

Interim Management Statement

30 June 2014

Quarterly Management Review

Utilico Investments Limited (“Utilico”) published its annual report and accounts for the year to 30 June 2014 on 16 September 2014 and has published its monthly factsheets on its website: www.utilico.bm

Set out below is the interim management statement (“IMS”) for the period from 1 July to 30 September 2014 containing information that covers this period and up to date of publication of this IMS.

Performance

Over the three months to 30 September 2014, the FTSE All Share Total Return Index was down 1.0%. Utilico’s ordinary share NAV was up 0.3% after adjusting for the quarterly dividend of 1.875p paid in September 2014.

Portfolio

Utilico’s gross assets less current liabilities (excluding debt) reduced by £8.9m from £399.1m to £390.2m at the end of September 2014. This primarily reflects the reduction in debt following the realisation of assets, in particular the placing out of 13.8m Utilico Emerging Markets (“UEM”) shares into the market for net proceeds of £24.8m in July.

The constituents of the top ten at 30 September 2014 remained the same as at 30 June 2014.

UEM remained the largest investment in the portfolio. UEM’s NAV increased 1.2% during the quarter, adjusted for its quarterly dividend payment of 1.525p. UEM’s share price rose 3.0% over the same period, with the discount narrowing to 5.9% from 8.3%. As aforementioned Utilico sold down 23.8% of its holding in UEM during the period.

Infratil Limited (“Infratil”) shares were exceptionally strong in the three months to 30 September 2014, increasing 16.2%. This follows the conclusion of its strategic review of Infratil Energy Australia and the announcement of the sale of Lumo Energy and Direct Connect Australia. Infratil estimates net proceeds from the sale will be NZ\$646-664m, more than twice the carrying value of the business of NZ\$275m as of March 2014. This transaction highlights the significant discount in valuations of Infratil’s assets.

Somers Limited (“Somers”) shares fell 3.5% during the quarter notwithstanding a strong set of Q3 results which saw net income more than triple in the nine months to end-June 2014. Over the same period diluted NAV increased by 11.2% to US\$16.64, underpinned by strong performances at Bermuda Commercial Bank and Waverton, which saw a 26.0% increase in AUM.

Zeta Resources (“Zeta”) shares were unchanged on end-June. Underlying Net Tangible Assets (“NTA”) fell 17.0% during the quarter, which was offset by a narrowing in the discount to NTA from 30.9% at end-June to 16.8% at end-September. Zeta’s NTA performance has been negatively affected by the continued decline in the commodity markets, which has been reflected in weaker share prices in its underlying investments. This includes Panoramic Resources, whose shares have fallen 21.1% in the period, as well as Resolute Mining (“Resolute”).

Resolute shares have fallen 28.5% in the three months to end-September. Poor sentiment in the precious metals markets has resulted in gold prices falling 9.0% in the quarter towards the \$1,200/oz mark. While this level has marginalised high-cost producers, Resolute continues to be profitable and generate positive cash flow. The oxide circuit expansion at its mine in Syama (Mali) is on track for commissioning next year, which should increase gold production. The mine has also recently seen a material uplift to reserves following additional drilling.

Bermuda First Investment Company Limited (“BFIC”) shares were unchanged during the period. BFIC’s two major investments, KeyTech Limited (“KeyTech”) and Ascendant Group Limited, both reported tough trading conditions and lower profits. In July 2014 KeyTech announced a transformative transaction involving the disposal of its fixed-line business, Bermuda Telephone Company and the simultaneous acquisition of British Overseas Territory Cable & Telecommunications Limited (“BOTCAT”). BOTCAT owns WestStarTV Limited in Cayman and a significant interest in CableVision Holding Limited in Bermuda.

Augean shares increased 6.7% during the quarter after reporting strong H1 results to end-June which saw EBITDA double and EPS increase by 171%. The results demonstrate the excellent progress the company is making in turning around the operations following the closure of the loss-making Waste Networks division.

Renewable Energy Generation (“REG”) shares also posted moderate growth, up 4.7% over the three months. Post period end REG announced a further disposal of two wind farm projects for £36m to BlackRock, demonstrating the value the company is creating through its development strategy.

Market conditions

Markets delivered mixed performances during the quarter, reflecting ongoing trepidation over valuations, the potential impact of the withdrawal of quantitative easing (“QE”) in the US, and geopolitical concerns in Russia and the Middle East. The ECB announced it was embarking on its own QE program with the purchase of asset-backed securities and covered bonds from mid-October. The disparity in monetary policy between the world’s two largest economies is likely to introduce further volatility into the markets.

Developed markets in the US and Europe demonstrated a lack of clear direction, initially weak in July, improving in August, and then softening again in September to end up broadly flat on 30 June 2014. A notable landmark was achieved by the S&P, which hit an all-time high during August and closed above the 2,000 point level for the first time in its history.

Emerging markets were volatile during the quarter, with Brazil particularly capricious in the run-up to elections. Swings in the election polls between incumbent president Dilma Rousseff and more pro-market candidates were mirrored in the BOVESPA, which soared over 16% between end June and the end of August before giving up all of this performance over the following month.

Sterling continued to firm against several developed markets currencies including Euro, New Zealand Dollar and Australian Dollar. However after a year of steady strengthening against the US Dollar, peaking at \$1.72 in early July, there was a significant change in direction with Sterling falling 5.2% against USD during the quarter. Performance against emerging markets was mixed, with Sterling strengthening against the Brazilian Real but slipping against the Indonesian, Indian, Malaysian, Philippine and Thai currencies.

