they will not be subject to UK tax on a disposal of Ordinary Shares, but they may be taxed according to the rules of the jurisdiction in which they are resident.

Stamp duty and stamp duty reserve tax

The following comments are intended as a guide to the general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of Ordinary Shares.

Transfers on sale of Ordinary Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty. An exemption from stamp duty is available for instruments transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An agreement to transfer Ordinary Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer executed in pursuance of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

Transfers of Ordinary Shares to a company connected with the transferor will be subject to UK stamp duty or SDRT (as applicable) on the market value of the Ordinary Shares transferred, if this is higher than the consideration.

Information reporting

The UK has 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. The UK has also introduced legislation implementing FATCA and other international exchange of information arrangements, including the CRS developed by the OECD and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international agreements HICL UK may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of HICL UK and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

ISAs and SIPPs

It is expected that the 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 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 IX – ADDITIONAL INFORMATION

1. HICL UK

1.1 HICL UK is a closed-ended investment company and was incorporated as a public company whose liability is limited by shares in England and Wales, under the Act, with registered number 11738373 on 21 December 2018. The registered office of HICL UK is 12 Charles II St, London SW1Y 4QU (telephone number: 0203 818 0246).

1.2 Save for its compliance with the Act, the AIFM Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, MAR, the Prospectus Rules, and the Takeover Code, HICL UK is not an authorised or regulated entity. In particular, it is not a collective investment scheme under FSMA and therefore not regulated as such, although it is an AIF for the purposes of the AIFM Directive. HICL UK'S accounting reference date is 31 March with the first accounting period ending on 31 March 2019.

1.3 HICL UK has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Act.

1.4 The principal legislation under which HICL UK was formed and now operates (and under which the Ordinary Shares are created) is the Act. HICL UK will operate in conformity with the Articles.

1.5 The Ordinary Shares will conform with the Act and the regulations made thereunder, will have all necessary statutory and other consents and are duly authorised according to the Articles.

1.6 HICL UK intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:

(a) all or substantially all of the business of HICL UK is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;

(b) HICL UK is not a close company at any time during the accounting period;

(c) HICL UK's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and

(d) HICL UK must not retain in respect of the accounting period an amount greater than the higher of:

(i) 15 per cent. of its income for the period;

(ii) where HICL UK has accumulated revenue losses brought forward from previous accounting periods at least equal to the amount HICL UK is otherwise permitted to retain, the accumulated revenue losses brought forward; and

(iii) the amount of any income which HICL UK is required to retain in respect of the period by virtue of a restriction imposed by law.

2. FINANCIAL INFORMATION, WORKING CAPITAL, INDEBTEDNESS AND SIGNIFICANT CHANGE

HICL UK has not commenced operations since its incorporation on 21 December 2018 and no financial statements of HICL UK have been issued as at the date of this Prospectus. Accordingly it has no operating or financial history.

HICL UK is of the opinion that the working capital available to HICL UK is sufficient for HICL UK's present requirements, being for at least the next 12 months from the date of this Prospectus.

As at the date of this Prospectus and save as disclosed in this Prospectus, HICL UK has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness. HICL UK's issued share capital consists of two Ordinary Shares and 50,000 Redeemable Shares.

As at the date of this Prospectus and save as disclosed in this Prospectus, there has been no significant change in the trading or financial position of HICL UK since the incorporation of HICL UK.

At Admission and on the completion of the Transfer, HICL UK's gross assets will increase by an amount equal to the gross asset value of the Current Portfolio, less £2,000,050,000 and an amount representing the Issue Costs borne by HICL UK. It is not possible to quantify the effect of the Issue on HICL UK's earnings except that they should increase.

KPMG LLP, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales, was approved as HICL UK's auditor on 28 February 2019. The terms under which it will be appointed are the Auditors' standard terms for a public listed company. The annual report and accounts of HICL UK will be prepared in pounds sterling and in accordance with IFRS.

3. SHARE CAPITAL

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

3.2 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.

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

3.4 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.

3.5 This Prospectus is a prospectus for the purposes of the Prospectus Rules with respect to two Ordinary Shares currently in issue and up to 2 billion Ordinary Shares that will be issued pursuant to the Scheme, each of which will, subject to Admission, be admitted to the premium segment of the Official List and to trading on the Main Market.

3.6 Set out below is the issued share capital of HICL UK as at the date of this Prospectus

	Nominal Value per share	Number
Redeemable Shares	£1	50,000
Ordinary Shares	0.01p	2

3.7 The Ordinary Shares and Redeemable Shares in issue as at the date of this Prospectus are fully paid up.

3.8 Set out below is the issued share capital of HICL UK as it will be immediately following Admission (assuming the maximum number of Ordinary Shares are issued under the Issue):

	Nominal Value per share	Number
Redeemable Shares	£1	0
Ordinary Shares	0.01p	2 billion

3.9 All Ordinary Shares will be fully paid. The Redeemable Shares are fully paid up and will be redeemed on Admission.

4. SHARE AUTHORITIES

4.1 Ordinary and special resolutions of the HICL UK's sole shareholder, HICL Guernsey, were passed at a general meeting of HICL UK on 28 February 2019, at which the Directors obtained the following Shareholder authorities:

(a) authority under section 551 of the Act for the Directors to allot up to 2 billion Shares;

(b) authority under section 570 of the Act to allot Shares for cash on the basis that the statutory pre-emption rights in section 561 of the Act do not apply to such allotment provided that this authority is limited to the allotment of 2 billion Shares; and

(c) authority under section 701 of the Act conditional on Admission to make market purchases of Ordinary Shares up to a maximum aggregate of 14.99 per cent. of the issued Ordinary Shares following Admission pursuant to the Issue subject to a minimum price of 0.01p and a maximum price as prescribed by the Listing Rules.

4.2 These authorities will expire on the earlier of HICL UK's first annual general meeting or the date falling 18 months after Admission.

4.3 The sole member also approved the adoption of the Articles in substitution for and to the entire exclusion of the then existing articles of association at the same meeting on 28 February 2019.

4.4 As at the date of this Prospectus, HICL UK does not hold any Ordinary Shares, C Shares or Redeemable Shares in treasury and no Ordinary Shares, C Shares or Redeemable Shares are held by or on behalf of HICL UK itself or by subsidiaries of HICL UK.

4.5 Since the date of incorporation no share or loan capital of HICL UK has been issued or has been agreed to be issued or proposed to be issued, for cash or any other consideration other than pursuant to the Scheme and as described in paragraph 3 above, and no commissions, discounts, brokerages or other special terms have been granted by HICL UK in connection with the issue of any such capital.

4.6 No share or loan capital of HICL UK is under option or has been agreed, conditionally or unconditionally, to be put under option.

4.7 HICL UK does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by HICL UK.

4.8 Other than the Redeemable Shares, no Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

4.9 No person has voting rights that differ from those of other Shareholders, except that the holders of any Redeemable Shares shall have no right to vote other than in the circumstances described in paragraph 10.1 of this Part IX.

4.10 The Board approved the Scheme and this Prospectus at a meeting held on 28 February 2019. It is expected that the Ordinary Shares to be allotted pursuant to the Scheme will be issued pursuant to a resolution of the Board on or around 26 March 2019, conditional only upon Admission.

4.11 The Ordinary Shares to be allotted pursuant to the Issue will be issued at the Issue Price. The Ordinary Shares have a nominal value of 0.01p each and therefore under the Issue will be issued at a premium equal to the Issue Price less 0.01p per Ordinary Share. The currency of the Ordinary Shares is pounds sterling.

4.12 As at the date of this Prospectus, no person has any right to acquire or call for the issue of new Shares and no undertaking exists to increase the capital of HICL UK.

5. THE HICL UK GROUP

5.1 The Partnership was established on 11 January 2006 as a limited partnership under the Limited Partnerships Act 1907 of the United Kingdom with the name Infrastructure Investments LP and with registered number LP11056. The principal place of business of the Partnership is at 12 Charles II Street, London, SW1Y 4QU. The Partnership is governed by the Limited Partnership Agreement. The Partnership has a special purpose vehicle as its general partner. The General Partner is a wholly owned indirect subsidiary of InfraRed Partners LLP.

5.2 Luxco 2 is the only limited partner in the Partnership. Historically, HICL Guernsey has invested in equity and debt of Luxco 1 which in turn invested in the equity and debt of a similar entity, Luxco 2. 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 directly or indirectly through intermediate wholly owned companies and/or other entities. Both Luxco 1 and Luxco 2 are wholly owned subsidiaries of HICL Guernsey and will become wholly owned subsidiaries of HICL UK under the Scheme. From the Effective Date the HICL UK Group may make investments either directly through the Partnership or through investing in a Luxco.

5.3 Shortly following the Effective Date, a joint merger proposal will be submitted by LuxCo 1 and LuxCo 2 to the Luxembourg Trade and Companies' Register. Subject to the relevant consents to the merger, the merged single Luxco entity will become the sole limited partner in the Partnership.

