

Annual report and financial statements

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GCP Infrastructure Investments Ltd
15 December 2022

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GCP Infrastructure Investments Limited ("GCP Infra" or the "Company")

LEI: 213800W64MNATSIV5Z47

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors are pleased to announce the Company's annual results for the year ended 30 September 2022. The full annual report and financial statements can be accessed via the Company's website at www.graviscapital.com/funds/gcp-infra/literature and will be posted to shareholders who elected to receive full copy statutory documents on 9 January 2023.

About the Company

GCP Infrastructure Investments Limited ("GCP Infra" or the "Company")

The Company seeks to provide shareholders with regular, sustained, long-term dividend income and to preserve the capital value of its investments over the long term by generating exposure to infrastructure debt and/or similar assets. It is currently invested in a diversified, partially inflation-protected portfolio of investments, primarily in the renewable energy, social housing and PPP/PFI sectors.

The Company is a FTSE 250, closed-ended investment company incorporated in Jersey. It was admitted to the Official List and to trading on the London Stock Exchange's Main Market in July 2010. It has a market capitalisation of £865.3 million at 30 September 2022.

At a glance - 30 September 2022

	FY2020	FY2021	FY2022
Market capitalisation £m	1,025.7	885.7	865.3
Net assets £m	914.8	916.8	998.1
Dividends for the year p	7.6	7.0	7.0
Share price p	116.60	100.40	97.80
NAV per share p	103.99	103.92	112.80
Profit/(loss) for the year £m	(0.7)	62.4	140.3

Highlights for the year

- Dividends of 7.0 pence per share for the year to 30 September 2022 (30 September 2021: 7.0 pence per share). For the forthcoming financial year, the Company has set a dividend target¹ of 7.0 pence per share.
- Total shareholder return² for the year of 3.8% (30 September 2021: -7.9%) and total shareholder return² of 109.9% since IPO in 2010. Total NAV return² for the year of 15.8% (30 September 2021: 7.2%).
- Profit for the year of £140.3 million (30 September 2021: profit of £62.4 million) primarily due to revaluations in respect of high near-term electricity futures prices. For information on financial performance for the year, refer to the financial review below.
- Entered into a new arrangement to partially hedge its financial exposure to electricity prices for the 2022/23 winter period.
- Extension of the Company's revolving credit facility for an aggregate amount of £190.0 million, from £165.0 million.
- Loans advanced totalling £127.4 million³, secured against UK renewables, social housing and PPP/PFI projects. The Company also received loan repayments of £219.2 million³.
- Disposal of loan notes issued in respect of its investment in an offshore wind farm. The disposal proceeds, representing a c.12% premium to the holding fair value at the prior year end, demonstrate the Company's conservative approach to renewables valuation. Further information on valuation methodology can be found below.
- NAV per share at 30 September 2022 of 112.80 pence (30 September 2021: 103.92 pence).
- Third party independent valuation of the Company's partially inflation-protected investment portfolio at 30 September 2022 of £1.1 billion (30 September 2021: £1.1 billion).
- Post year end, further advances made of £12.6 million and repayments received of £1.5 million.
- In November 2022, the UK Government announced a profits levy on electricity generators. Whilst the implementation of this remains uncertain, the Investment Adviser has estimated the downside impact of the levy to be c.1.5 pence per share on the NAV at 30 September 2022. It is expected that the impact will be offset by higher long-term electricity prices and inflation.

Andrew Didham, Chairman of GCP Infra, commented:

"This is my first set of financial results as Chairman of the Company, and I look forward to assisting with the Company's long-term success in the interest of shareholders and other stakeholders. The past twelve months have seen a period of significant volatility in UK politics and finance, with clear linkages in cause and effect across both areas. Gilt yields have seen material movements in the period, driven by political instability, the aftermath of the Covid-19 pandemic, and the war in Ukraine.

It has been a strong financial year for the Company, with material revaluations associated with higher electricity prices and inflation positively impacting profitability. The Company generated total income of £157.5 million (30 September 2021: £76.9 million) and profit for the period of £140.3 million (30 September 2021: £62.4 million). In November 2022, the Chancellor confirmed the introduction of a profits levy on electricity generators. Whilst the implementation of this remains uncertain, the Investment Adviser has estimated the downside impact of the levy to be c.1.5 pence per share on the NAV at 30 September 2022. It is expected the impact of the profits levy will be offset by higher long-term electricity prices and inflation. The Company continues to deliver regular, sustained, long-term dividends to its shareholders, paying a dividend of 7.0 pence per share for the year, in line with the target¹ established

for this financial year. The same target¹ is reaffirmed for the forthcoming financial year.

