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| <b>Company</b>  | Infrastructure India  |
| <b>TIDM</b>     | IIP                   |
| <b>Headline</b> | First Day of Dealings |
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Infrastructure India plc  
30 June 2008

Date: 30 June 2008  
On behalf of: Infrastructure India plc ("Infrastructure India" or "the Company")

## **Infrastructure India plc**

### **First day of dealings on the Main Market of the London Stock Exchange**

### **Placing raising £36.7 million**

Shares in Infrastructure India plc (LSE: IIP - Ordinary Shares, IIPW - Warrants), a closed-ended investment company providing access to India's fast-growing market for infrastructure assets, begins trading today on the Main Market of the London Stock Exchange.

Infrastructure India is a newly incorporated Isle of Man closed-ended investment company established to provide investors with the opportunity of investing in Indian infrastructure assets. The Company's investment strategy is to provide shareholders with capital growth and income by investing in infrastructure assets, focused specifically on the energy and transport sectors. The IPO creates a listed platform from which the further development of the Company will take place. Rupert Cottrell, Non-Executive Chairman of Infrastructure India was previously a director of The PFI Infrastructure Co plc ("PFI Co"), the UK's first publicly traded PFI infrastructure fund. PFI Co achieved a 34% IRR for initial investors and a 233% total value uplift.

Bloomsbury Asset Management Advisors ("BAMA" or the "Investment Adviser"), headed by Gary Neville - previously at John Laing plc, one of the largest publicly quoted infrastructure investors in the UK at the time - will act as investment adviser, with responsibility for identifying, structuring and monitoring investments and advising on exit strategies. Andrew Friend, previously CEO of John Laing plc, will act as a senior strategic adviser to the Company. John Laing plc delivered approximately 45% IRR for investors from October 2001 to the date of its acquisition for just over £1bn in December 2006.

The objective of the Company is to ultimately achieve an IRR of 25% per annum. The Company will seek to invest in assets that are expected to generate a base IRR of 15% per annum. It is the Directors' belief that the Company's returns could be raised to the 25% target due to additional potential gains from refinancing, yield compression effects and portfolio management efficiencies, as have been achieved by other listed infrastructure companies.

This has enabled the Group to acquire a 20.5% equity interest (which is expected to adjust to between 6% and 7% after certain dilutions) in Shree Maheshwar Hydrel Power Corporation

Limited, which was specifically established to solely own and develop a 400MW hydroelectric power project situated in Maheshwar, in the southwestern region of Madhya Pradesh in India. With construction approaching the final stages its management expects that the first turbine will commence operations by June 2009. The project is expected to be one of the largest privately owned hydroelectric projects to be commissioned in India within the next two years. The Group has developed a further investment pipeline of other potential opportunities with an equity value of approximately Rs 11.1bn (approximately £135m). This pipeline includes renewable and conventional power projects, road portfolios and airport assets.

The Company's investment policy, in summary, is as follows:

- **Overall focus** - invest at the asset level or via specific holding companies set up to invest in infrastructure projects in India. Such investments are to be primarily focused on the broader sectors of energy and transport
- **Sector weighting** - focused on investing in assets close to the commencement of operations, typically within 18 months of planned commercial operation
- **Asset allocation** - focus on purely equity investment at the SPV level in infrastructure assets in India
- **Risk diversification** - geographical diversification within India and diversification within the project types, counterparty, payment mechanisms and co-investment partners.
- **Gearing** - there will be no gearing at the Company level for at least 18 months from Admission. Thereafter, should the Directors decide that gearing at a Company level is desirable, it will be limited to no more than 50% of total capital. Gearing at the non-recourse SPV level will typically be at a debt/equity ratio of 70/30, but may rise as markets develop in India
- **Maximum exposures** - single investments will typically represent no more than 30% of the Group's NAV (measured at the time of investment) and not more than 50% of the Group's NAV. Subject to this, there will be no minimum or maximum stakes that the Company can take in projects although its target size of equity investment in any one entity is likely to be between £10m and £30m

On Admission, the Company's share capital will consist of a single class of Ordinary Shares and a separately traded class of Warrants, both to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities.