5.4 The Operator's appointment as the operator of the Partnership is on the terms of an Operator Letter dated 4 March 2019. The management and operation of the Partnership on the intended basis amounts to the regulated activity of operating a collective investment scheme under UK legislation. In order to lawfully carry on a regulated activity in the United Kingdom, a person must be authorised by the FCA to carry on the activity in question unless an exemption applies.

5.5 As such, the Operator, which has been authorised by the FCA to carry on, amongst other things, the regulated activity of operating a collective investment scheme, has been appointed as Operator to manage and operate the Partnership accordance with the investment guidelines that are adopted by the Directors 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 this Prospectus. The Operator may effect borrowings for the Partnership within limits prescribed by the limited partner.

5.6 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.

5.7 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 (amongst others), 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.

6. RESTRICTIONS UNDER THE LISTING RULES

6.1 As explained in Part II of this Prospectus, in accordance with the requirements of the UK Listing Authority, HICL UK has adopted the policies set out below:

(a) HICL UK's primary objective is investing and managing its assets with a view to spreading or otherwise managing investment risk. HICL UK must, at all times, invest and manage its assets in a way which is in accordance with its investment policy;

(b) HICL UK will not conduct a trading activity which is significant in the context of the HICL UK Group as a whole. HICL UK will not cross-finance businesses forming part of the HICL UK Group's investment portfolio; and

(c) no more than 10 per cent., in aggregate, of HICL UK's assets will be invested in other listed closed-ended investment funds.

6.2 The Listing Rules may be amended or replaced over time. To the extent that the above investment restrictions are no longer imposed under the Listing Rules, those investment restrictions shall cease to apply to HICL UK.

6.3 In the event of any breach of the investment restrictions applicable to HICL UK, Shareholders will be informed of the actions to be taken by HICL UK by notice sent to the registered addresses of the Shareholders in accordance with the Articles or by an announcement issued through a Regulatory Information Service.

7. DIRECTORS' AND OTHER INTERESTS

7.1 As at the date of this Prospectus, the Directors and their connected persons hold no Ordinary Shares in HICL UK. Following Admission, the Directors and their connected persons will hold the following Ordinary Shares in HICL UK, plus, in each case, an additional number of Ordinary Shares equal to the number of further HICL Guernsey Ordinary Shares (if any): (i) received by the relevant Director and his/her connected persons on 22 March 2019 in connection with the scrip dividend announced by HICL Guernsey on 12 February 2019; and (ii) otherwise acquired by such persons between the date of this Prospectus and the Record Date.

Ian Russell	95,979 Ordinary Shares
Frank Nelson	51,568 Ordinary Shares
Mike Bane	0 Ordinary Shares
Sally-Ann Farnon	59,931 Ordinary Shares
Simon Holden	9,833 Ordinary Shares
Kenneth D Reid	0 Ordinary Shares

7.2 The Directors will be remunerated for their services. It is proposed that, for the financial year ending 31 March 2020, all of the Directors will receive an annual fee of £47,000, save for the Chairman who will receive an annual fee of £78,000 and the senior independent director who will receive an annual fee of £60,000, the chair of the Audit Committee who will receive an annual fee of £59,000 and the chair of the Risk Committee who will receive an annual fee of £54,500. The Directors intend to seek Shareholder ratification of these proposals at HICL UK's first annual general meeting, which is expected to be held in July 2019.

7.3 It is the current practice that the Director who also acts as director of each of the Luxcos receives an additional £6,000 per annum for such role (in respect of the financial year ending 31 March 2020).

7.4 In addition, each Director is entitled to a payment of £10,000 in connection with additional duties performed in relation to the Issue and the Scheme. Such fees will be borne by HICL Guernsey. No Director has waived or agreed to waive future emoluments nor has any Director waived any such emolument during the current financial year. No commissions or performance related payments have been or will be made to the Directors by HICL UK.

7.5 No Director has a service contract with HICL UK, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles without notice and without compensation (but without prejudice to any claim for damages for breach of contract of service).

7.6 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by HICL UK.

7.7 There are no conflicts of interest between any of the duties owed to HICL UK by any of the Directors and each of the Directors' private interests and other duties.

7.8 No amount has been set aside or accrued by HICL UK or its subsidiaries to provide pension, retirement or other benefits.

7.9 There are no family relationships between any of the Directors.

8. OTHER DIRECTORSHIPS

8.1 In addition to their directorships of HICL UK and other companies in the HICL UK Group, the Directors are, or have been, members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the previous five years:

Name	Current Directorships and Partnerships	Past Directorships and Partnerships
Ian Russell (*Chairman*)	Herald Investment Trust plc HICL Infrastructure Company Ltd Scottish Futures Trust	Aberdeen Diversified Income and Growth Trust plc Advanced Power AG British Polythene Industries plc Disabled Peoples Employment Corporation (GB) Ltd Johnston Press plc The Mercantile Investment Trust plc
Frank Nelson *(Senior Independent Director)*	Eurocell plc HICL Infrastructure Company Ltd McCarthy & Stone Plc Nobel Topco Limited	Friern Park Limited (Dissolved) International Inspection Services LLC M&S MipCo S.a.r.l. McCarthy & Stone (Developments) Limited McCarthy & Stone Retirement Lifestyles Limited Telford Homes plc Thames Valley Charitable Housing Association Ltd Thames Valley Housing Association Limited
Mike Bane	Apax Global Alpha Limited Guernsey Adult Literacy Project LBG HICL Infrastructure Company Ltd The Health Improvement Commission for Guernsey and Alderney LBG	Ernst & Young Guernsey Limited Guernsey Arts Commission LBG New Street Nominees Limited
Sally-Ann Farnon	Apax Global Alpha Limited Bailiwick Investments Limited Bailiwick Investment Holdings Limited Bailiwick Property Holdings Baubigny Garage Limited BH Global Limited Breedon Group PLC C&E Laundrettes Limited Chromium Music Group Limited Column Holdings Ltd HICL Infrastructure Company Ltd Hagley Road Limited Jersey Little Lucy Limited Muffin Limited Standard Life Investment Property & Income Trust Limited Standard Life Property Holdings Ltd	Dexion Absolute Limited (in voluntary liquidation) Guernsey Financial Services Commission Guernsey Sports commission LBG Interceptor Holdings Limited L'Eree Holdings Limited Ravenscroft Holdings Limited Ravenscroft Limited Threadneedle UK Select Trust Limited

Name	Current Directorships and Partnerships	Past Directorships and Partnerships
	The Health Improvement Commission for Guernsey and Alderney LBG Timbertops Limited Real Estate Credit Investments Limited The Association of Investment Companies	
Simon Holden	Belasko Group Limited BWE GP Ltd BWE GP II Ltd Global Petro Storage Limited Golf 19 Limited HICL Infrastructure Company Ltd Hipgnosis Oldco Limited (in members' voluntary liquidation) Hipgnosis Songs Fund Guernsey Limited JamesCo 750 Limited LCH Partners Limited Merian Chrysalis Investment Company Limited Permira (Europe) Limited Permira Europe III GP Limited Permira IV GP Limited Permira IV Managers Limited Permira V GP Limited Permira VI GP Limited Permira VII GP Limited The Global Enterprise Exchange Ltd. Trian Investors 1 Limited Trian Investors 1 Midco Limited	Belasko Administration Limited Change Capital Investment Management (Guernsey) II Limited Cresco Capital Group 1 Change Capital Investment Management (Guernsey) III Limited Elli Investments Limited Hipgnosis Songs Fund Guernsey Limited LSREF3 Hotels (London PR) Limited Odeon Cinemas Group Limited
Kenneth D Reid	HICL Infrastructure Company Ltd Sicon Limited	

8.2 As at the date of this Prospectus, none of the Directors:

(a) has any convictions in relation to fraudulent offences for at least the previous five years;

(b) has been subject to any official public incrimination or sanction of him or her by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years; or

(c) has been bankrupt.

8.3 None of the Directors has been a director of any company or been a member of the administrative management or supervisory body of an issuer or a senior manager of an issuer at the time of any bankruptcy, receivership or liquidation for at least the previous five years other than:

(a) Sally-Ann Farnon has been a director of Dexion Absolute Limited which went into solvent voluntary liquidation during 2016; and

(b) Simon Holden has been a director of Change Capital Investment Management (Guernsey) III Limited, Hipgnosis Songs Oldco Limited, Hipgnosis Songs Fund Guernsey Limited and LSREF3 Hotels (London PR) Limited, each of which went into solvent voluntary liquidation in the last five years.

