HERMES
INVESTMENT MANAGEMENT

OUTCOMES BEYOND PERFORMANCE

Hermes Infrastructure Fund I LP

Unaudited investor report for the quarter ending 30 September 2017

For the Limited Partners of Hermes Infrastructure Fund I LP only
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De minimis rounding may occur

Contents

1 Letter to investors

Dear Investor,

I am pleased to enclose the investor report for the Hermes Infrastructure Fund I LP ('HIF I' or the 'Fund') for the quarter ending 30 September 2017.

Performance overview

As at 30 September 2017, the Fund reported a life to date IRR of 11.4% and cash yield of 9.3%. Portfolio NAV decreased by 5.2% to £983.6m, principally as a result of the realisations of Goldman Sachs Global Infrastructure Partners I ('GSIP') and Pan-European Infrastructure Fund ('PEIF') that had a combined NAV of £57.4m as at 30 June 2017, partially offset by a £2.6m value gain in the Innisfree PFI Continuation Fund and Innisfree M&G PPP Fund.

Portfolio review

On 29 and 30 September 2017, HIF I successfully completed the secondary sale of its c0.7% interest in PEIF to Stafford Capital Partners and c2.3% interest in GSIP to Pantheon Capital Partners. Hermes Infrastructure's intention had always been to realise the fund interests, which were seed investments for HIF I and both nearing their end of term, at an optimum time and value.

The Fund's directly owned businesses performed solidly over the quarter with Associated British Ports, Eurostar and Cadent Gas continuing to perform in line with budget, and currently expected to meet budget for the financial year. The renewable energy portfolio also traded positively reflecting firmer power prices, excellent technical availability and on budget wind and solar resource.

Further onboarding activities set out at the acquisition of Cadent Gas were completed, including finalisation of the Senior Executive team incentive scheme. Agreement was reached on the completion accounts adjustment under the acquisition agreement, resulting in a non-material reduction to the purchase price paid by the Consortium.

Market update

On 13 December 2017, Ofwat published its PR19 final methodology, covering the five year regulatory period from 1 April 2020, that included Ofwat's current expectations for regulated weighted average cost of capital of 2.4%, representing a 1.3% decrease from 3.7% for PR14. Ofwat will revisit the cost of capital for draft and final determinations in 2019 to take account of then prevailing market conditions. Changes from the draft methodology published in July 2017 included stronger incentives for companies to submit efficient business plans, a higher Return of Regulatory Equity for "fast track" and "exceptional" companies, and the reversion to a five-year price control for household retail (rather than the three-year control proposed in the draft methodology), consistent with the price control periods for other activities. Our investee companies are now focused on preparing their business plans, incorporating Ofwat's PR19 methodology, for submission in September 2018.

Post Quarter End

On 8 December 2017, the European Union ('EU') and the UK Government reached in principle agreement on terms to resolve stage one threshold issues regarding the UK's exit from the EU. The European Council confirmed on 15 December 2017 that 'sufficient progress' had been reached to enable the second stage negotiations to commence. It included agreement in principle on the protection of EU and UK citizen rights, commitments on the open border between Ireland and Northern Ireland and a methodology for the computation of the Brexit financial settlement. Negotiators will now move to the second phase of negotiations related to transition and framework for the future UK / EU relationship including trade and security.

Other notable events included:

- On 13 October 2017, the UK Government published a draft bill to cap retail energy prices. Under the draft bill, the cap will be effective until the end of 2020, with potential extension to 2023. As currently formulated, we do not expect the cap to materially impact the performance of our energy related businesses
- On 26 October 2017, the European Central Bank ('ECB') announced the reduction of the pace of its Quantitative Easing programme ('QE') from January 2018, marking the start of QE tapering. The decision reflected improving economic conditions in the Eurozone, however inflation levels continue to be below the ECB's target
- On 2 November 2017, the UK Monetary Policy Committee ('MPC') voted by a majority of 7-2 to increase the Bank Rate by 0.25% to 0.50%. This is the first increase in a decade and is primarily in response to elevated inflation reflecting sterling depreciation. The MPC has signalled that two more interest rate increases can be expected over the next three years, which, if implemented, is expected to take the official rate to 1.0%
- UK 12-month CPI inflation rose to 3.1% in November 2017 from 2.6% in June 2017, well above the MPC's 2.0% target. The continued increase reflects the impact of the prolonged period of Sterling depreciation following the Brexit vote
- On 22 November 2017, Cadent Gas declared its first distribution as a standalone business for a total of £195m
- On 15 December 2017, 3i announced the sale of their interest in Anglian Water Group to a consortium of Dalmore Capital and GLIL Infrastructure LLP. Hermes Infrastrcuture engaged extensively with 3i prior to the commencement of the sale process with a view to increasing and consolidating its holdings in Anglian Water Group but ultimately was unable to satisfy itself on mandate compliance at the expected sale valuation. Consequently, the Fund elected to realise a portion of its investment in Anglian Water Group as part of the 3i process. Proceeds for the Fund are expected to total approximately £60m, a like-for-like premium of c13% to the independent valuation as at 30 June 2017. The sale is conditioned on certain third party consents and completion is expected in early 2018
- Following completion of the sale of GSIP and PEIF fund interests, affected investors were offered the opportunity to waive restrictions under the Fund Limited Partnership Agreement that limit the amount of distributions, including proceeds of realisations, which may be recalled during the investment period. Investors representing 93% by value elected to waive the restrictions, permitting an additional £71.8m to be drawn within the investment period

Outlook

Hermes Infrastructure continues to monitor political, macro-economic and regulatory developments, many of which may be relevant to the future performance of the Fund and the broader infrastructure market. We are particularly mindful of the impact of a prolonged period of political uncertainty, the apparent anaemic growth of the UK economy and the indications that the interest rate cycle may be turning albeit more slowly than experienced historically. We continue to review opportunities focusing on mandate compliance, price discipline and searching out the highest quality businesses. Importantly, both the Core (up to 50% of commitments) and VA (up to 65%) mandates extend beyond the UK to other OECD jurisdictions, which ensures that the Fund is able to consider a diverse range of opportunities and flexibly respond to market conditions.

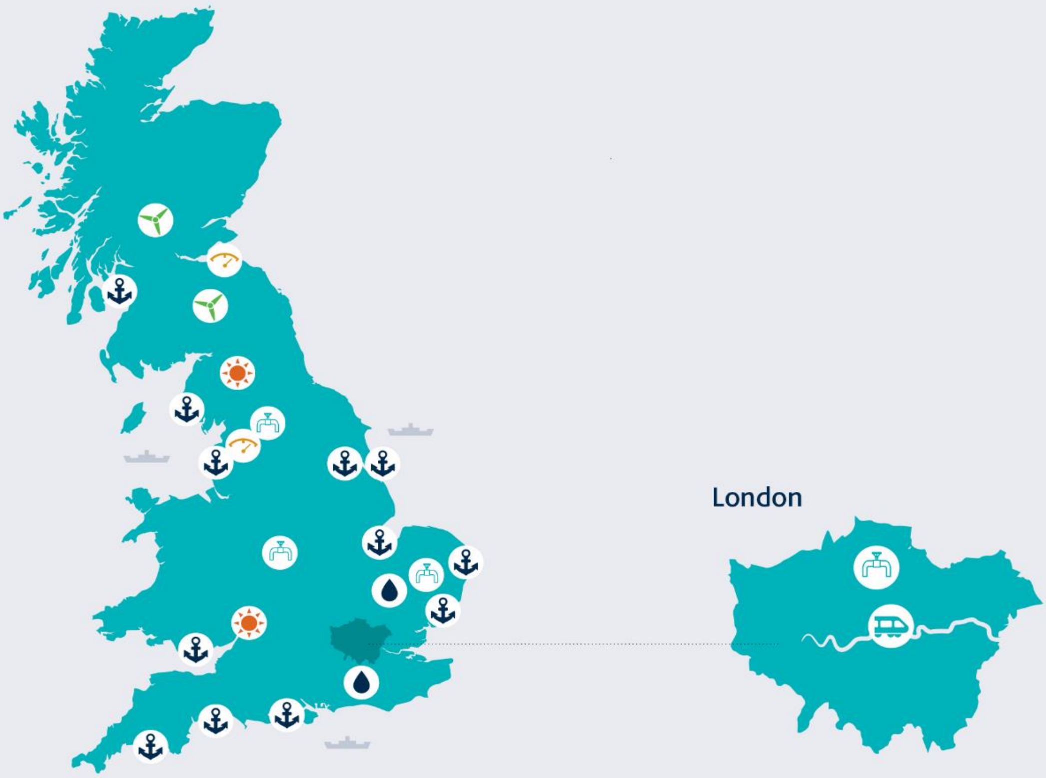
Thank you for your continued support.