Kaupthing Singer & Friedlander Capital Markets Limited acted as Financial Adviser and Broker to the Company and Smith & Williamson Corporate Finance Limited acted as Sponsor.

**Commenting on Company's fundraising and admission to trading on the London Stock Exchange, Rupert Cottrell, Non-Executive Chairman of Infrastructure India plc, said:**

*"The growth prospects for India provide a compelling rationale for investment in the Indian infrastructure sector at this time. We have put in place a team with extensive experience in infrastructure fund management and a strong track record in value creation.*

*"The platform we have created will enable us to build a substantial business as the opportunities in our pipeline crystallise. The funds raised will be used to invest in the initial projects we have identified with the expectation that negotiations on other energy and transport projects will reach an advanced stage during the remainder of this year.*

"We believe that should the Indian infrastructure market develop similarly to the markets in the UK and European Union equity returns will increase as the infrastructure market matures and we are delighted in the interest that has been shown."

## Details of the Placing

|  |               |
|--|---------------|
| Placing Price per Share                                  | 100 pence     |
| Number of existing Ordinary Shares                       | 100           |
| Number of new Ordinary Shares being issued               | 36,699,900    |
| Number of Warrants being issued                          | 7,340,000     |
| Number of Ordinary Shares in issue following the Placing | 36,700,000    |
| Number of Warrants in issue following the Placing        | 7,340,000     |
| Net Proceeds of the Placing                              | £32.9 million |
| Market Capitalisation on Admission                       | £36.7 million |

The prospectus relating to the admission of the Company to trading on the Official List and the placing of ordinary shares has been submitted to the Financial Services Authority and will soon be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at:

Financial Services Authority  
25 The North Colonnade  
London E14 5HS

## Enquiries:

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## Key points

### Market opportunity

- India was in the top 10% of countries for GDP growth in 2007, however, it is generally acknowledged that India's GDP growth rate has been constrained by its lack of infrastructure.
- The Indian Government's 11<sup>th</sup> five year plan (2007-2012) has set the GDP growth target for this period at 9% per annum. The Government has recognised that in

order to support such growth, large scale investment is required in the country's infrastructure.

- If the ambitious GDP growth targets are to be achieved, investment of US\$488bn (approximately £249bn) in infrastructure will be required, which will only be possible if there is a substantial expansion in private sector contribution. The share of private sector participation in total infrastructure investment is expected to be around 30%.
- If these initiatives succeed, India will deliver a large programme of PPP, even by international standards.
- The Directors believe that the relative underdevelopment of the Indian debt and equity markets, coupled with the significant domestic infrastructure investment programme, will lead to project developers needing to recycle equity. In other markets, this set of circumstances led to a secondary market for infrastructure assets; it is the start of this secondary market which the Company will seek to take advantage of.
- Should the emerging Indian infrastructure market develop in a similar way to other markets, the Directors believe that project equity returns could be expected to increase as the sector matures.

#### **Team with proven experience**

- The Directors and the team of professionals at BAMA, the Investment Adviser, have extensive experience in infrastructure fund management and a strong track record of value creation.
- Their extensive experience was gained primarily at John Laing plc - one of the largest publicly quoted infrastructure investors in the UK at the time - and The PFI Infrastructure Company plc.
- Full biographies are included in the appendix.

#### **Well-established local partners**

- BAMA will subcontract some services including aspects of origination and management services to Cornerstone, a subsidiary of Bridge Capital Realty Pte. Ltd (Singapore) ("BCR").
- BCR is an independent financial services firm in India focused on infrastructure asset management. It has a network of contacts across the country and an established track record of deploying capital in India for large international investors in the sector.

#### **First investment secured**

- The Company has already finalised its first investment (Share Subscription Agreement signed and financing in place) at a cost of Rs.1.1bn (approximately £13m) into a large hydroelectric project which is in the final stages of construction.
- It is expected to be one of the largest privately owned hydroelectric projects to be commissioned in India within the next two years.