8.4 HICL UK maintains directors' and officers' liability insurance on behalf of the Directors at the expense of HICL UK.

8.5 The business address of the Directors is 12 Charles II St, London SW1Y 4QU.

9. SUBSTANTIAL SHARE INTERESTS

9.1 HICL Guernsey holds all the voting rights in HICL UK as at the date of this Prospectus. Accordingly, pending the allotment of the Ordinary Shares under the Issue, HICL UK is controlled by HICL Guernsey. In so far as is known to HICL UK, as at the close of business on 28 February 2019 (being, for these purposes, the latest practicable date prior to publication of this Prospectus), and based on the existing share register of HICL Guernsey, the following holdings are, following Admission, expected to represent a direct or indirect interest of three per cent. or more of HICL UK's issued share capital:

	Number of Ordinary Shares Held	Percentage Held
BNY (OCS) Nominees Limited	84,925,340	4.74%
State Street Nominees Limited	71,521,848	3.99%
Rathbone Nominees Limited	60,609,624	3.38%

9.2 Those interested, directly or indirectly, in three per cent. or more of the issued share capital of HICL UK do not now and, following the Issue, will not have different voting rights from other Shareholders.

9.3 HICL UK is not aware of any person who directly or indirectly, jointly or severally, will exercise or could exercise control over HICL UK immediately following the Issue.

9.4 HICL UK is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of HICL UK.

9.5 Based on holdings in HICL Guernsey, as at 1 March 2019 (the latest practicable date prior to publication of this Prospectus), it is expected that, following Admission, the Investment Manager, the Investment Manager's staff, and their connected persons, will hold in aggregate approximately 3.8 million Ordinary Shares.

10. ARTICLES OF ASSOCIATION

Pursuant to section 31 of the Act, the objects for which HICL UK is established are unrestricted and HICL UK has the full power and authority to carry out any object not prohibited by law. On 28 February 2019, HICL UK passed a special resolution to adopt the Articles. The Articles contain provisions (*inter alia*) to the following effect:

10.1 Voting rights

Subject to any rights or restrictions as to voting attached to any shares and subject as stated below: (i) on a vote on a show of hands, each Shareholder present in person, excluding holders of Treasury Shares, has one vote, each duly authorised representative if the Shareholder is a corporation has the same voting rights to which the corporation is entitled, each proxy who is appointed by one or more Shareholders has one vote, and each proxy who has been appointed by more than one Shareholder has one vote for and one vote against the resolution; and (ii) on a vote on a poll each Shareholder present in person or by proxy or by a representative if a corporation has one vote for each share held by him.

A Shareholder is not entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of his shares have been paid or the Board otherwise decides.

The Redeemable Shares grant the registered holders the right to receive notice of and to attend but, except where there are no other shares of HICL UK in issue, not to speak or vote (either in person or by proxy) at any General Meeting of HICL UK.

10.2 **General meetings**

HICL UK must hold an annual general meeting within six months of the end of each financial year (unless a longer period is permitted by applicable law), in addition to any other general meetings held in the year. The Board can call a general meeting at any time. The Board will decide the time and place for each annual general meeting. Two or more Shareholders may call a general meeting for the purpose of appointing Directors if there are no Directors serving.

The notice for any general meeting must contain prescribed information including on the ability to appoint a proxy, the procedures with which Shareholders must comply and the place, date and time of the meeting. The notice must specify a time by which a person must be entered on the register to have the right to attend or vote at the meeting and for the purpose of determining how many votes that person may cast. All Shareholders who are entitled to receive notice under the Articles, each Director and the Auditors must be given notice.

No business may be transacted at a general meeting unless a quorum is present save for the appointment of a chairman. The quorum is two persons present, each of whom is a Shareholder or a proxy for a Shareholder or a representative of a Shareholder that is a corporation who are together holding five percent (5%) or more of the voting rights applicable at such meeting. If HICL UK shall have only one member entitled to attend and vote at the general meeting, that member shall constitute a quorum.

Each Director may attend and speak at any general meeting.

10.3 **Dividends**

Subject to applicable law, HICL UK may, by Ordinary Resolution, declare dividends to be paid to Shareholders in accordance with their respective rights, but no dividend may exceed the amount recommended by the Board.

Subject to applicable law, the Board may from time to time resolve to pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits, and pay at suitable intervals to be decided by the Board any dividend expressed to be payable at a fixed rate if the Board is of the opinion that HICL UK's profits justify the payment.

Except as otherwise provided by the rights attached to shares, a dividend must be declared, apportioned and paid *pro rata* according to the amounts paid up on the shares in respect of which the dividend is paid (and all of the Ordinary Shares and C Shares will be fully paid). Redeemable Shares entitle the holder of such shares to a cumulative fixed annual dividend equal to 5 per cent. of the capital for the time being paid up or credited as paid up thereon together with a certificate for any related tax credit.

A resolution of HICL UK or Board to declare or pay a dividend may state that the dividend is payable to persons registered as Shareholders at the close of business on a particular date or at such other time as the Board may decide. Unless the resolution of HICL UK or Board specifies otherwise, a dividend must be paid by reference to a Shareholder's holding of shares on the date of resolution or decision to declare or pay it. In practice, HICL UK expects to comply with the London Stock Exchange's timetable for dividends, including the record dates included therein.

If in respect of a dividend on three consecutive occasions (or one occasion if reasonable enquiries have failed to establish a new address or account for the recipient) a cheque or warrant for the dividend is returned undelivered or left uncashed during the period for which it is valid, or the payment cannot be sent to an account, HICL UK is not obliged to send a dividend or other amount until the person entitled notifies HICL UK of an address or account. The Board may invest or otherwise use for HICL UK's benefit any unclaimed dividend until it is claimed. If 12 years have passed from the date on which a dividend became due for payment and the intended recipient has not claimed it, such recipient is no longer entitled to it.

The Board may, if authorised by an Ordinary Resolution of HICL UK, offer Shareholders (excluding in respect of treasury shares) a Scrip Dividend in accordance with the following provisions. The Ordinary Resolution may specify a particular dividend or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the Ordinary Resolution is passed. The Board must decide the basis of allotment so that the value of the shares to be allotted instead of any cash dividend is as near as possible to the cash amount (disregarding any tax credit) that the Shareholder elects not to receive by way of a cash dividend, but no greater than such cash amount.

For the purposes of the above the value of the further shares shall be calculated by reference to the average of the middle market quotations for a fully paid share of the relevant share on the London Stock Exchange (derived from the Daily Official List or a similar publication) for the day on which the shares are first quoted ''ex'' the relevant dividend and the four subsequent dealing days, weighted by volume of trading on each such dealing day, or in such other manner as the Board may decide.

The Board must notify the Shareholders of the rights of election offered to them in respect of the Scrip Dividend and must specify the procedure to be followed in order to make an election. The dividend or that part of it in respect of which an election for the Scrip Dividend is made shall not be paid and instead further shares shall be allotted in accordance with elections duly exercised and the Board shall capitalise a sum to the aggregate amount of the Shares to be allotted out of such sums available for the purpose as the Directors may consider appropriate. The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.

The Board may make such exclusions from a Scrip Dividend offer as it may decide as a result of any legal or practical problems under, or expense incurred in connection with the laws of or the requirements of any regulatory authority or stock exchange in any territory.

The Board may from time to time establish or vary a procedure for election mandates, under which a Shareholder may, in respect of any future dividends for which a right of election pursuant to this paragraph is offered, elect to receive Shares in lieu of such dividend on the terms of such mandate.

10.4 **Return of capital**

Each class of share will be entitled to participate in a return of capital (other than on the redemption of redeemable shares or a purchase by HICL UK of its own shares). At a time when any C Shares any tranche are for the time being in issue, and prior to the relevant Conversion Time, such return will be applied in the following order of priority: firstly, as to each tranche of Ordinary Shares, secondly, as to any C Shares in issue, thirdly, as to any Redeemable Shares in issue and finally as to the Deferred Shares. At a time when no C Shares of any tranche are for the time being in issue, such return will be applied as follows: firstly, as to any Ordinary Shares in issue, and secondly, as to any Deferred Shares in issue and finally ay Redeemable Shares. In the winding up of HICL UK (whether by voluntary liquidation or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required under applicable law, divide among the Shareholders (other than HICL UK in respect of treasury shares) in specie the whole or any part of the assets of HICL UK.

10.5 **Transfer of Shares**

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of an Uncertificated System. If the Directors implement any such arrangements, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares of that class in uncertificated form;

(b) the transfer of title to shares of that class by means of the Uncertificated System; or

(c) the Act.

Where any class of shares is for the time being admitted to settlement by means of an Uncertificated System such securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations. Unless the Directors otherwise determine such securities held by the same holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations.

Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of an Uncertificated System.

Subject as provided below, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at HICL UK's registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any certificated share or (to the extent permitted by the Regulations and the Rules) a share in uncertificated form which is not fully paid up or on which HICL UK has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year except that, in respect of any shares which are participating shares in an Uncertificated System, the register of members shall not be closed without the consent of the relevant Authorised Operator. Any such suspension shall be communicated to the members, giving reasonable notice of such suspension by means of a Regulatory Information Service.