Yours sincerely,

Peter Hofbauer, Head of Hermes Infrastructure

2 Portfolio summary

HIF I direct investments



Braes of Doune, near Stirling
- 72MW capacity wind farm; 36 turbines

Fallago Rig, Scottish Borders
- Fifth-largest UK wind farm; 144MW capacity; 48 turbines

ASG I & II, Midlands and North England
- About 9000 residential solar photovoltaic systems

Anglian Water Group, East England
- Fourth-largest UK water utility; 6m customers

Southern Water, South England
- Seventh-largest UK water utility; 3m customers

Associated British Ports
- UK's leading port group with nation-wide operations

Energy Assets
- UK's largest independent industrial and commercial gas meter provider

Cadent
- 131,000km of pipelines comprising 50% of the UK's gas-distribution networks

Eurostar
- Sole operator of UK-to-Europe passenger train

KEY

Wind farm | Solar power | High-speed rail | Water utility | Energy metering services | Port | Gas distribution network

Portfolio summary at 30 September 2017

Investment	Investment type	HIF I ownership	Managed ownership	HIF I ownership NAV (£m)	TVPI	Gross cash yield	Gross IRR	Net IRR
Unrealised portfolio								
Core portfolio								
Anglian Water	Direct	4.9%	4.9%	167.2	1.8x	4.2%	11.6%	
Associated British Ports	Direct	3.5%	6.1%	202.2	1.2x	0.3%	9.3%	
Cadent Gas	Direct	1.6%	8.5%	99.0	1.0x	0.0%	0.0%	
Braes of Doune	Direct	50.0%	50.0%	47.4	1.2x	8.7%	5.2%	
ASG I	Direct	100.0%	100.0%	38.7	1.6x	7.5%	10.8%	
ASG II	Direct	100.0%	100.0%	38.3	1.5x	10.4%	13.3%	
Fallago Rig	Direct	10.0%	80.0%	35.3	1.3x	7.3%	9.1%	
Core portfolio - Total direct investments				**628.0**	**1.3x**	**4.9%**	**10.0%**	
Innisfree PFI Continuation Fund	Fund investment	14.3%	14.3%	62.9	1.5x	6.2%	9.3%	
Innisfree M&G PPP	Fund investment	15.6%	15.6%	61.6	1.7x	7.3%	11.2%	
Core portfolio - Total fund investments				**124.5**	**1.6x**	**6.7%**	**10.3%**	
Total Core portfolio				**752.6**	**1.3x**	**5.3%**	**10.0%**	
Value Added portfolio								
Eurostar	Direct	6.6%	10.0%	112.7	1.2x	1.3%	7.2%	
Southern Water	Direct	3.9%	21.0%	66.2	1.8x	2.9%	10.9%	
Energy Assets	Direct	20.5%	25.6%	52.1	1.2x	2.7%	18.2%	
Total Value Added portfolio				**231.0**	**1.3x**	**2.2%**	**10.1%**	
Total unrealised portfolio				**983.6**	**1.3x**	**4.8%**	**10.0%**	
Realised portfolio		**Disposal date**						
Pre-2017 realisations	Fund investments				1.7x	62.2%	58.7%	
2017 realisations	Fund investments	Sep-17			2.0x	23.1%	15.9%	
Total realised portfolio				**-**	**1.9x**	**29.5%**	**21.0%**	
Total portfolio (realised and unrealised)				**983.6**	**1.4x**	**9.3%**	**11.4%**	**9.6%**

Net Asset Value ("NAV") for all direct investments is the independent valuer's recommended midpoint valuation at 30 June 2017, adjusted for contributions, return of capital and realised gains/losses between 30 June 2017 and 30 September 2017, with the exception of Cadent Gas. Cadent Gas was acquired on 31 March 2017 and, in accordance with the Fund's valuation policy, was held at acquisition cost as at 30 June 2017, and adjusted for contributions, return of capital and realised gains/losses between 30 June 2017 and 30 September 2017.

NAV for all legacy Fund investments is the underlying manager's valuation as at 30 September 2017

TVPI (Total Value Paid In) is calculated as the aggregate of NAV plus total distributions, as at 30 September 2017, relative to total contribution since investment to date

Associated British Ports' distribution within TVPI includes the capital repayment made as part of the bridging transaction completed in September 2015

Value Added portfolio and Value Added 2 portfolio have been combined for presentational purposes

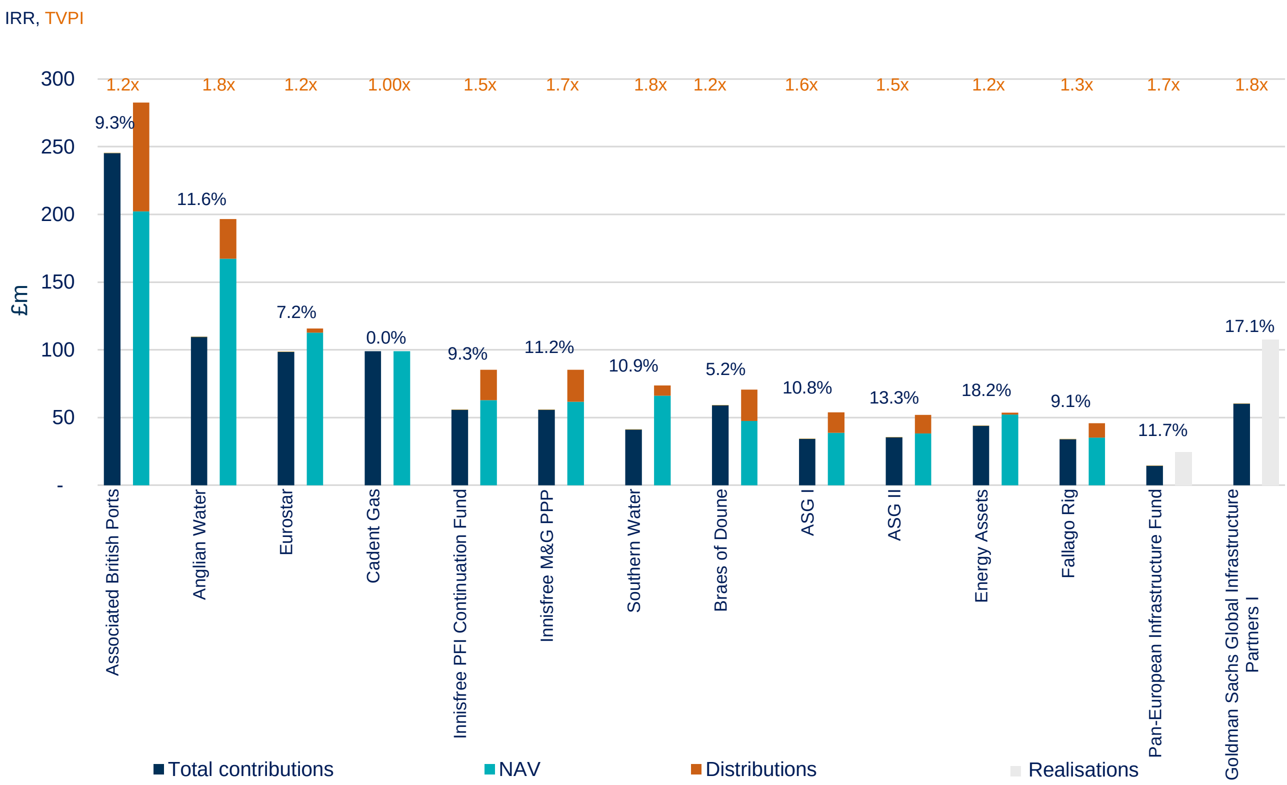
2017 realisations: Pan-European Infrastructure Fund and Goldman Sachs Global Infrastructure Partners I were realised for £16.4m on 29 September 2017 and £34.2m on 30 September 2017 respectively. Refer to section 4 and 5 for further detail