#### **Strong pipeline of potential investments**

- The Group has a pipeline of potential investments, including an option for further investment in connection with the hydroelectric project, as well as a portfolio of roads and a bid with Punj Lloyd Limited ("PLL"), one of India's largest engineering companies.
- A large further pipeline has been identified, together amounting to Rs.11.1bn (approximately £135m) of potential equity investments. This pipeline includes renewable and conventional power projects, road portfolios and airport assets.

- The Company's total investments and identified pipeline of potential investment opportunities amounts to approximately £161m.

#### **Investment objective**

- The objective is ultimately to achieve an aggregate IRR of up to 25% per annum.
- The Company will seek to invest in assets that are expected to generate a base IRR of 15% per annum.
- It is the Directors' belief that the Group's returns could be raised to the 25% target due to additional potential gains from refinancing, yield compression effects and portfolio management efficiencies, as has been achieved by other listed infrastructure companies.

#### **Dividend Policy**

- The objective of the Company is to provide shareholders with an attractive total return from their investment in the Company. The infrastructure projects into which the Company invests should in the view of the Directors and following the commencement of stable operations generate predictable and long term cashflows from which the Directors intend to recommend the payment of regular interim and final dividends in respect of the six months to 30 September and 31 March.

#### **Corporate Social Responsibility**

The Group will ordinarily make investments in infrastructure projects that seek to make a contribution to the development of communities in which they are located.

## **Appendix**

#### **Board of Directors**

The Directors of the Company are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Company's activities, including the review of investment activity and performance.

The Directors of the Company, all of whom are non-executive, are:

#### ***Rupert Cottrell, Non-Executive Chairman (aged 63)***

Rupert holds a number of non-executive positions, including Chairman of Dawnay Day Carpathian plc, an AIM listed Eastern European commercial property fund, and SARE Limited, an Indian residential property fund. He was previously a non-executive director of The PFI Infrastructure Company plc, an AIM listed infrastructure fund which was taken private in 2007. He was also a director of Capital International Ltd, Henry Cooke Lumsden Plc and Hill Samuel Private Client Management Ltd. Rupert was a founder and investment director of Buzzcott Investment Management Ltd. Rupert is an Isle of Man resident and a Fellow of the Securities Institute.

#### ***Prodaman (Pommy) Sarwal, Non-Executive Director (aged 57)***

Pommy graduated from Calcutta University in India before coming to the UK in 1972. He is a qualified chartered accountant and a member of the Securities Institute. His experience includes over 20 years of corporate finance work, including as head of the infrastructure and utilities team at Andersen Corporate Finance from 1998 for four years and more recently as a partner at Deloitte & Touche Corporate Finance from 2002 until 2006. Since 2006, Pommy has been retained as a corporate finance consultant to both Deloitte & Touche LLP and Grant Thornton LLP and he is a member of various boards including the Port of London Authority, British Waterways and Chatham Historic Dockyard. He is also a member of the Ports Advisory Group at the UK Trade & Investment Division of the Department for Business Enterprise & Regulatory Reform.

***Timothy Walker, Non-Executive Director (aged 52)***

Tim is a chartered accountant and an Isle of Man resident. He is the former finance director of Swallow/Vaux Group plc, Strix Group and Burtonwood Brewery plc. His initial PFI experience was as finance director of Vaux Group plc where he helped negotiate the first hospital/hotel contract under the British Government's PFI. Subsequent to this Tim was previously a non-executive director of The PFI Infrastructure Company plc, an AIM listed infrastructure fund, which was taken private in 2007. Tim is currently a non-executive director of Ishaan Real Estate plc, Clean Energy Brazil plc and a number of private companies in the leisure and property industries.