The Board may, in their absolute discretion, refuse to register a transfer of any certificated share to a person that the Board have reason to believe is:

(a) an employee benefit plan (within the meaning of Section 3(3) of ERISA) that is subject to Part 4 of Title 1 of ERISA; or

(b) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code or any other state, local laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 which would cause the underlying assets of HICL UK to be treated as assets of that investing entity by virtue of its investment (or any beneficial interest) in HICL UK and thereby subject HICL UK and its investment manager (or other persons responsible for the investment and operation of HICL UK's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the US Internal Revenue Code; or

(c) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of (a), (b) and (c), a "**Plan**"); or

(d) any person in circumstances where the holding of shares by such person would:

(e) give rise to an obligation on HICL UK to register as an "investment company" under the US Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act);

(f) preclude HICL UK from relying on the exception to the definition of investment company contained in Section 3(c)(7) of the US Investment Company Act;

(g) give rise to an obligation on HICL UK to register under the US Exchange Act, the US Securities Act or any similar legislation;

(h) result in HICL UK not being considered a "Foreign Private Issuer" as that term is defined by Rule 3b-4(c) promulgated under the US Exchange Act;

(i) give rise to an obligation on HICL UK's investment manager or adviser to register as a commodity pool operator or commodity trading advisor under the US Commodity Exchange Act of 1974, as amended;

(j) cause HICL UK to be a "controlled foreign corporation" for the purposes of the US Internal Revenue Code, or cause HICL UK to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities) under ERISA or the US Internal Revenue Code; or

(k) give rise to HICL UK or its investment manager or adviser becoming subject to any US law or regulation determined to be detrimental to it,

(each such person being a "**Prohibited US Person**"). Each person acquiring shares will by virtue of such acquisition be deemed to have represented to HICL UK that they are not a Prohibited US Person.

The Directors shall give written notice to the holder of any share, including where held in uncertificated form, who appears to them to be a Prohibited US Person requiring him within 30 days (or such extended time as the Directors consider reasonable) to provide sufficient satisfactory evidence that he is not a Prohibited US Person, or within 21 days (or such extended time as the Directors consider reasonable) transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be held by a Prohibited US Person. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at general meetings of HICL UK (and of any class of shareholders) and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with to the satisfaction of the Directors, the Directors shall arrange for HICL UK to sell the shares of the Prohibited US Person at the best price reasonably obtainable to any other person so that the share will cease to be held by a Prohibited US Person.

10.6 **Variation of rights**

Subject to applicable law, the rights attached to a class of shares may (unless otherwise provided by the terms of issue of shares of that class) be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a Special Resolution passed at a separate meeting of such holders. The Shareholders may not call, or require the Board to call, a meeting of holders of a class of shares. The quorum at any such meeting is two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding and where the class has only one member, that member. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The rights attached to a class of shares are not (unless otherwise expressly provided by the rights attached to those shares) deemed to be varied by the creation or issue of further shares ranking *pari passu* or subsequent to them but in not respect in priority to them.

10.7 **Share capital and changes in capital**

Subject to applicable law including the Act, and without prejudice to any rights attached to any existing shares or class of shares, a share may be issued with such rights or restrictions as HICL UK may by Ordinary Resolution decide or failing that decision, as the Board may decide. Subject to applicable law including the Act, HICL UK may issue redeemable shares at the option of HICL UK or the Shareholders and the Board may determine the terms, conditions and manner of redemption of any such shares. Notwithstanding this right, the Ordinary Shares are not redeemable.

The Redeemable Shares are redeemable, upon giving to the holders of the particular shares to be redeemed notice in writing of the redemption and on tendering the amount of capital paid up thereon to such holders.

Subject to the Act and the Listing Rules and to any rights conferred on the holders of any class of shares, there are no restrictions in the Articles on the purchase by HICL UK of all or any of its own shares of any class (including any redeemable shares).

The Articles do not impose any conditions governing changes in the capital of HICL UK which are more stringent than is required by law.

10.8 **Disclosure of interests in shares**

If a Shareholder or another person appearing to be interested in shares held by that Shareholder has been properly served with a Section 793 Notice and is in default at the end of the time specified in that notice by not supplying the information required or by supplying information which the person knows to be false in a material respect or having recklessly supplied information which is false in a material respect, the Board may in its absolute discretion at any time by notice to the Shareholder, direct that in respect of the relevant shares, from the later of the date of the Direction Notice and the date falling 14 days after service of the Section 793 Notice and ending on the date on which the Direction Notice ceases to have effect:

(a) the Shareholder may not attend or vote at any meeting of Shareholders;

(b) if the relevant shares represent at least 0.25 per cent. of the nominal value of the shares of that class in issue (excluding treasury shares), HICL UK may retain any dividend or other amount that would otherwise be payable on the relevant shares without interest; and

(c) subject to applicable law, no transfer of the shares may be registered except in limited circumstances.

Any new shares issued in right of any relevant shares in respect of which a Shareholder is in default will also be subject to the Direction Notice.

A Direction Notice ceases to have effect after a period specified by the Board (not exceeding seven days) following the earliest of (i) the date on which HICL UK has received all the information it requires pursuant to the Section 793 Notice (ii) the date on which HICL UK is notified that a permitted transfer of the shares to a third party has occurred, and (iii) any other date that the Board decides.

The Articles do not restrict in any way the provisions of section 793 or Part 22 of the Act.

10.9 **Non-UK Shareholders**

A Shareholder who has no registered address in the UK is not entitled to have a document or other information sent or supplied to him by HICL UK unless he has notified HICL UK of any address in the UK at which documents or information in hard copy form may be sent to him, or he has agreed with the Board a method of electronic communications.

10.10 **Untraced Shareholders**

HICL UK may sell, in such manner as the Board decides at the best price reasonably obtainable, a share if during a period of 12 years HICL UK has paid at least three dividends in respect of the share and during that period no dividend cheque or warrant for such Shareholder has been cashed, HICL UK has at the end of the 12 year period given notice of its intention to sell the share by advertisement in a national newspaper in the UK and in the area of the Shareholder's last known address, and during the 12 year period until three months after the publication of the advertisement HICL UK has not received any communication from the Shareholder. The net proceeds of sale must be carried to a separate account and treated as a permanent debt of HICL UK.

10.11 **Borrowing powers**

The Board may exercise all HICL UK's powers to borrow money on such terms as the Board decides and for any purpose to issue perpetual or redeemable debentures and other securities and to mortgage or charge all of part of the undertaking or property or uncalled capital of HICL UK, provided that the aggregate principal amount from time to time outstanding of all borrowings of HICL UK or any of its subsidiaries (excluding intra-group indebtedness and the debts of underlying investee companies but including any financial guarantees to support subscription obligations) shall not at any time exceed 50% of the Adjusted Gross Asset Value of the HICL UK Group's investments and cash balances. However, the Directors must restrict HICL UK's borrowings and exercise all voting and other rights and powers of control exercisable by HICL UK in relation to its subsidiary undertakings so as to secure that the Group's borrowings comply with applicable law and the Investment Policy.

Any amendments to these powers will require the approval of Shareholders as an amendment to the Articles and/or to the Investment Policy.

10.12 **Directors**

Unless and until otherwise determined by Ordinary Resolution of HICL UK, the Directors (not including alternate Directors) shall not be less than two in number, and the maximum number of Directors shall be eight. HICL UK may by Ordinary Resolution appoint a Director. The Board may appoint a Director, provided that any Director so appointed will hold office until the next annual general meeting and then be eligible for re-appointment.

Each of the Directors will retire from office and may stand for re-election at every annual general meeting.

A Shareholder who is qualified to attend and vote on a resolution to appoint a Director at a forthcoming general meeting may propose a person to be appointed as a Director provided that at least 7 days but not more than 42 days before the general meeting, HICL UK receives written notice from such Shareholder of their intention including the required particulars for HICL UK's register of directors and written confirmation of the person proposed confirming his or her willingness to be appointed as a Director.

Directors may be removed by Ordinary Resolution and may also cease to be a Director following certain events such as insolvency or if he is absent from meetings of the Board for six consecutive months, regardless of whether his alternate attends, and the Board resolves that his office therefore be vacated. A Director may also be removed from office by a notice signed by all of his co-Directors to his last known address.

The Directors are entitled to be paid a fee for their services, and the Board is entitled to decide on the amount of the fee and the manner and timing of its payment, provided that the total fees payable to the non-executive Directors may not exceed £500,000 in each year or such higher amount decided by HICL UK by Ordinary Resolution. The Board and a Director may agree that any fee payable may consist wholly or partly of payments by way of pension contributions to secure pension benefits. The Board may also decide to pay extra remuneration to a Director who serves on a committee, acts as chairman or deputy chairman, devotes special attention to HICL UK's business or who otherwise performs services which the Board decides are outside the scope of his ordinary duties. A Director may also be paid reasonably and properly incurred travelling, hotel and other expenses.

The quorum for meetings of the Board may be fixed by the Board but shall be no less than two Directors and/or alternates. The chairman will not have a casting vote at meetings.

The Board may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a Director breaching his duty to avoid a situation in which a Director has, or can have, a direct or indirect interest that conflicts or possibly may conflict with the interests of HICL UK and which can reasonably be regarded as likely to give rise to a conflict of interest, provided that the Director in question will not be allowed to vote on such matter or count in the quorum.