3 Valuation and performance

Change in NAV as at 30 September 2017

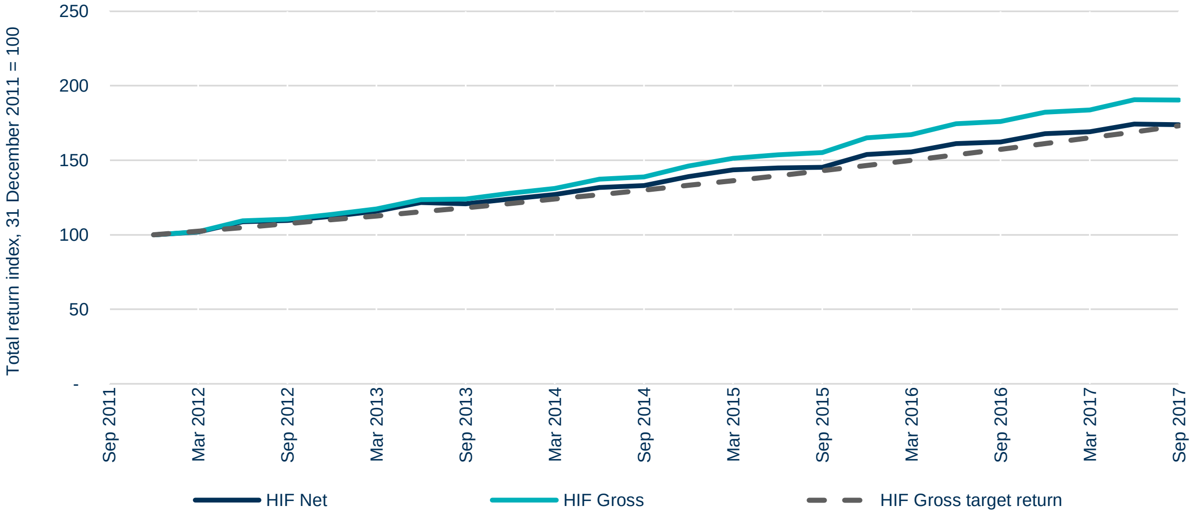
Return of capital, discount to NAV and realised gain relate principally to the realisations of Pan-European Infrastructure Fund and Goldman Sachs Global Infrastructure Partners on 29 September 2017 and 30 September 2017, respectively

Gross IRR and TVPI since inception of HIF I



TVPI (Total Value Paid In) is calculated as the aggregate of NAV plus total distributions, as at 30 September 2017, relative to total contribution since investment to date. HIF I net invested capital for ABP is £166m as at 30 September 2017. ABP distribution includes the capital repayment made as part of the bridging transaction completed in September 2015

HIF performance since inception

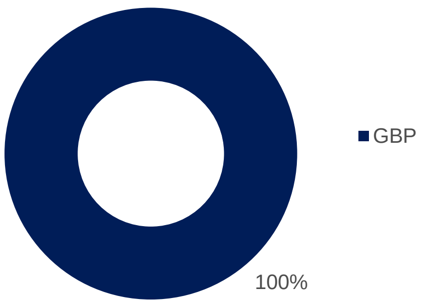


4 Exposures

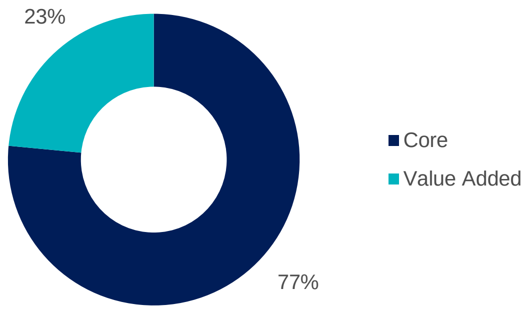
Total portfolio exposure

The Fund's £983.6m investments by NAV at 30 September 2017, by reference to the following sub-categories, are estimated as follows:

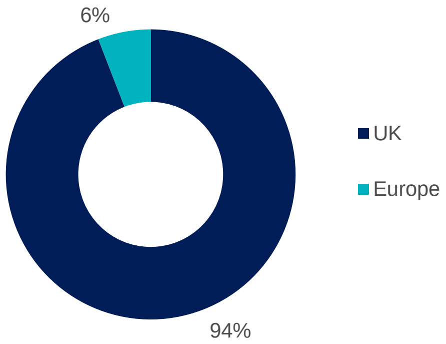
Investment currency[1]



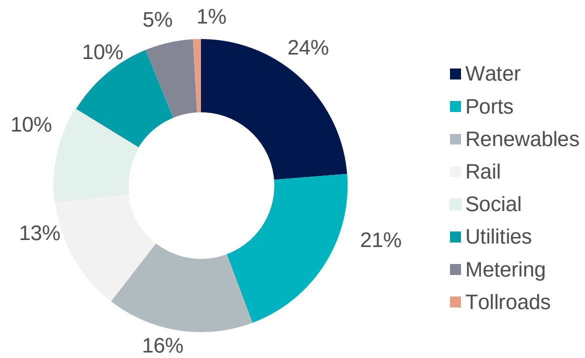
Strategy



Geography



Sector

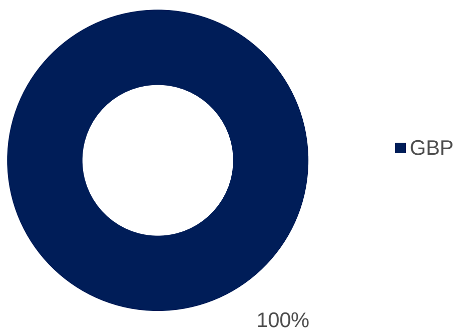


[1]Based on underlying fund or direct investment currency

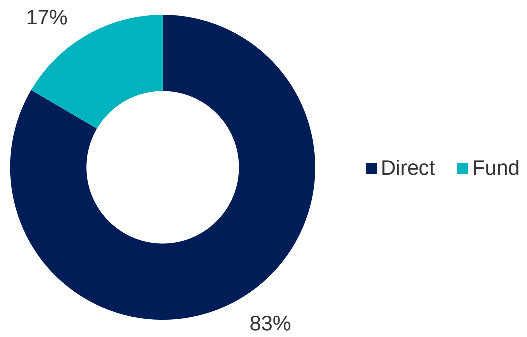
Core portfolio

The Core portfolio's £752.6m investments by NAV at 30 September 2017, by reference to the following sub-categories, are estimated as follows:

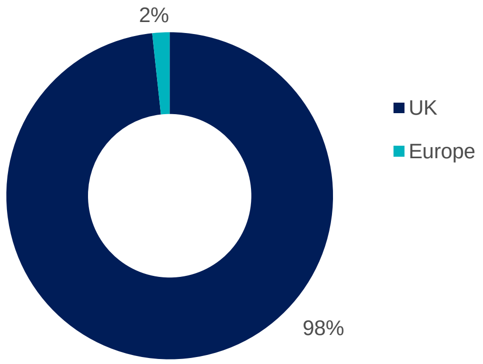
Investment currency[1]



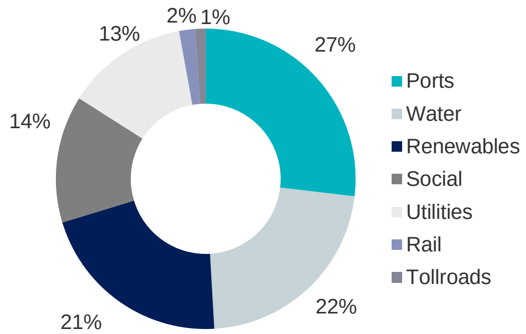
Investment type



Geography



Sector

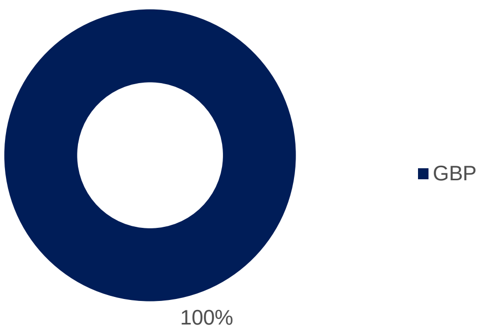


[1]Based on underlying fund or direct investment currency

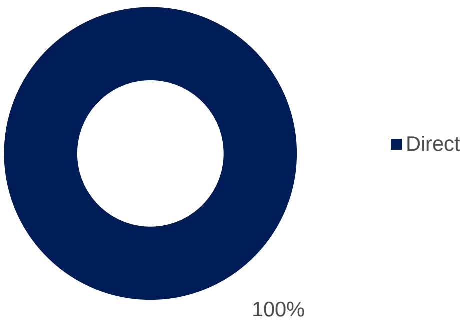
Value Added portfolio

The Value Added portfolio's £231.0m investments by NAV at 30 September 2017, by reference to the following sub-categories, are estimated as follows:

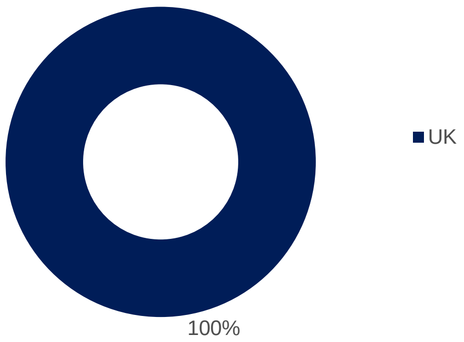
Investment currency[1]



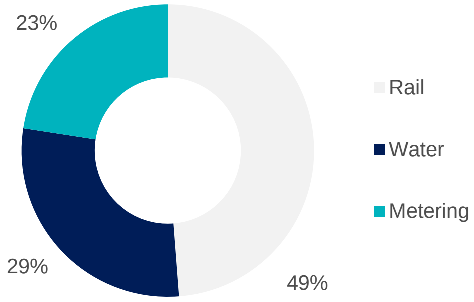
Investment type



Geography



Sector



[1]Based on underlying fund or direct investment currency

5 Investment reviews

Core portfolio

Anglian Water

Key facts

- 4th largest WASC in England and Wales by RCV
- 4 million water and 6 million sewerage customers
- Covers largest geographical area of any UK water company
- Stable RPI-linked earnings

Investment overview

Initial investment date	July 2007 / August 2011
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Water and waste water services
Geographical focus	UK
HIF I commitment	£109.5m
HIF I ownership	4.9%
Investment strategy	Hold for long-term yield and capital growth

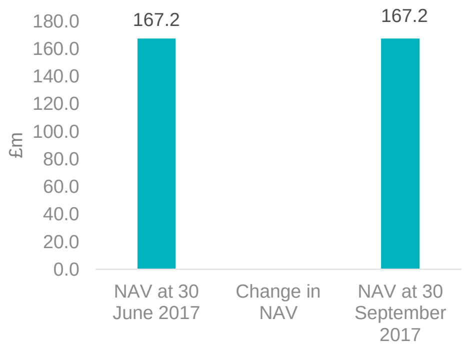
Performance since inception of HIF I

NAV		
As at 30 September 2017		£167.2m
Contributions		
Since investment		£109.7m
During Q3 2017		£0.0m
Distributions		
Since investment		£29.5m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		11.6%
Gross cash yield		4.2%
TVPI		1.8x

Quarterly update

- Anglian Water continues to perform satisfactorily. EBITDA at £297.8m was 0.6% ahead of budget for the 5-month period to 31 August 2017 whilst capex was £58.6m below budget for the year to date. Capex delivery teams are working to increase the rate of spend over the rest of the financial year to achieve the budgeted annual spend capex of £541.3m
- As a result of severe rainfall events, Service Incentive Mechanism (SIM) results were lower than in the previous quarter. Anglian Water remains in the top quartile for customer service performance in the sector
- On 13 December 2017, Ofwat published their PR19 final methodology, which covers the 5-year regulatory period from 1 April 2020. Ahead of submission over the course of 2018, the company has engaged McKinsey to lead a strategic review of its business and Frontier Economics to model Outcome Delivery Incentive ('ODI') targets for AMP 7

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent valuation of Anglian Water as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Associated British Ports

Key facts

- UK's leading port group which is critical component of UK infrastructure with 21 ports
- c18% of UK seaborne trade passes through ABP's harbours
- Significant level of predictable RPI-linked earnings
- Strategically located with resilient landlord business model

Investment overview

Initial investment date	July 2015
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Transport infrastructure
Geographical focus	UK
HIF I commitment[1]	£245.4m
HIF I ownership	3.5%
Managed ownership	6.1%
Investment strategy	Hold for long-term yield and capital growth

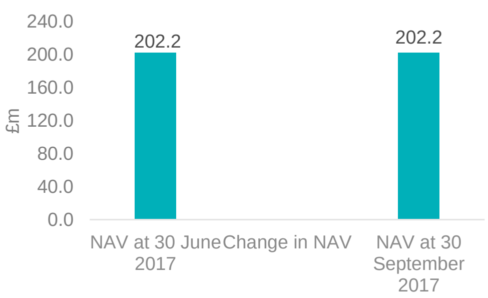
Performance since inception of HIF I

NAV		
As at 30 September 2017		£202.2m
Contributions		
Since investment[1]		£245.4m
During Q3 2017		£0.0m
Distributions		
Since investment[2]		£80.4m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		9.3%
Gross cash yield		0.3%
TVPI		1.2x

Quarterly update

- Revenues and EBITDA for the six months ending 30 June 2017 were 3.9% and 2.1% up respectively on the six months ending 30 June 2016, driven primarily by increased revenues from Siemens at Green Port Hull and increased biomass and container revenues on the Humber
- Following updates from each of the regional port groups, management anticipate performance for the remainder of the financial year to be in line with budget
- Management commenced work on medium term business plan over the quarter which was approved by the board in December 2017
- Work continues on the development and implementation of the business transformation programme to upgrade and enhance the group's business processes, IT hardware and software
- On 15 September 2017, ABP announced that its Chief Executive, James Cooper, will stand down during 2018. James has been a director of ABP for more than ten years and Chief Executive since April 2013. The process to identify a successor is progressing

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent valuation of ABP as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

[1] Gross of bridging, HIF I net invested capital as at 30 September 2017 is £166m
[2] HIF I distribution includes capital repayment of £79.2m as part of the bridging transaction completed in September 2015