This annual report is published at a critical point for the infrastructure sector. The need to respond to long-term trends including decarbonisation, a growing and ageing population and digitalisation are being balanced with the immediate responses to war in Europe and associated focus on energy security, the aftermath of the Covid-19 pandemic and adapting to the real impacts of climate change. The UK, alongside a large proportion of the developed world, has embarked on an aggressive decarbonisation agenda. Achieving a net zero electricity system by 2035, and a net zero economy as a whole by 2050, will require significant investment in new infrastructure. The Board remains optimistic about future investment opportunities and the Company has an active pipeline of c.£473.0 million of investment opportunities under consideration.

The Company's portfolio continues to make a positive impact, through contributing towards the generation of renewable energy and financing infrastructure that has clear benefits to end users through fulfilling core environmental and social purposes"

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. APM - for definition and calculation methodology, refer to the APMs section below.
3. Inclusive of non-cash items as disclosed in note 11 to the financial statements.

Investment objectives and KPIs

The Company's purpose is to primarily invest in UK infrastructure debt and/or similar assets to meet the following key objectives:

Dividend income	Diversification	Capital preservation
To provide shareholders with regular, sustained, long-term dividends.	To invest in a diversified portfolio of debt and/or similar assets secured against UK infrastructure projects.	To preserve the capital value of its investments over the long term.

Key performance indicators

The Company paid a dividend of 7.0 pence in respect of the year. A dividend target ¹ of 7.0 pence has been set for the forthcoming financial year.	The investment portfolio is exposed to a wide variety of assets in terms of project type and source of underlying cash flow.	The Company's ordinary shares have predominantly traded at a premium ⁴ to NAV since IPO in 2010.
7.0p Dividends paid in year ended 30 September 2022	48 Number of investments at 30 September 2022	112.80p NAV per share at 30 September 2022
£140.3m Profit for the year ended 30 September 2022	11.7%² Size of largest investment as a percentage of total portfolio	0.18% Aggregate downward revaluations since IPO (annualised) ³

SUSTAINABILITY INDICATORS

Portfolio contributing to green economy ⁵	Portfolio that benefits end users within society ⁶	Board gender and ethnic diversity ⁷
65%	35%	50%

Further information on Company performance can be found in the financial review below.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. The Cardale PFI loan is secured on a cross-collateralised basis against 18 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the total portfolio.
3. APM - for definition and calculation methodology, refer to the APMs section below.
4. At the year end, the Company's shares were trading at a discount³ of 13.3%.
5. The LSE Green Economy Mark recognises London-listed companies generating more than half their revenues from green environmental products and services. The Company's portfolio is 65% invested in the renewable energy sector.
6. The Company's portfolio is 35% invested in the PPP/PFI and social housing sector.
7. At the date of the report.

Portfolio at a glance

The Company's portfolio comprises underlying assets across the UK falling under the following classifications:

Sector	Number of assets	% of portfolio
Anaerobic digestion	24	9
Geothermal	1	1
Solar	52,594	21
PPI/PFI	134	24
Supported living	905	11
Hydro	14	2
Biomass	760	12
Wind	11	20

Senior ranking security
40%

Weighted average annualised yield¹
7.9%

Average life
10 years

Partially inflation protected
50%

1. APM - for definition and calculation methodology, refer to the APMs section below.

Chairman's statement

I am pleased to present the Company's annual report for the year ended 30 September 2022.

Introduction

The past twelve months have seen a period of significant volatility in UK politics and finance, with clear linkages in cause and effect across both areas. This political instability has led to a third prime minister appointed within a two month period. Gilt yields have seen material movements driven by UK Government budgets (and subsequent reversals of policy announcements), recovery from the Covid-19 pandemic and the war in Ukraine. This backdrop has led to a number of revaluations during the year, with the weighted average discount rate applied to value the Company's investments increasing from 7.32% to 7.47% over the twelve month period.

The Company has benefitted from positive revaluations associated with higher electricity prices over the year. An increase in short-term electricity futures prices has been driven by the increased cost of gas and a risk premium associated with wider European political instability. Further, the longer-term price expectations published by Afry, an independent market consultant, have also increased during the year. In the third quarter of 2022, the Valuation Agent reflected the expectation of an electricity price cap being applied to generators, capping the price for 2023 and 2024 at £150 per MWh. The aggregate impact of these changes has contributed 9.15 pence per share to the NAV in the year.