Subject to applicable law and provided that he has declared the nature and extent of his interest in accordance with procedures in the Articles, a Director may: (i) hold any other office or place of profit under HICL UK on such terms as the Board decides; (ii) act in a professional capacity for HICL UK other than as auditor on such terms as the Board decides; (iii) be a party to or otherwise directly or indirectly acquire interests in any other proposed or existing transaction or arrangement with or entered into by HICL UK, and (iv) be a director or other officer of, or employee, or holder of any other place of profit under, or member of, or act in a professional capacity to a body corporate or firm which HICL UK controls or in which it is directly or indirectly interested.

The Articles require that a Director must declare the nature and extent of an interest where required by applicable law. A Director may not vote or count in the quorum in respect of a matter in which he has an interest that may be reasonably regarded as likely to give rise to a conflict of interest, save where the matter falls into certain specified categories including where the Director may be entitled to participate in a transaction as the holder of shares.

The Directors have full power to manage HICL UK's business and may delegate its powers in accordance with the Articles.

HICL UK is entitled to grant indemnities to and purchase insurance for the Directors.

10.13 Forfeiture of Shares

The provisions in the Articles as to forfeiture of shares apply where:

(a) a Shareholder fails to pay all or part of a call or instalment of a call in respect of its shares on or before the due date for payment, the Board requires payment by notice and such notice is not complied with;

(b) a Shareholder fails to comply with a notice given to it in respect of shares that are or may be held by a Prohibited US Person as described in paragraph 5.5 (g) above); and/or

(c) a Shareholder fails to furnish information, representations, certifications, waivers or forms as required for FATCA as further described in paragraph 5.14 below.

If a share is forfeited: (i) the Board must give notice of the forfeiture to the registered holder or the person entitled by transmission to such share prior to such forfeit; (ii) the forfeited share becomes HICL UK's property; and (iii) HICL UK is entitled to sell, re-allot or otherwise dispose of the share on such terms and in such manner as the Board decides. A forfeiture may be cancelled on such terms as the Board decides.

A person whose share has been forfeited ceases to be a member of HICL UK and all interest in and all claims and demands against HICL UK in respect of the share are extinguished save as provided by applicable law.

10.14 FATCA

The Board has full power and authority to take such steps as are necessary or desirable in its reasonable opinion as regards compliance with FATCA, including conducting diligence on the nationality or tax residence of Shareholders or any persons for whom they hold shares, withholding or deducting any tax required to be withheld or deducted from amounts paid to Shareholders, and providing information about HICL UK's accounts and the Shareholders to taxation authorities.

HICL UK is entitled to disclose information about HICL UK and Shareholders to governmental and taxation authorities to the extent the Board reasonably believes such authorities require such disclosure or to the extent the disclosure is reasonably necessary for HICL UK or its advisers to comply with its obligations in respect of tax, or to obtain exemptions, reductions or refunds of withholding or other taxes.

If a Shareholder fails to furnish such information, representations, certifications, waivers or forms as HICL UK requires in accordance with the Articles and the Board, acting reasonably, determines that other actions would be insufficient to protect HICL UK or any other entity in which HICL UK invests against the consequences of such failure, the Board may require the Shareholder's shares to be forfeited.

10.15 Miscellaneous

HICL UK may communicate electronically (including notices of meetings) with its Shareholders in accordance with the provisions of the Act and subject to obtaining consents from Shareholders to electronic or website communications (and subject to such consents not being revoked).

The provisions of section 561 of the Act (which confer on shareholders rights of pre-emption where shares are issued for cash) will apply to the extent not disapplied by a Special Resolution of HICL UK. In addition, the Directors may not allot shares except to the extent authorised by an Ordinary Resolution pursuant to section 551 of the Act.

There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed. There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of HICL UK.

Save as set out above, there are no provisions in the Articles or otherwise which give any person enhanced rights in HICL UK's profits.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described at the end of this Part IX below.

11. GENERAL

The Issue is not underwritten.

HICL UK is not (and is not required to be) regulated or authorised by the FCA but, in common with other investment companies admitted to the UK Official List, is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules and is bound to comply with applicable law such as the relevant parts of FSMA.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which HICL UK is aware) during the period covering the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, a significant effect on HICL UK's and/or the Group's financial position or profitability. For the purposes of this paragraph, the Group shall include any Project Company which is a subsidiary undertaking of the Group.

HICL UK is committed to complying with any corporate governance obligations which may apply to UK-registered companies from time to time. The Financial Reporting Council published a new edition of the UK Corporate Governance Code in July 2018, which applies to reporting periods beginning on or after 1 January 2019. It is expected that HICL UK will be a member of the AIC with effect from the Effective Date, and it intends to report against the AIC code of corporate governance (as amended in February 2019 to align with the new UK Corporate Governance Code) along with (except as explained below) the UK Corporate Governance Code.

The Board currently consists of six non-executive Directors, all of whom are independent of the Investment Manager. This independence allows all the Directors to sit on HICL UK's various Committees (with the exception of Ian Russell who, as Chairman, does not sit on the Audit Committee). The provision of the UK Corporate Governance Code which relates to the combination of the roles of the chairman and chief executive does not apply as HICL UK has no executive directors.

Consistent with the UK Corporate Governance Code, each of the Directors will retire from office and may stand for re-election at every annual general meeting.

HICL UK's Audit Committee is comprised of Sally-Ann Farnon (Chairman of the Committee), Mike Bane, Simon Holden, Frank Nelson and Kenneth D. Reid. The Audit Committee's remit is to meet not less than three times a year and to consider, *inter alia*:

(a) the annual and interim accounts;

(b) valuation of the HICL UK Group's investment portfolio (including engaging a third party valuation expert);

(c) HICL UK's procedures for the prevention, detection and reporting of fraud and procedures for handling whistle-blower allegations;

(d) HICL UK's statement of internal controls; and

(e) the terms of appointment and remuneration for the auditor (including assessing the independence, effectiveness and performance of the auditor and overseeing the process appointment).

HICL UK's Remuneration Committee is comprised of Mike Bane (Chairman of the Committee), Sally-Ann Farnon, Simon Holden, Frank Nelson, Kenneth D. Reid and Ian Russell. The Remuneration Committee's remit is to meet annually and to consider, *inter alia*:

(a) the policy for remuneration of the Directors;

(b) any proposed changes to the remuneration of the Directors; and

(c) any additional ad hoc payments in relation to duties undertaken over and above normal business.

HICL UK's Nomination Committee is comprised of Ian Russell (Chairman of the Committee), Mike Bane, Sally-Ann Farnon, Simon Holden, Frank Nelson and Kenneth D. Reid. The Nomination Committee's remit is to meet annually and to consider, *inter alia*:

(a) the structure, size and composition (including the skills, knowledge and experience) of the Board;

(b) succession planning for directors and other senior executives;

(c) suitable candidates to fill Board vacancies;

(d) the time required from non-executive directors based on their performance; and

(e) the re-appointment and re-election of directors.

HICL UK's Management Engagement Committee is comprised of Frank Nelson (Chairman of the Committee), Mike Bane, Sally-Ann Farnon, Simon Holden, Kenneth D. Reid and Ian Russell. The Management Engagement Committee's remit is to meet annually and to consider, *inter alia*:

(a) the terms of the agreements between HICL UK and its key service providers, including the provisions relating to fees;

(b) the overall performance of the Investment Manager, Administrator, Registrar and other key service providers;

(c) any specific matters relating to the engagement of the parties which the Board may request; and

(d) the Environmental, Social and Governance Policy.

HICL UK's Risk Committee is comprised of Simon Holden (Chairman of the Committee), Mike Bane, Sally-Ann Farnon, Frank Nelson, Kenneth D. Reid and Ian Russell. The Risk Committee's remit is to meet annually and to consider, *inter alia*:

(a) HICL UK's implementation of an effective risk governance structure and control framework which envelops key risk areas with appropriate reporting;

(b) the HICL UK Group's risk appetite taking account of the current and prospective macroeconomic financial environment;

(c) risk limits and tolerances and tax risk management;

(d) on-going regulatory compliance;

(e) scenario assumptions to determine whether proposed mitigation is sufficient to manage the business risk file within the Board's appetite; and

(f) the Investment Manager's advice on material changes to investment and strategy, treasury policy, tax policy and operational risk policy.

HICL UK's Market Disclosure Committee is comprised of Mike Bane, Sally-Ann Farnon, Simon Holden, Frank Nelson, Kenneth D. Reid and Ian Russell. The Market Disclosure Committee's remit is to consider, *inter alia*:

(a) whether information provided to the committee is inside information, and if so, whether it gives rise to an obligation to make an immediate announcement or whether it is permissible to delay the announcement;

(b) the form, content and need for any non-routine announcement (taking external advice where appropriate);

(c) the scope and content of disclosure by HICL UK;

(d) HICL UK's disclosure controls and procedures (including notification of transactions by persons discharging managerial responsibilities and persons closely associated with them);

(e) HICL UK's relationship with, and procedures for dealing with, investors and analysts; and

(f) the market's views about HICL UK and its share price, including rumours, and approve HICL UK's policy for communication with the market.