Cadent Gas

Key facts

- 131,000km of pipelines across the UK, delivering gas to
- Represents half of the UK's gas distribution network
- Stable and transparent regulatory regime
- Mature asset base requires lower capital expenditure investment compared to many other regulated utilities

Investment overview

Initial investment date	Mar-17
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Utilities - Gas distribution
Geographical focus	UK
HIF I commitment	£99.0m
HIF I ownership	1.6%
Managed ownership	8.5%
Investment strategy	Long-term yield and capital growth

Performance since inception of HIF I

NAV		
As at 30 September 2017		£99.0m
Contributions		
Since investment		£99.0m
During Q3 2017		£0.2m
Distributions		
Since investment		£0.0m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		0.0%
Gross cash yield		0.0%
TVPI		1.0x

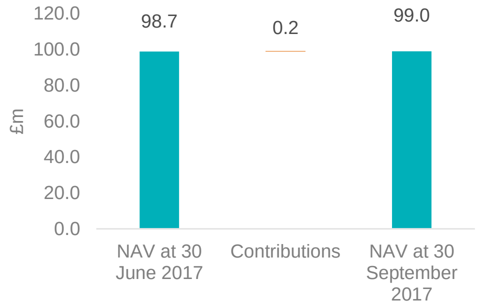
Quarterly update

- Operationally and financially, Cadent Gas continues to perform broadly in line with the expectations set at acquisition
- In our role chairing the Remuneration Committee, significant work was undertaken to finalise the design of the Senior Executive management incentive scheme. The performance targets include financial and non-financial metrics designed to incentivise a balance of financial performance and operational excellence including customer service, safety, environmental and social obligations
- The company has also commenced preparation for the business planning process for the RIIO-2 Framework covering the next regulatory period starting April 2021, including responding to Ofgem's July 2017 open letter outlining the context for the development of RIIO-2
- The completion accounts adjustment under the acquisition agreement has been finalised, resulting in a non-material reduction to the purchase price paid by the Consortium
- Cadent Gas declared its first distribution as a standalone business on 22 November 2017, for a total of £195m that included the reduction in purchase price referred to above
- Post quarter end, consistent with the company's financing strategy, Quadgas Finance plc made a successful debut issuance of $330m of medium to long-term notes into the US Private Placement market, at attractive rates and maturities
- Ongoing execution of the work programme devised at acquisition continues, including oversight of business separation activity and development of an updated shareholder financial model. On 29 September 2017, Catherine Bell was appointed as a Sufficiently Independent Director of Cadent Gas

- On 14 June 2017 a fire broke out in the 24 storey Grenfell Tower ('Tower') in North Kensington, London, in which more than 80 people tragically lost their lives. The fire is widely reported to have started due to an electrical fault in a fridge-freezer in a flat that spread to the external cladding. A Public Inquiry (Inquiry) has been set up to consider a wide range of issues relating to the fire. Cadent, through its construction contractors, was carrying out riser replacement work at the Tower in the months preceding the fire and responded to the fire and isolated the gas supply to the Tower under the direction of the London Fire Brigade. Cadent anticipates requests to provide evidence to the Inquiry. Cadent has applied for, and been granted, Core Participant status in the Inquiry which will help it to assist the Inquiry. The hearing is not expected to commence before December 2017 at the earliest. Updates will be provided, as appropriate, as the Inquiry progresses

- Pursuant to the original investment documentation, the Fund is party to a Put and Call Agreement with National Grid in respect of an additional 14% of the equity ownership equating to 1.7% fot HIF I. If the put or call are exercised, completion is expected to take place between March and October 2018

Valuation



- Cadent Gas was acquired on 31 March 2017 and, in accordance with Fund's valuation policy, was held at acquisition cost as at 30 June 2017, and adjusted for contributions between 30 June 2017 and 30 September 2017

- The first semi-annual independent external valuation will be undertaken as at 31 December 2017

- The additional contribution in the period funded acquisition costs and expenses

Braes of Doune

Key facts

- 72MW UK wind farm; 36 Vestas turbines
- High margin earnings, stable, inflation-linked cash yield
- Benefits from UK Government RPI-linked ROC regime
- Sector specialist co-shareholder

Investment overview

Initial investment date	June 2013
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Onshore wind farm
Geographical focus	UK
HIF I commitment	£59.1m
HIF I ownership	50.0%
Investment strategy	Hold for long-term inflation linked yield

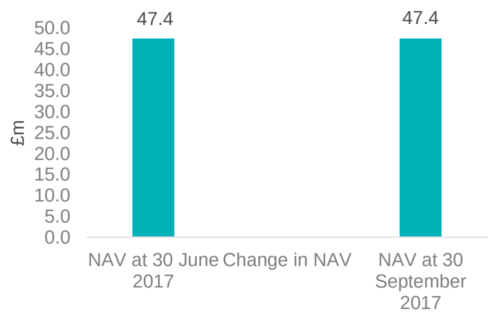
Performance since inception of HIF I

NAV		
As at 30 September 2017		£47.4m
Contributions		
Since investment		£59.1m
During Q3 2017		£0.0m
Distributions		
Since investment		£23.3m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		5.2%
Gross cash yield		8.7%
TVPI		1.2x

Quarterly update

- Revenues and EBITDA were respectively 10.6% and 1.7% below forecast for the quarter due to lower than forecast generation and below budget wholesale power prices
- In line with previous quarters, underlying operational performance and technical availability of the wind farm remained strong
- Following a short form tender, DNV-GL was reappointed in November 2017 as Braes of Doune's Operation and Maintenance Agreement ('OMA') provider for a period of 5 years, securing substantial lower service fees
- Following the Board meeting in October 2017, Directors carried out a site visit of the wind farm and H&S walk, with no material items to report
- Post quarter end, Hermes launched a request for proposal for the procurement of an independent long-term energy production assessment, based on the ten year data period since the start of operations. Wood Group has subsequently been appointed to conduct the analysis. Results are expected for Q1 2018

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent valuation of Braes of Doune as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

ASG I

Key facts

- c2,146 residential solar PV systems with installed capacity of 7.9MWp
- Highly predictable revenues and high operating margin, stable, inflation-linked cash yield
- Partnership with largest UK developer of 'free solar'
- Low sensitivity to business and financial market cycles

Investment overview

Initial investment date	July 2012
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Solar PV energy generation
Geographical focus	UK
HIF I commitment	£34.1m
HIF I ownership	100.0%
Investment strategy	Hold for long-term inflation linked yield

Performance since inception of HIF I

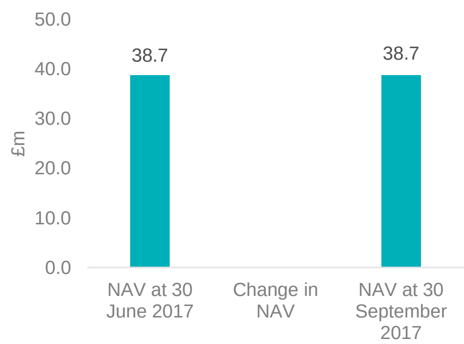
NAV		
As at 30 September 2017		£38.7m
Contributions		
Since investment		£34.1m
During Q3 2017		£0.0m
Distributions		
Since investment		£15.1m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		10.8%
Gross cash yield		7.5%
TVPI		1.6x

Quarterly update

- Operational performance for Q3 2017 was 5.5% below forecast, with the portfolio generating 2.2GWh
- Since acquisition, the portfolio has generated over 37.0 GWh in total, 1.6% above the acquisition forecast with an availability rate for the portfolio of 99.91%[1]
- Exercising rights under the Operations and Maintenance ('O&M') Agreement, Hermes Infrastructure launched an in-depth benchmarking exercise to market test the O&M services and pricing. The exercise generated significant market interest from service providers, the results of which we continue to assess