***Philip Scales, Non-Executive Director (aged 58)***

Philip is managing director of IOMA Fund and Investment Management Limited ("IOMA"), part of the Isle of Man Assurance Group. IOMA specialises in the provision of third party fund administration and investment management services. Prior to this, Philip spent 18 years as managing director of Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings (Isle of Man) Limited). He has over 30 years' experience working offshore, primarily in corporate and mutual fund administration, and currently holds a number of directorships of listed companies. Philip is a Fellow of the Institute of Chartered Secretaries and Administrators.

Andrew Friend will act as senior strategic adviser to the Company.

***Andrew Friend, Senior Strategic Adviser (aged 55)***

Andy is currently Commercial Adviser to the United Kingdom Department for Transport, a non-executive director of Partnerships UK and Financial Security Assurance (UK) Ltd and a strategic adviser to the ING European Infrastructure Fund. Between 1999 and 2006, he worked for John Laing Plc firstly as a managing director of Laing Investments Limited, a subsidiary of John Laing Group, and then as group chief executive officer where he was responsible for restructuring the company from a construction company to a leading listed specialist infrastructure investor. Between 1997 and 1999 he worked as an associate director at Macquarie Bank in London and prior to that was chief executive officer of the City of Melbourne, Australia. His earlier career was spent at the Greater London Council and working for a range of community and voluntary sector groups.

***Investment Adviser***

Bloomsbury Asset Management Advisors, the Investment Adviser, is incorporated in Mauritius. Under the Investment Advisory Agreement, the Investment Adviser has agreed to provide investment advice to Infrastructure India to assist it in identifying, structuring and monitoring investments and advising on exit strategies in respect of Infrastructure India's investments.

The management team of the Investment Adviser comprises:

***Gary Neville, Chief Executive Officer (aged 51)***

Gary was previously a main board director of John Laing plc - one of the largest publicly quoted infrastructure investors in the UK at the time - and was senior portfolio director with the responsibility of managing and growing the John Laing infrastructure asset portfolio during the period that the company was transformed from a construction company into an infrastructure investor. Gary joined John Laing in 2001 and left in 2007 after overseeing its sale to Henderson for approximately £1bn. John Laing plc delivered approximately 45% IRR for investors from October 2001 to the date of its acquisition. Gary was also the chief executive officer of John Laing Capital Management Ltd (an FSA authorised fund management entity). Gary has a project finance and accountancy background and is an FSA approved person.

***Tim Cavanagh, Non-executive Director (aged 40)***

Tim was appointed as COO for Kaupthing Bank's Global Investment Banking activities in February 2007. Prior to joining Kaupthing Bank he held various positions during a nine year career at Deutsche Bank, latterly as COO for Investment Banking in Asia. Earlier in his career Tim spent time within the fixed income and derivatives business at Citigroup and also as a management consultant. Tim graduated in 1991 from London University with a BEng in geological engineering.

***Nimar Sehmi, Executive Director (aged 29)***

Nimar was a senior portfolio manager at John Laing for the past 4 years and brings with him experience and knowledge of PFI, PPP and other infrastructure investment activity. Nimar initially focused on portfolio management activities but more latterly specialised in the refinancing and restructuring of projects to improve financial efficiency and shareholder value. As the senior portfolio manager he was responsible for managing and reporting the portfolio valuation to internal and external stakeholders. Nimar began his career at WS Atkins in 2001 working as a Management Consultant, primarily focusing on financial advisory for infrastructure clients. Clients included, amongst others, Ofwat, Evras Holding and Transport for London. He is an FSA approved person and is a Chartered Financial Analyst (CFA). He holds a Masters in Engineering from the University of Cambridge.

***Natalia Poupard, Associate (aged 30)***

Natalia was previously a senior portfolio analyst at John Laing and has six years of banking (retail & investment) and PPP/PFI experience. Whilst at John Laing, she worked within project and portfolio finance on secondary market transactions, refinancings and portfolio valuations of more than 50 assets in transport, accommodation and regeneration PPP/PFI sectors across the world. She is an FSA approved person, MSI member of the Securities and Investment Institute and holds an MBA in Finance from CEU Graduate School of Business.

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