Where information contained in this Prospectus has been sourced from a third party, HICL UK confirms that such information has been accurately reproduced and, so far as HICL UK is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

HICL UK has not had any employees since its incorporation and does not own any premises.

12. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) (a) have been entered into by HICL UK or a Holding Entity during the two years immediately preceding publication of this Prospectus and are, or may be, material, or (b) have been entered into by HICL UK or a Holding Entity and include an obligation or entitlement which is material to HICL UK as at the date of this Prospectus:

12.1 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 between Canaccord Genuity, RBC Europe, HICL UK and the Investment Manager (the "**Tap Issue Agreement**"). Canaccord Genuity 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.

12.2 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 to (i) finance or refinance the Current Portfolio and any further investments by HICL UK, subject to certain restrictions on the class and concentration of the portfolio; (ii) related costs; (iii) pay dividends (iv) general corporate working capital purposes; (v) the repurchase by HICL UK of issued share capital up to an aggregate maximum of £10 million (vi) payment of a claim under a letter of credit (in respect of amounts borrowed by way of a loan), and (vii) refinancing amounts borrowed under any tranche as applicable.

Voluntary prepayment is allowed in minimum amounts of AUD 250,000 in respect of the AUD tranche, 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.

12.3 **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.

12.4 **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.

12.5 **The Limited Partnership Agreement**

The Partnership is governed by the Limited Partnership Agreement. A description of the Limited Partnership Agreement is included at section 5 of this Part IX above and a description of the fees payable to the Operator and the General Partner is included in Part V of this Prospectus.

12.6 **Operator Letter**

Pursuant to an amended and restated letter of appointment between the General Partner (for itself and as general partner of the Partnership) and the Operator dated 4 March 2019 (the "**Operator Letter**"), the Operator manages and operates the Partnership and its investments. A description of the Operator Letter is included at paragraph 5 of this Part IX above and a description of the fees payable to the Operator and the General Partner is included in Part V of this Prospectus.

12.7 **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 of the agreement.

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.

12.8 **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.

12.9 **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.

12.10 **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 at the HICL Guernsey EGM; (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 Transfer Agreement provides that 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 of one New Ordinary Share for every HICL Guernsey Ordinary Share owned by them on the record date for the Scheme.

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.

12.11 **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.

13. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES

Mandatory bids

HICL UK is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash or with a cash alternative at the highest price paid within the preceding 12 months for all the remaining equity share capital of HICL UK.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is either a director or acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 in this manner. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buy back by HICL UK of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

Squeeze-out

Under the Act, if an offeror was to acquire 90 per cent. of the issued Ordinary Shares then, within four (4) months of making the offer, that offeror could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six (6) weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to HICL UK, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must (in general) be the same as the consideration that was available under the takeover offer.

Sell-out rules

The Act gives minority shareholders in HICL UK a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one (1) month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought but that period cannot end less than three (3) months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Takeover bids

As at the date of this Prospectus, there have been no public takeover bids by third parties in respect of HICL UK's share capital since incorporation.

14. DISCLOSURE REQUIREMENTS AND NOTIFICATION OF INTEREST IN ORDINARY SHARES

Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited expectations, a person must notify HICL UK (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if she or he acquires or disposes of Ordinary Shares in HICL UK to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a Shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

(a) reaches, exceeds or falls below 3, 4, 5, 6, 7, 8, 9 or 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent; or

(b) reaches, exceeds or falls below an applicable threshold in (a) above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by HICL UK.

Such notification must be made using the prescribed form TR-1 available from the FCA's website at http://www.fca.gov.uk. Under the Disclosure Guidance and Transparency Rules, HICL UK must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Guidance and Transparency Rules.

15 AIFM DIRECTIVE DISCLOSURES

Until the UK formally leaves the European Union, HICL UK is categorised as an EEA AIF for the purposes of the AIFM Directive and ICPL will be its AIFM. Accordingly, HICL UK's AIFM is required to make certain disclosures to prospective investors prior to their investment in HICL UK, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2 and 3.2.3 of the FCA Handbook. An explanation of where each of these disclosures may be found in this Prospectus (or of the non-applicability to HICL UK of certain of these disclosures) is set out in this paragraph 15. References to "FUND" are to the FUND sourcebook of the FCA Handbook.

Part II of this Prospectus contains a description of the investment strategy and objectives of HICL UK, the types of assets in which HICL UK may invest, the techniques it may employ, any applicable investment restrictions and the procedures by which HICL UK may change its investment strategy or Investment Policy.

Part II of this Prospectus also contains a description of the circumstances in which the HICL UK Group may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and the maximum level of leverage which the HICL UK Group is permitted to employ. There are no collateral or reuse arrangements in place in respect of the HICL Guernsey Portfolio and none anticipated in respect of the HICL UK portfolio.

The key risks associated with the investment strategy, objectives and techniques of HICL UK and with the use of leverage by the HICL UK Group are contained in the section of this Prospectus entitled "Risk Factors".

HICL UK is not a fund of funds and so there is no master AIF for the purposes of the AIFM Directive.

A description of the main legal implications of the contractual relationship entered into for the purpose of investment in HICL UK, including information on jurisdiction and applicable law, is contained in Part IX of this Prospectus. In particular, the Issue is governed by English law and subject to the jurisdiction of English courts, the same law and jurisdiction under which HICL UK is established. More generally, a foreign judgment obtained in an EU member state may be recognised and enforced in England pursuant to the Brussels Regulation. A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.

Details of the identities of HICL UK's AIFM, Depositary, Auditors and other service providers to HICL UK, their duties to HICL UK and investors' rights (exercised through HICL UK) are contained in Part V of this Prospectus and in paragraph 12 of this Part IX.

The AIFM will cover professional liability risks by way of professional indemnity insurance.

The Depositary may delegate its custody and safe-keeping functions with respect to financial instruments that are required to be held in custody as described in paragraph 12.9 of this Part IX. Potential conflicts of interest are described in Part II of this Prospectus.

A description of HICL UK's valuation procedures and of the pricing methodology for valuing assets, which includes the methods that will be used in valuing hard-to-value assets, is contained in Part II of this Prospectus.

HICL UK is a closed-ended investment company and there are therefore no redemption rights in respect of the Ordinary Shares. However, the Ordinary Shares are to be listed on the Official List and admitted to trading on the Main Market, and will be freely transferable. As regards liquidity risk management, a description of the discount management mechanisms which may be employed by HICL UK is contained in Part II of this Prospectus, although it should be noted that the Directors' exercise of these rights is entirely discretionary.

A description of all fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by HICL UK and thus indirectly by investors is contained in Part V of this Prospectus and this Part IX. There are no expenses charged directly to investors by HICL UK.

As its Ordinary Shares are to be admitted to the premium segment of the Official List, HICL UK will be required to comply with (*inter alia*) the relevant provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. No investor has obtained preferential treatment or the right to obtain preferential treatment.

Since HICL UK was incorporated on 21 December 2018 and has not yet commenced operations, no financial statements or Net Asset Value have been published by HICL UK. No historical performance is available as HICL UK has no operating history.

HICL UK has not engaged the services of any prime broker. The Depositary Agreement prohibits the transfer or reuse by the Depositary of HICL UK's assets. The Depositary Agreement permits the Depositary to discharge its liability under Article 21(13) and (14) of the AIFMD and Article 32 of the AIFM Regulations; the Depositary has discharged itself of liability in accordance with Article 21(13) in respect of assets held by its sub-custodian, Canaccord Genuity Wealth Limited. If there are any changes to the liability of the Depositary, the AIFM will inform investors.

The information required under paragraphs 4 and 5 of Article 23 of the AIFM Directive and FUND 3.2.5 and FUND 3.2.6 will be disclosed to investors in HICL UK's annual report.

If there are any material changes to any of the information referred to in this paragraph 15, such changes will be notified in HICL UK's annual report, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2.

16. CONSENTS

Canaccord Genuity, RBC Europe, InfraRed Capital Partners Limited and KPMG LLP have each given and not withdrawn their respective written consent to the issue of this Prospectus and the inclusion herein of their respective names and the references to them in the form and context in which they appear.

17. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the offices of Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG and at the registered office of HICL UK during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Prospectus until the Effective Date:

(a) the Articles of HICL UK; and

(b) this Prospectus.

Copies of this Prospectus are also available for access at the National Storage Mechanism which is located at http://www.morningstar.co.uk/uk/NSM and HICL UK's website, at www.hicl.com.

Dated 4 March 2019

NOTICES TO NON-UK INVESTORS

This document has been approved by the FCA as a prospectus for the purposes of section 85 FSMA and Directive 2003/7/EC (as amended by Directive 2010/73/EU). No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of this Prospectus may be prohibited in certain jurisdictions.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction.

For the attention of United States investors

The 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. Accordingly, the Ordinary Shares may not be offered, sold, pledged or otherwise transferred directly or indirectly in or into the United States, or to or for the account or benefit of any US person within the meaning of Regulation S, subject to certain exceptions. The Ordinary Shares may be offered and sold outside the United States only in ''offshore transactions'' to persons that are not US persons as defined in, and in reliance on, Regulation S.