[1] Calculated as the actual number of productive days of all installations over the total possible number of productive days of all installations in the same period

Valuation



- In accordance with its valuation policy, Hermes Infrastructure appointed BDO LLP to perform all independent semi-annual valuation of ASG I, as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

ASG II

Key facts

- c7,313 residential solar PV systems with installed capacity of 26.6MWp
- Highly predictable revenues, high operating margin, generating stable, inflation-linked cash yield
- Partnership with largest UK developer of 'free solar'
- Low sensitivity to business and financial market cycles

Investment overview / thesis

Initial investment date	January 2014
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Solar PV Energy Generation
Geographical focus	UK
HIF I commitment	£35.3m
HIF I ownership	100.0%
Investment strategy	Hold for long-term inflation linked yield

Performance since inception of HIF I

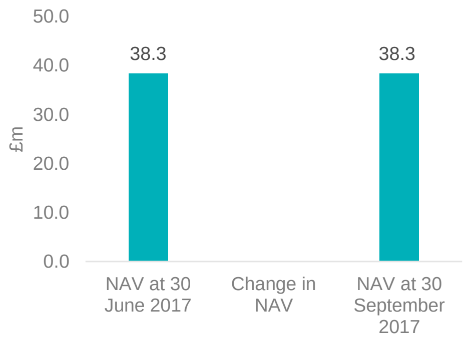
NAV		
As at 30 September 2017		£38.3m
Contributions		
Since investment		£35.3m
During Q3 2017		£0.0m
Distributions		
Since investment		£13.6m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		13.3%
Gross cash yield		10.4%
TVPI		1.5x

Quarterly update

- Operational performance for Q3 2017 was marginally below forecast, with the portfolio generating 8.1 GWh (96.7% of the forecasted generation for the same period)
- Since acquisition, the portfolio has generated 93.9 GWh in total, 3.9% above the acquisition forecast with an availability rate for the portfolio of 99.98%[1]
- Optimisation of the portfolio in partnership with ASG as our operation and maintenance provider continues

[1] Calculated as the actual number of productive days of all installations over the total possible number of productive days of all installations in the same period

Valuation



- In accordance with its valuation policy, Hermes Infrastructure appointed BDO LLP to perform all independent semi-annual valuation of ASG II, as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Fallago Rig

Key facts

- 5th largest UK wind farm; 144MW; 48 Vestas turbines
- High margin earnings, stable, inflation-linked cash yield
- Benefits from UK Government RPI-linked ROC regime
- Experienced industry co-shareholder and operations partner

Investment overview

Initial investment date	December 2013
Investment strategy	Core
Status	Invested
Investment type	Direct
Nature of business	Onshore wind farm
Geographical focus	UK
HIF I commitment	£33.9m
HIF I ownership	10.0%
Managed ownership	80.0%
Investment strategy	Hold for long-term inflation linked yield

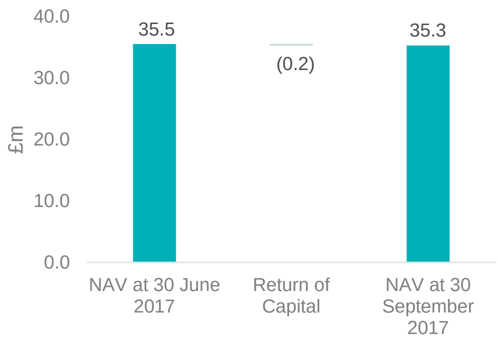
Performance since inception of HIF I

NAV		
As at 30 September 2017		£35.3m
Contributions		
Since investment		£33.9m
During Q3 2017		£0.0m
Distributions		
Since investment		£10.4m
During Q3 2017	- return of capital	£0.2m
	- realised gains	£0.0m
	- income	£0.4m
Undrawn commitment		£0.0m
Gross IRR		9.1%
Gross cash yield		7.3%
TVPI		1.3x

Quarterly update

- Over the quarter to September 2017, the wind farm generated 87.4GWh of electricity, including 32.4GWh curtailed volumes, which was 10.9% ahead of budget
- Revenues for the quarter to 30 September 2017 were 21.6% above forecast driven by the combined effect of higher than budgeted power price and unbudgeted income from curtailed volume
- As a number of major turbine components approach the end of their warranty period, the company has engaged third party experts to conduct end of warranty inspections. The inspections aim at identifying faults and critical risks arising from components that can be rectified before the end of the warranty period in May 2018. No major issues have been identified to date. The inspections also establish a base line for the development of a proactive maintenance plan and a long term end-of-life strategy for the windfarm

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent semi-annual valuation of Fallago Rig, as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Innisfree M&G PPP

- Fund investment
- Manager: Innisfree Limited
- £224.8m drawn from investors and invested in 20 UK projects as at 30 September 2017
- 8 health, 1 transport, 4 education, 2 accommodation, 3 waste to energy & 2 PFI ancillary services

Investment overview

Initial investment date	A commitments - December 2004 B commitments - September 2006
Investment strategy	Core
Status	Invested
Investment type	Primary Fund
Geographical focus	UK
HIF I commitment	£51.5m
HIF I ownership	15.6%
Investment strategy	Hold for long-term yield

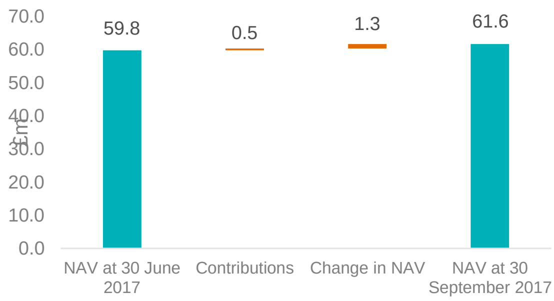
Performance since inception of HIF I

NAV		
As at 30 September 2017		£61.6m
Contributions		
Since investment		£51.5m
During Q3 2017		£0.5m
Distributions		
Since investment		£23.6m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		11.2%
Gross cash yield		7.3%
TVPI		1.7x

Quarterly update

- £11.1m cash income generated in the quarter, taking total cash income since inception to £408.5m, 49% above forecast
- During the quarter to 30 September 2017, the Fund made a follow-on investment of £2.8m to purchase an additional 6.5% holding in the South Manchester Hospital Project. There were no disposals in the period

Valuation



- The valuation is derived from the manager's valuation as at 30 September 2017

Innisfree PFI Continuation Fund

Key facts

- Fund investment
- Manager: Innisfree Limited
- £337m invested in 12 projects at 30 September 2017; 80% in the UK and 20% in the Netherlands
- 3 health, 1 transport, 5 education, 3 accommodation

Investment overview

Initial investment date	January 2006
Investment strategy	Core
Status	Invested
Investment type	Primary Fund
Geographical focus	UK, Europe
HIF I commitment	£57.1m
HIF I ownership	14.3%
Investment strategy	Hold for long-term yield

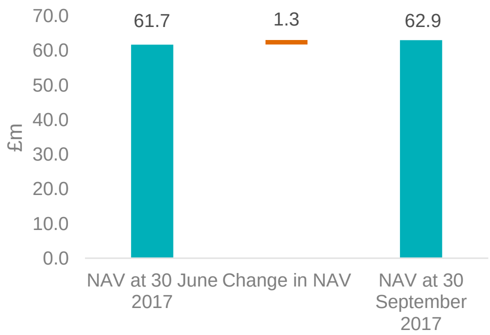
Performance since inception of HIF I

NAV		
As at 30 September 2017		£62.9m
Contributions		
Since investment		£55.6m
During Q3 2017		£0.0m
Distributions		
Since investment		£22.4m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£1.5m
Gross IRR		9.3%
Gross cash yield		6.2%
TVPI		1.5x