Commodities were notably weak in the quarter, with the price of gold falling 9.0% to US\$1,208.15/oz at 30 September 2014 and dipping below US\$1,200/oz shortly after the period end. The price of Brent Crude Oil collapsed 15.7% to US\$94.67 per barrel at end September, and has fallen below US\$90/bbl in early October. Iron ore has also seen particular vulnerability, with the 62% Fe iron ore imported at Qingdao Port in China falling 17.0% to US\$78.05/t.

Bank debt

Following net realisations of assets, in particular the partial disposal of Utilico's stake in UEM, bank debt was reduced from £22.2m at 30 June 2014 to nil as at 30 September 2014. Utilico had cash balances of £6.4m at end September.

Currency Hedging

At 30 September 2014, Utilico held currency hedges in New Zealand Dollars, Australian Dollars and Euros. In total £85.5m of assets were covered by these currency hedges at the end of September.

ZDP shares

Over the 3 months, the traded price of Utilico's 2014 ZDP shares rose by 0.7% to 167.38p, the 2016 ZDP shares rose by 1.1% to 179.00p and the 2018 ZDP shares rose by 1.7% to 130.38p.

In July Utilico Finance Limited issued 25.0m 2020 ZDP shares, which trade under the ticker UTLE on the London Stock Exchange and have a final capital entitlement of 154.90p on 31 October 2020, a GRY of 7.25%.

15.5m 2020 ZDP shares were issued pursuant to the terms of the rollover offer made to 2014 ZDP shareholders, with the remaining 9.5m 2020 ZDP shares placed into the market for cash at 100.00p per share, raising gross proceeds of approximately £9.5m.

During the three months to 30 September 2014 Utilico bought back 495,000 2014 ZDP shares at an average price of 166.62p, a total of £0.8m. The 2014 ZDP shares are redeemable on 31 October 2014 at 167.60p per share; the redemption will be funded through the bank facility and other cash and realisable assets.

Share price and NAV

Utilico's NAV declined to 164.48p at 30 September 2014, compared to 165.84p at the end of June 2014. The ordinary share price fell 8.6% to 117.00p with the discount widening to 28.9% at 30 September 2014 from 22.8% at 30 June 2014.

Dividends

A final quarterly dividend of 1.875p was declared in July and paid on 8 September 2014, taking the cumulative dividend paid in respect the year ended 30 June 2014 to a total of 7.50p.

Capital Structure	30 September 2014	30 June 2014
Gross assets less current liabilities	£390.2m	£399.1m
Bank debt and other debt	£0.0m	£22.2m
ZDP shares	£227.1m	£212.5m
Shareholders' funds (ordinary shares)	£163.1m	£164.4m

Ordinary Shares	30 September 2014	30 June 2014
NAV (cum income)	164.48p	165.84p
Share price	117.00p	128.00p
Discount to undiluted NAV	28.9%	22.8%
Annual average compound return (including dividends)	7.7%	7.9%
Shares in issue	99,157,214	99,157,214

ZDP shares at 30 September 2014	2014	2016	2018	2020
Accrued capital entitlement	166.61p	166.61p	120.61p	101.18p
Share price	167.38p	179.00p	130.38p	105.00p
(Discount)/premium to NAV	0.5%	7.4%	8.1%	3.8%
ZDP cover*	6.10x	2.51x	1.65x	1.42x
Yield to redemption*	1.6%	3.6%	5.2%	6.6%
ZDP redemption value	167.60p	192.78p	160.52p	154.90p
Shares in issue	38,117,282	47,500,000	49,842,413	25,000,000
*based on final redemption values	UTLB.L	UTLC.L	UTLD.L	UTLE.L

Sector split of investments	30 September 2014	30 June 2014
Renewables	14%	13%
Oil & Gas	14%	13%
Financial Services	14%	14%
Other	13%	13%
Infrastructure IT	9%	8%
Gold mining	9%	11%
Electricity	6%	5%
Water & waste	5%	6%
Telecoms	4%	4%
Airports	4%	4%
Ports	4%	5%
Toll roads	4%	4%
	100%	100%
Geographical split of investments		
New Zealand	21%	17%
Bermuda	17%	15%
Asia & Far East	16%	19%
UK and Channel Islands	12%	12%
Australia	11%	10%
Gold mining	9%	11%
Europe excluding UK	6%	7%
Latin America	4%	6%
Middle East / Africa	3%	2%
North America	1%	1%
	100%	100%

Top 10 holdings held directly by the Company as % of gross assets		30 September 2014	30 June 2014
1	Utilico Emerging Markets Limited	21.6%	26.5%
2	Infratil Limited	17.3%	15.3%
3	Somers Limited	12.3%	11.1%
4	Zeta Resources Limited	11.2%	9.0%
5	Resolute Mining Limited	7.3%	10.1%
6	Vix Technology	5.0%	4.9%
7	Bermuda First Investment Company Limited	4.1%	3.7%
8	Vix Limited	3.3%	2.8%
9	Renewable Energy Generation Limited	2.8%	2.6%
10	Augean plc	2.4%	2.2%
	Total top 10	87.3%	88.2%

20 October 2014

Enquiries

ICM Investment Research Limited

+44 1372 271 486