For the attention of Isle of Man investors

This document is being provided in or from within the Isle of Man only:

(i) by an Isle of Man financial services licenceholder licensed under section 7 of the Financial Services Act 2008 in order to do so; or

(ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 (as amended) or exemption contained in the Financial Services (Exemptions) Regulations 2011 (as amended).

The Prospectus is not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

For the attention of investors in Israel

This prospectus is for information purposes only and does not constitute an offering in any manner. If securities are offered in the future, they will be offered in accordance with section 15A(A)(7) to the Israeli Securities Law, 5728-1968 as amended (the ''**Israeli Securities Law**''), to investors who are listed in the first supplement (the ''**First Supplement**'') of the Israeli Securities Law, consisting primarily of joint investment trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with shareholders' equity in excess of 50 million new shekels and high net worth individuals who meet the qualifications specified in the Israeli Securities Law, each as defined in the First Supplement, as it may be amended from time to time (collectively, the ''**Eligible Investors**''). Eligible Investors shall be required to submit a written confirmation that they fall within the scope of the First Supplement and provide HICL UK with the relevant information to verify such confirmation when and if it is required.

For the attention of investors in Japan

No registration pursuant to article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (the ''FIEL'') has been made or will be made with respect to the solicitation of the acquisition of the shares on the ground that the small number private placement exemption for the securities listed in article 2, paragraph 1 of the FIEL is applied to such solicitation.

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise. References to the laws of the European Union are to be construed, if and when the United Kingdom leaves the European Union, as references to those laws as given effect in England and Wales including through primary or secondary legislation and judicial decisions in England and Wales.

"**Act**"	means the UK Companies Act 2006 (as amended from time to time);
"**Additional Investment**"	means an investment made by the HICL Guernsey Group or the HICL UK Group (as the context requires) at any time after the date of this Prospectus;
"**Adjusted Gross Asset Value**"	means fair market value, without deductions for borrowed money or other liabilities or accruals, and including outstanding subscription obligations;
"**Administration Agreement**"	means the administration and secretarial agreement dated 4 March 2019 between the Administrator and HICL UK, details of which are set out in Part IX of this Prospectus;
"**Administrator**"	means Aztec Financial Services (UK) Limited;
"**Admission**"	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;
"**AIF**"	means an alternative investment fund within the meaning of the AIFM Directive;
"**AIFM**"	means: (a) when used in a general context, an alternative investment fund manager within the meaning of the AIFM Directive; and (b) in respect of HICL UK, ICPL acting in its capacity as AIFM to HICL UK pursuant to the Investment Management Agreement;
"**AIFM Directive**"	means the European Directive on Alternative Investment Fund Managers (No. 2011/61/EU);
"**AIFM Rules**"	means the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without the limitation the AIFM Regulations and all relevant provisions of the FCA Handbook expressed to be binding on the AIFM;
"**Articles**"	means the Articles of Association of HICL UK in force from time to time;
"**Asset Consents**"	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 to proceed;
"**Auditors**"	means KPMG LLP;
"**Authorised Operator**"	means Euroclear UK & Ireland or such other person as may for the time being be authorised under the Regulations to operate an Uncertificated System;
"**Business Day**"	means any day (other than a Saturday or Sunday) on which commercial banks are open for business in London;
"**Canaccord Genuity**"	means Canaccord Genuity Limited, in its capacity as HICL UK's sponsor and/or joint broker (as the context requires);

"**certificated**" or "**in certificated form**"	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);
"**Circular**"	means the circular to HICL Guernsey Shareholders containing notice of the HICL Guernsey EGM dated 4 March 2019;
"**Client**"	means the procuring client which appoints a Project Company under a PFI/PPP concession and to whom the construction and operational services are provided during the project;
"**Committed Investment**"	means the commitment by the HICL Guernsey Group to acquire further Infrastructure Equity in the N17/N18 Road project, as more fully described in Part IV of this Prospectus;
"**CREST**" or "**CREST system**"	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;
"**C Shares**"	means C Shares of 0.01p each in the capital of HICL UK classed as C Shares and having the rights attached thereto;
"**CRS**"	means the global common reporting standards published by the OECD;
"**Current Portfolio**"	means the portfolio of infrastructure investments to be transferred from HICL Guernsey to HICL UK pursuant to the Transfer on the Effective Date, comprising: (i) the HICL Guernsey Portfolio; together with: (ii) the Committed Investment; and (iii) any Additional Investments that are acquired by the HICL Guernsey Group on or prior to the Effective Date but after the date of this Prospectus;
"**Deed of Indemnity**"	means the deed of indemnity signed by HICL UK in favour of the Liquidators dated 4 March 2019;
"**Depositary**"	means Augentius Depositary Company Limited;
"**Depositary Agreement**"	means the depositary agreement dated 4 March 2019 between the Depositary, the Investment Manager and HICL UK, details of which are set out in Part IX of this Prospectus;
"**Directors**" or "**Board**"	means the directors of HICL UK, whose names appear in the Section of this Prospectus headed "Directors, Agents and Advisers", or the board of directors from time to time of HICL UK, as the case may require, and "**Director**" is to be construed accordingly;
"**Disclosure Guidance and Transparency Rules**"	means the disclosure guidance given by the FCA as the competent authority in the UK for the purposes of Article 22 of the Market Abuse Regulation and the transparency rules made by the FCA under section 73A of FSMA;
"**Distributable Cash Flow**"	means, in any year: (i) all cash received by the HICL UK Group from its investments, including but not limited to: (a) interest payments on subordinated debt; (b) repayments of subordinated debt; and (c) dividend payments; less (ii) management and advisory fees, interest on external borrowings, running costs and taxation;
"**EEA**"	means the European Economic Area;
"**Effective Date**"	means the date on which the Scheme becomes effective and Admission occurs, expected to be 1 April 2019;
"**EU**"	means the European Union;
"**Euroclear UK & Ireland**"	means Euroclear UK & Ireland Limited, the operator of CREST;

"**Facility**"	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, 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 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 as described more fully in Part IX of this Prospectus;
"**Fair Market Value**"	means the amount for which an asset could be exchanged between willing parties who are under no compulsion to transact, who are acting for self-interest and gain, and both of whom are equally well informed about the Current Portfolio and the infrastructure market;
"**FATCA**"	means the Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act;
"**FCA**"	means the UK Financial Conduct Authority or any successor organisation;
"**FCA Handbook**"	means the FCA's handbook of rules and guidance, as amended and updated from time to time;
"**FSMA**"	means the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
"**Fund I**"	means the HSBC Infrastructure Fund;
"**Fund II**"	means the InfraRed Infrastructure Fund II;
"**Fund III**"	means the InfraRed Infrastructure Fund III;
"**Fund V**"	means the InfraRed Infrastructure Fund V;
"**GDP**"	means gross domestic product;
"**General Partner**"	means Infrastructure Investments General Partner Limited;
"**Group Debt**"	means the aggregate amount of outstanding bank debt, from time to time, drawn down under the Facility or any other facility taken out in respect of the HICL UK Group from time to time;
"**HICL Guernsey**"	means HICL Infrastructure Company Limited, a company incorporated in Guernsey as a closed-ended investment company with registered number 44185;
"**HICL Guernsey EGM**"	means the extraordinary general meeting of HICL Guernsey to be held at 11.00 a.m. on 26 March 2019 (or any adjournment thereof);
"**HICL Guernsey Group**"	means HICL Guernsey, the Luxcos and the Partnership (together, individually or in any combination as appropriate);
"**HICL Guernsey Ordinary Share**"	means a share of 0.01p in the capital of HICL Guernsey, classed as an ordinary share and having the rights attached thereto;