Quarterly update

- Over the quarter to 30 September 2017, the Continuation Fund received £14.9m of subordinated debt interest, principal and dividend payments from its underlying project investments
- Post quarter end, the Continuation Fund distributed £14.0m to investors. The next distribution is due in April 2018

Valuation



- The valuation is derived from the manager's valuation as at 30 September 2017

Value Added portfolio

Eurostar

Key facts

- Sole operator of train link between UK and Europe
- Over 150 million customers since 1994
- Moderate leverage
- Experienced industry co-shareholders

Investment overview

Initial investment date	May 2015
Investment strategy	Value Added
Status	Invested
Investment type	Direct
Nature of business	Transport
Geographical focus	UK / France / Belgium
HIF I commitment	£98.4m
HIF I ownership	6.6%
Managed ownership	10.0%
Investment strategy	Hold for long-term yield and capital growth

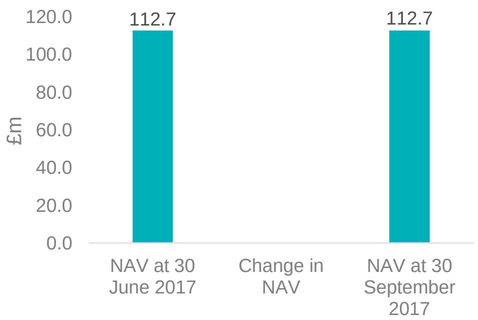
Performance since inception of HIF I

NAV		
As at 30 September 2017		£112.7m
Contributions		
Since investment		£98.4m
During Q3 2017		£0.0m
Distributions		
Since investment		£3.0m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		7.2%
Gross cash yield		1.3%
TVPI		1.2x

Quarterly update

- Travelled revenue was lower than budget in Q3 2017, mainly due to the budget anticipating a full recovery to historical growth rate from the impact of terrorist attacks, which has not fully materialised. However, revenue was in line with budget for the 9 months to 30 September 2017. Management's cost mitigation actions have also resulted in EBITDA being slightly ahead of budget over the same period
- The increase in border controls continued to cause operational delays in Q3 2017. Additional gates were opened in London and Paris to manage congestion at the stations
- Management anticipates the performance for the remainder of the year to be broadly in line with budget. However, they remain cautious on the medium term outlook for the business in light of heightened expectations of further terrorist incidents, together with continued political uncertainty following commencement of negotiations on the terms of the UK's exit from the EU, and its future relationship, all of which may subdue consumption and therefore passenger volumes
- Management commenced work on budget and medium term business plan over the quarter, expected to be finalised in December 2017
- Eurostar continued the roll-out of its new train fleet during the period. The total programme is on track for full deployment by 2018
- Progress continued on the opening of the new Amsterdam route, with the near term focus on resolving ongoing negotiations in relation to immigration control. Services are expected to commence in 2018

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent valuation of Eurostar as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Southern Water

Key facts

- 7th largest in UK, 4 million customers
- Stable RPI-linked earnings
- Improving operational performance
- Stable regulatory framework governed by Ofwat

Investment overview

Initial investment date	October 2007
Investment strategy	Value Added
Status	Invested
Investment type	Direct
Nature of business	Water and Waste services
Geographical focus	UK
HIF I commitment	£41.2m
HIF I ownership	3.9%
Managed ownership	21.0%
Investment strategy	Hold for long-term yield and capital growth

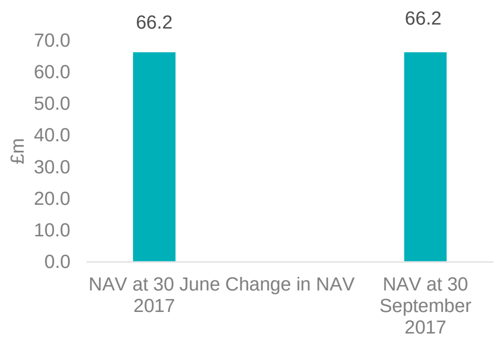
Performance since inception of HIF I

NAV		
As at 30 September 2017		£66.2m
Contributions		
Since investment		£41.2m
During Q3 2017		£0.0m
Distributions		
Since investment		£7.4m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£0.0m
Undrawn commitment		£0.0m
Gross IRR		10.9%
Gross cash yield		2.9%
TVPI		1.8x

Quarterly update

- For the six month period to 30 September 2017 sales were on budget, while operating expenditure was £1.5m adverse to budget, mostly driven by increased leakage network repair costs. The collection of the final billing of non-household customers continues to affect customer cash collection, which is £4.9m adverse to budget and is not expected to recover by year end. Capital expenditure is higher than budget due to accelerations in operations and repairs / renewals in wastewater
- The latest customer service SIM score was ahead of target and the number of complaints for the year to date is 17% lower than in the last financial year
- As previously reported, on 8 July, and following the board's approval of the proposal for joint billing with South East Water, the first tranche of customers (~65k) were migrated to South East Water. Customers received their first joint bill in August
- Over the quarter, Moody's, Fitch and Standard & Poor's reaffirmed Southern Water's credit rating and outlook at their current level
- On 13 December 2017, Ofwat published their PR19 final methodology, which covers the five-year regulatory period from 1 April 2020. Management has set up an internal team ('Red Team') which, supported by the Board, is dedicated to the development of the PR19 business plan, for submission in September 2018
- The Board has appointed NM Rothschild & Sons to undertake a review of the capital structure for operating and holding companies, alongside management and shareholder representatives. The scope of this review includes engagement with rating agencies to maintain current credit ratings, a review of inflation linked swaps with mandatory breaks in 2019, and planning for the refinancing of holding company debt. Significant progress will be made in Q1 2018 to assess possible changes to the capital structure with the implementation of these proposals to occur over the coming one to two years

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform independent semi-annual valuations of Southern Water, as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Energy Assets Group

Key facts

- Largest independent Industrial & Commercial gas
- Delivered c20,000 new gas meters pa since 2010
- High barriers to entry
- Significant growth potential organically and via bolt on acquisitions

Investment overview

Initial investment date	July 2016
Investment strategy	Value Added
Status	Invested
Investment type	Direct
Nature of business	Metering
Geographical focus	UK
HIF I commitment	£43.8m
HIF I ownership	20.5%
Managed ownership	25.6%
Investment strategy	Hold for long-term yield and capital growth

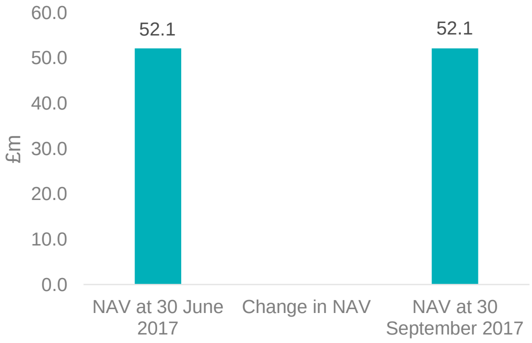
Performance since inception of HIF I

NAV		
As at 30 September 2017		£52.1m
Contributions		
Since investment		£43.8m
During Q3 2017		£0.0m
Distributions		
Since investment		£1.4m
During Q3 2017	- return of capital	£0.0m
	- realised gains	£0.0m
	- income	£1.4m
Undrawn commitment		£0.0m
Gross IRR		18.2%
Gross cash yield		2.7%
TVPI		1.2x

Quarterly update

- Financial and operational performance for the third quarter to September 2017 were in line with expectations. For the year to date EBITDA is on budget
- The integration of the company's 2017 bolt-on acquisitions (Exoteric acquired in March 2017 and Dragon and UDN acquired in May 2017) continued within the quarter, and have, since acquisition performed in line with expectations
- A distribution of £1.4m was made to HIF I in July 2017
- The search for an Independent Non-Executive Director ('INED') of the company continued during the quarter and was concluded post quarter end with the appointment of James Macdonald as INED. Mr Macdonald is currently The CEO of Calvin Capital and bring significant experience in developing and growing businesses in the UK