Post year end, in the Autumn Statement in November 2022, the Chancellor confirmed the introduction of a profits levy on electricity generators. Whilst the implementation of this remains uncertain, the Investment Adviser has estimated the downside impact of the levy to be c.1.5 pence per share on the NAV at 30 September 2022. It is expected the impact will be offset by higher long-term electricity prices and inflation.

The Company paid a 7.0 pence per share dividend for the year, in line with the target¹ established for this financial year. The same target¹ is reaffirmed for the forthcoming financial year. The Company seeks to pay regular, sustained, long-term dividends to shareholders. A higher interest rate environment is expected to create investment opportunities for the Company that support the sustainability of the dividend at this level. Further detail on the Board's assessment of dividend coverage is provided on below.

The Board remains optimistic about future investment opportunities. A heightened interest rate environment means that the Company can take reduced risk to achieve the same level of return, through increasing loan coverage, focusing on operational assets and/or senior (rather than subordinated) investment structures. Further, the need for new infrastructure has not diminished.

The UK, alongside a large proportion of the developed world, has embarked on an aggressive decarbonisation agenda. Achieving a net zero electricity system by 2035, and a net zero economy as a whole by 2050, will require significant investment in new infrastructure. This will include investment in sectors with which the Company is familiar, including wind and solar, but will also require investment in new areas across heat, transport, industry and agriculture. The Company made its first commitments to the electric vehicle and flexible generation sectors in the year, detailed further below.

With the macro environment constraining liquidity in the banking sector, and the Company's track record of investing early into new sectors, the Company is well placed to compete for attractive investment opportunities.

1. The dividend target set out above is not a profit forecast or estimate and there can be no assurance that it will be met.

Financial performance

It has been a positive financial year for the Company, generating total profit and comprehensive income of £140.3 million. Further information on profitability and financial performance can be found below.

The net assets of the Company increased to £998.1 million (112.80 pence per share) from £916.8 million the previous year (103.92 pence per share). At the year end, the Company's share price was 97.80 pence, representing a 13.3% discount¹ to NAV (30 September 2021: 100.40 pence, representing a 3.4% discount¹ to NAV).

The dividend of 7.0 pence per share for the year was 2.27 times covered on an earnings cover¹ basis under IFRS, and 1.19 times covered on an adjusted earnings cover¹ basis, calculated on the Investment Adviser's assessment of

adjusted net earnings¹ in the year; further information can be found below.

Investment activity

Investments made in the year totalled £127.4 million, of which £99.2 million were new investments and £28.2 million was advanced to the existing portfolio. The new investments of note included the financing of a portfolio of electric taxis for a London-based fleet operator and the Company's first investment in flexible generation supporting a borrower developing a portfolio of gas peaking and battery storage assets.

The year also saw refinancing activity, including a portfolio of the Company's supported living assets, resulting in a reduction in the exposure to this sector from c.14% to c.11%, and the refinancing of the Company's subordinated exposure to an operational waste wood biomass project in Northern Ireland, through which the Company increased its exposure as part of a first ranking senior secured structure.

The Company disposed of its interest in an offshore wind farm in the year, realising a c.12% premium to the holding fair value at the prior year end. A further disposal of a small anaerobic digestion project in Northern Ireland to the landowner also occurred. The Company will continue to seek attractive disposal opportunities where it can efficiently make use of the capital repaid.

Financing

The Company maintains a revolving credit facility with a number of lenders, intended to support the management of working capital requirements, with total commitments of £190.0 million maturing in March 2024. At the year end, £99.0 million of this facility was drawn. The margin and commitment fees payable under the revolving credit facility remain unchanged from prior years. Further details on the Company's financing activity are provided below and details of the revolving credit facility can be found in note 15.

ESG

The Company's portfolio continues to make a positive impact, through contributing towards the generation of renewable energy and financing infrastructure that has clear benefits to end users within society. In recognition of the increasing role of ESG, the Board established an ESG committee during the year, chaired by Dawn Crichard.

The Company has made good progress this year with the ESG objectives set out in the 2021 annual report, including voluntarily reporting under TCFD, refer below. Of particular note has been the data collection project undertaken by the Investment Adviser, to develop, quantify and report material ESG metrics from the underlying portfolio.

This has commenced a journey of data capture, validation and reporting on ESG-related matters, as well as identifying and measuring climate risks, that will continue to develop over the coming years. Certain outputs from this project are set out below.

Share repurchases

The Board is monitoring recent market volatility and its impact on share prices, including the Company's share price. The Company's shares have traded at an average discount¹ of 0.7% during the year and a premium¹ of 8.8% since

IPO. At 30 September 2022, the share price was 97.80 pence, representing a discount¹ to NAV of 13.3%.