"**HICL Guernsey Portfolio**"	means the portfolio of infrastructure investments which the HICL Guernsey Group had acquired on or prior to 31 December 2018, as further described in Part IV of this Prospectus;
"**HICL Guernsey Shareholders**"	means the shareholders who hold shares in the capital of HICL Guernsey;
"**HICL UK**"	means HICL Infrastructure PLC, a company incorporated in England and Wales with registered number 11738373;
"**HICL UK Group**"	means, with effect from the Effective Date, HICL UK, the Luxcos and the Partnership (together, individually or in any combination as appropriate);
"**HMRC**"	means Her Majesty's Revenue and Customs;
"**Holding Entities**"	means all or any of Luxco 1, Luxco 2 and the Partnership;
"**ICPL**"	means InfraRed Capital Partners Limited;
"**IFRS**"	means International Financial Reporting Standards as adopted by the EU;
"**InfraRed Group**" or "**InfraRed**"	has the meaning given in Part VI of this Prospectus;
"**Infrastructure Equity**"	means the subordinated debt (or the entitlement to acquire subordinated debt) and equity of a Portfolio Company (as appropriate) (which, for the avoidance of doubt, shall include the debt and equity of any holding vehicle with respect to such Portfolio Company);
"**Infrastructure Investment Team**"	means the infrastructure investment team of the Investment Manager;
"**Initial Portfolio**"	means the initial portfolio of 15 infrastructure investments which the HICL Guernsey Group acquired from Fund I and HSBC Infrastructure Limited shortly after HICL Guernsey's launch in March 2006;
"**Internal Rate of Return**" or "**IRR**"	means the total return calculated as being the discount rate which when applied to expected cash flows would give a net present value of zero;
"**Investment Committee**"	means the investment committee established by the Operator as described in Part V of this Prospectus;
"**Investment Company Act**"	means the United States Investment Company Act of 1940, as amended;
"**Investment Management Agreement**"	means the Investment Management Agreement dated 4 March 2019 between the Investment Manager and HICL UK, details of which are set out in Part IX of this Prospectus;
"**Investment Manager**"	means ICPL acting in its capacity as investment manager to HICL UK pursuant to the Investment Management Agreement;
"**Investment Objectives**"	means the investment objectives of the HICL UK Group, as set out in Part II of this Prospectus;
"**Investment Policy**"	means the investment policy of the HICL UK Group, as set out in Part II of this Prospectus;
"**IPO**"	means the initial public offering of 250 million ordinary shares in HICL Guernsey on 29 March 2006;
"**ISA**"	means an Individual Savings Account;
"**ISA Regulations**"	means the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended);
"**Issue**"	means the issue by HICL UK of Ordinary Shares to HICL Guernsey Shareholders in accordance with the terms of the Transfer, as further described in this Prospectus;

"**Issue Costs**"	means the costs, fees and expenses incidental to the formation of HICL UK, the liquidation of HICL Guernsey, the Issue and the Scheme, which will be paid on or around Admission and which include any VAT payable;
"**Issue Price**"	means an amount equal to the net asset value per HICL Guernsey Ordinary Share as at the Effective Date, adjusted to reflect (i) the Winding Up Costs; (ii) the costs associated with the production of 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 on the Effective Date);
"**Issue Shares**"	means the Ordinary Shares to be issued under the Issue;
"**Limited Partnership Agreement**"	means the fifth amended and restated limited partnership agreement constituting Infrastructure Investments LP dated 4 March 2019 between the General Partner and Luxco 2;
"**Liquidation Share**"	means a share of 0.01p in the capital of HICL Guernsey issued and designated as a "Liquidation Share" and having the right to vote on matters relating to the liquidation of HICL Guernsey for the purposes of the Scheme but, while HICL Guernsey Ordinary Shares are in issue, no other rights;
"**Liquidation Shareholder**"	means the holder of the Liquidation Share in HICL Guernsey;
"**Liquidators**"	means William Callewaert and Richard Searle both of BDO Limited, Place du Pré, Rue du Pré, St Peter Port, Guernsey, GY1 3LL;
"**Listing Rules**"	means the rules, including the listing rules and the prospectus rules made by the UK Listing Authority under section 73A of FSMA;
"**London Stock Exchange**"	means London Stock Exchange plc;
"**Luxco 1**"	means HICL Infrastructure 1 Sàrl, a *société à responsabilité limitée* established in Luxembourg;
"**Luxco 2**"	means HICL Infrastructure 2 Sàrl, a *société à responsabilité limitée* established in Luxembourg;
"**Luxcos**"	means Luxco 1 and Luxco 2;
"**Luxembourg Administrator**"	means RSM Tax & Accounting Luxembourg;
"**Main Market**"	means the premium segment of the London Stock Exchange's main market for listed securities;
"**Net Asset Value**" or "**NAV**"	means the net asset value of HICL UK in total or (as the context requires) per Ordinary Share calculated in accordance with HICL UK's valuation policies and as described in this Prospectus;
"**NHS**"	means the National Health Service of the United Kingdom;
"**Non-UK Shareholders**"	means all Shareholders that are not resident in the United Kingdom;
"**Notice Amendment**"	means the non-fault termination notice period of the investment management arrangements in respect of HICL UK with ICPL;
"**Notice Resolution**"	means the ordinary resolution number 4, to be proposed at the HICL Guernsey EGM to approve the Notice Amendment;
"**OECD**"	means the Organisation for Economic Cooperation and Development;
"**Official List**"	means the official list maintained by the UK Listing Authority;
"**OFTO**"	means the offshore transmission owners regime established by Ofgem and the UK Department of Energy and Climate Change;
"**Operating Company**"	means a company that owns and operates infrastructure assets;

"**Operator**"	means ICPL acting in its capacity as operator of the Partnership;
"**Operator Letter**"	means the operator agreement between the Operator and the General Partner (for itself and on behalf of the Partnership) dated 4 March 2019;
"**Ordinary Shares**"	means shares of 0.01p each in the capital of HICL UK, classed as ordinary shares and having the rights attached thereto;
"**Partnership**"	means the limited partnership which, as at the date of this Prospectus, holds and manages HICL Guernsey's investments (and which will be indirectly acquired by HICL UK as part of the Transfer), as further described in Part II of this Prospectus;
"**P3**"	means Public Private Partnership (P3 is commonly used in North America to refer to Public Private Partnerships);
"**PFI**"	means the Private Finance Initiative;
"**Portfolio Company**"	means Project Companies and Operating Companies that form part of the portfolio of HICL Guernsey and/or HICL UK (as the context requires);
"**PPP**"	means the Public Private Partnership;
"**Prohibited Shares**"	has the meaning given to it in Part IX of this Prospectus;
"**Proposals**"	the proposals for the implementation of the Scheme and for the updates to the investment management arrangements with ICPL, as described in this Prospectus and the Circular;
"**Project Agreement**"	means the agreement between a Project Company and the Client under which the Project Company agrees to procure the construction of the project and the provision of the services;
"**Project Company**"	means an infrastructure project or concession with a defined expiry date, including a special purpose company (or other entity) formed with the specific purpose of undertaking an infrastructure project;
"**Prospectus Rules**"	means the prospectus rules made by the FCA under section 73A of FSMA;
"**RBC Europe**"	means RBC Europe Limited, in its capacity as HICL UK's joint broker;
"**Receiving Agency Agreement**"	means the receiving agency agreement dated 4 March 2019 between the Receiving Agent and HICL Guernsey, details of which are set out in Part IX of this Prospectus;
"**Receiving Agent**"	means Link Asset Services;
"**Record Date**"	means 6.00 p.m. on 29 March 2019, being the record date for the Scheme;
"**Redeemable Shares**"	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 have resolved shall be redeemed on the Effective Date;
"**Registrar**"	means Link Asset Services;
"**Registrar Agreement**"	means the registrar services agreement dated 4 March 2019 between the Registrar and HICL UK, details of which are set out in Part IX of this Prospectus;
"**Regulation S**"	means Regulation S under the Securities Act;
"**Regulations**"	means the UK Uncertificated Securities Regulations 2001 (as amended from time to time);
"**Regulatory Information Service**"	means a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA;

"**Rules**"	means the rules, including any manuals, issued from time to time by an Authorised Operator governing the admission of securities to and the operation of the Uncertificated System, managed by such Authorised Operator;
"**Rules of Engagement**"	means the rules established to manage transactions between the HICL UK Group, the Investment Manager, or any fund managed by the Investment Manager;
"**Sàrl**"	means a Luxembourg *société à responsabilité limitée*;
"**Scheme**"	means the proposed scheme of reconstruction pursuant to which HICL Guernsey will be placed into voluntary liquidation and the Transfer will be effected;
"**Scheme Resolutions**"	means resolutions 1, 2 and 3 to be considered at the HICL Guernsey EGM (excluding the Notice Resolution);
"**Section 793 Notice**"	means a notice served pursuant to section 793 of the Act;
"**Securities Act**"	means the United States Securities Act of 1933, as amended;
"**Shareholders**"	means the holders of Ordinary Shares;
"**Share Issue Receivable**"	means the liability that HICL Guernsey has incurred to HICL UK of £2,000,050,000 in respect of a subscription for shares, as more fully described in the Circular;
"**Transfer**"	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 the HICL Guernsey Shareholders pursuant to the Transfer Agreement, as further described in this Prospectus;
"**Transfer Agreement**"	means the transfer agreement to be dated the Effective Date between HICL Guernsey, the Liquidators and HICL UK, details of which are set out in Part IX of this Prospectus;
"**UK Listing Authority**"	means the FCA in its capacity as the competent authority for listing in the UK pursuant to Part VI of FSMA;
"**uncertificated**" or "**in uncertificated form**"	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;
"**Uncertificated System**"	means any computer-based system and its related facilities and procedures that are provided by an Authorised Operator and by means of which title to units of a security (including shares) can be evidenced and transferred in accordance with the Regulations without a written certificate or instrument;
"**United Kingdom**" or "**UK**"	means the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**US person**"	has the meaning given in Regulation S under the Securities Act;
"**VAT**"	means value added tax; and
"**Winding Up Costs**"	means the costs, fees and expenses associated with the winding up of HICL Guernsey.

HICL
Infrastructure

Delivering Real Value.

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