Valuation



- In accordance with its Valuation Policy, Hermes Infrastructure appointed Ernst & Young LLP to perform an independent valuation of EAG as at 30 June 2017
- The most recent valuation (30 June 2017) forms the basis of the valuation as at 30 September 2017, adjusted for any investment contributions, return of capital during the quarter and for the effect of currency exchange rate movements (if any)

Goldman Sachs Global Infrastructure Partners I

Key facts

- Fund investment
- Manager: Goldman Sachs Asset Management
- $2.2bn across two sectors; 1 tollroad and 1 rail
- 48% invested in Europe and 52% in Mexico

Investment overview

Initial investment date	January 2006
Investment strategy	Value Added
Status	Invested
Investment type	Primary Fund
Geographical focus	UK, Europe
HIF I commitment	£61.9m
HIF I ownership	2.3%
Investment strategy	Hold for medium-term harvesting

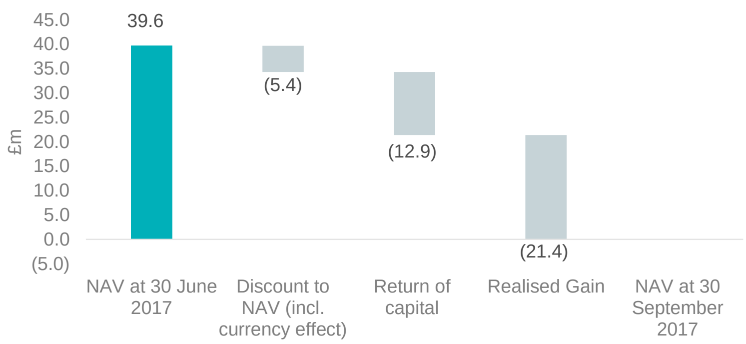
Performance since inception of HIF I

NAV		
As at 30 September 2017		£0.0m
Contributions		
Since investment		£60.2m
During Q3 2017		£0.0m
Distributions		
Since investment	- return of capital	£60.2m
	- realised gains	£46.1m
	- income	£1.3m
During Q3 2017	- return of capital	£12.9m
	- realised gains	£21.3m
	- income	£0.0m
Undrawn commitment		£9.3m
Gross IRR		17.1%
Gross cash yield		23.7%
TVPI		1.8x

Quarterly update

- Following completion of its strategic review, on 30 September 2017, HIF I successfully completed a secondary sale of its 2.3% interest in GSIP to Pantheon Capital Partners. The total consideration received for GSIP was c£34.2m, delivering a whole of life IRR to the Fund of c17.1% and a £21.3m realised gain on the acquisition price
- Hermes Infrastructure's intention has always been to realise the fund interests - which was a seed investment for HIF I and nearing end of term - at an optimum time and value. Following a review of the holding, the investment committee resolved that it was in HIF I's best interest to seek an exit at this point in the market cycle. The sale process was structured as a competitive auction. Pantheon was selected as preferred bidder for the interest in GSIP and the transaction was executed under a tight timeframe to ensure closing prior to the fund's September quarter end
- Typical for secondary transactions for fund interests, the final sale price represented a discount to the underlying manager's reported NAV

Valuation



- The Fund realised its investment in GSIP on 30 September 2017

Pan-European Infrastructure Fund

Key facts

- Fund investment
- Manager: Deutsche Asset Management
- 8 remaining assets: 2 ports, 1 water, 2 toll roads, 3 renewable energy businesses
- 85% invested in the UK, 15% in Europe

Investment overview / thesis

Initial investment date	January 2006
Investment strategy	Value Added
Status	Invested
Investment type	Primary Fund
Geographical focus	UK, Europe
HIF I commitment	£15.1m
HIF I ownership	0.7%
Investment strategy	Hold for medium-term harvesting

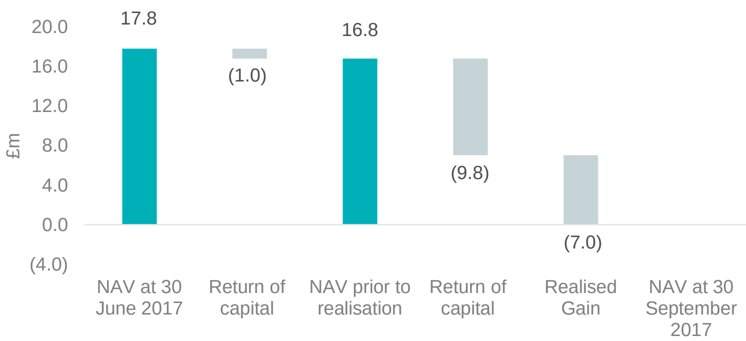
Performance since inception of HIF I

NAV		
As at 30 September 2017		£0.0m
Contributions		
Since investment		£14.4m
During Q3 2017		£0.0m
Distributions		
Since investment	- return of capital	£14.4m
	- realised gains	£6.7m
	- income	£3.3m
During Q3 2017	- return of capital	£10.8m
	- realised gains	£7.0m
	- income	£0.0m
Undrawn commitment		£0.9m
Gross IRR		11.7%
Gross cash yield		21.0%
TVPI		1.7x

Quarterly update

- Following completion of a strategic review, on 29 September 2017, HIF I successfully completed a secondary sale of its 0.7% interest in PEIF to Stafford Capital Partners. The total consideration received for PEIF was £16.8m, which delivers a whole of life IRR to HIF I of c11.7% and a £7.0m realised gain on the acquisition price
- Hermes Infrastructure's intention has always been to realise the fund interest - which was a seed investment for HIF I and nearing end of term - at an optimum time and value. Following a review of the holding, the investment committee resolved that it was in HIF I's best interest to seek an exit at this point in the market cycle. The sale process was structured as a competitive auction. Stafford was selected as preferred bidder for the interest in PEIF and the transaction was executed under a tight timeframe to ensure closing prior to the fund's September quarter end
- Typical for secondary transactions for fund interests the final sale price represented a minimal discount to the underlying manager's reported NAV

Valuation



- The Fund realised its investment in PEIF on 29 September 2017

6 HIF I unaudited financial statements

Statement of comprehensive income

For the period to 30 September 2017	Core £000	Value Added £000	Value Added 2 £000	Total £000
Investment income	9,816	3,369	163	13,348
Professional fees	(191)	(531)	(11)	(733)
Net operating gain/loss	**9,625**	**2,838**	**152**	**12,615**
Realised gain on portfolio investments	985	28,336	-	29,321
Unrealised gain on portfolio investments	23,981	(23,833)	652	800
Foreign exchange gain	-	(6)	-	(6)
Net gain/loss from operating activity	**34,591**	**7,335**	**804**	**42,730**
General Partner's Share (GPS)	(2,032)	(1,193)	(177)	(3,402)
Founder Partner's Share	(1,643)	(156)	-	(1,799)
Total allocatable to Limited Partners	**30,916**	**5,986**	**627**	**37,529**

Statement of financial position

As at 30 September 2017	Core £000	Value Added £000	Value Added 2 £000	Total £000
Investments	752,557	225,034	5,987	983,578
Cash at bank and in hand	935	10,733	421	12,089
Trade and other receivables	36	42,663	-	42,699
Trade and other payables	(3)	(5)	-	(8)
Net current assets	**968**	**53,391**	**421**	**54,780**
Total assets	**753,525**	**278,425**	**6,408**	**1,038,358**
Capital contribution account	7	3	-	10
Loan account	522,734	159,202	6,551	688,487
Income account	85,037	5,501	(1,237)	89,301
Capital account	145,747	113,719	1,094	260,560
Partners' capital	**753,525**	**278,425**	**6,408**	**1,038,358**

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