The Board keeps the use of share repurchases under review and believes in the benefits as a means of addressing unusual imbalances in supply and demand, which may otherwise create volatility in the rating at which the Company's shares trade relative to its NAV.

The Board also keeps the possibility of larger repurchases under consideration, when it believes that the repurchase of shares is an attractive use of shareholders' funds, relative to the pipeline of new potential investments, and is expected to enhance earnings per share and dividend cover.

Any repurchases will be subject to the availability of cash resources at the relevant time relative to existing commitments.

1. APM - for definition and calculation methodology, refer to the APMs section below.

Market outlook

This annual report is published at a critical point for the infrastructure sector. The need to respond to long-term trends including decarbonisation, a growing and ageing population and digitalisation are being balanced with the immediate responses to war in Europe, the Covid-19 pandemic and adapting to the real impacts of climate change. Infrastructure development, maintenance and renewal has a key role to play in these areas. At the same time, the cost of financing infrastructure is rising and supply chains to provide the parts, equipment and labour needed to build and operate new infrastructure are under increasing pressure.

The recent high energy prices and the war in Ukraine have driven a shift in government energy policy from pursuing aggressive decarbonisation pathways to more emphasis on security of supply. The most recent UK energy strategy, published in April 2022, has a clear focus on security of supply, in contrast to the Energy White Paper (December 2020), titled 'Powering our net zero future'. In my mind, this is reflective of an overdue realisation by policymakers that, whilst we need more wind and solar generation, significant investment in other areas is also required to support decarbonisation whilst also ensuring affordable, reliable energy supplies.

This includes upgrades to the grid infrastructure, low carbon flexible (rather than intermittent) generation, and support for other areas of decarbonisation including heat, transport, industry, agriculture and carbon sequestration. In addition to the contract-for-difference scheme, the Company is closely watching the evolution of other support mechanisms such as the Green Gas Support Scheme and the Net Zero Hydrogen Fund.

The Company does not see material investment opportunities in the wider social infrastructure sector. UK Government procurement for private sector finance through PPP/PFI mechanisms has largely ceased, with some residual opportunities in the devolved administrations under the mutual investment model scheme. The Board, together with the Investment Adviser, is also closely monitoring the development of the regulated asset base, competitively appointed transmission owner ("CATO") regime and direct procurement for customers scheme in the water industry that may all provide attractive future opportunities for the Company.

The Board

The year has seen a number of changes to the Board of Directors of the Company. I took over the Chairmanship from Ian Reeves CBE on 20 June 2022, and Mr Reeves retired as a Director on 31 October 2022. I would like to take this opportunity to acknowledge the significant contribution Mr Reeves made to the Company over a period of twelve and half years, and to thank him for his role in the Company's success. Ian Reeves CBE was replaced on the Board by Alex Yew, a UK resident and former senior executive at John Laing group.

Andrew Didham
Chairman

14 December 2022

For more information, please refer to the strategic report below.

Company performance

The Company continues to deliver regular, sustained, long-term dividends to its shareholders.

Dividends paid in respect of the year

7.0p
FY22

7.0p
FY21

Relevance to strategy

The dividend reflects the Company's aim to deliver regular, sustained, long-term dividends and is a key element of total shareholder return.

Earnings cover¹

2.27x
FY22

0.99x
FY21

Relevance to strategy

Earnings cover measures the Company's ability to pay dividends from the income generated from its investment portfolio under IFRS.

Adjusted net earnings cover¹

1.19x
FY22

1.1x
FY21

Relevance to strategy

Adjusted earnings cover measures the Company's ability to pay dividends from loan interest accrued¹ by the portfolio less expenses and finance costs.

Dividend yield¹

7.2%²
FY22

7.0%²
FY21

Relevance to strategy

Dividend yield measures the Company's aim to deliver on its investment strategy of generating regular, sustained, long-term dividends.

NAV per share
112.80p
FY22

103.92p
FY21

Relevance to strategy

NAV per share measures the Company's aim to preserve the capital value of its investments over the long term.

Total shareholder return since IPO¹**109.9%****FY22**

102.3%

FY21

Relevance to strategy

Total shareholder return measures the delivery of the Company's strategy, to provide shareholders with attractive total returns in the longer term.

1. APM - for definition and calculation methodology, refer to the APMs section below.
2. Total dividend paid for the year, relative to the closing share price at the year end, expressed as a percentage.

Strategic overview

The Company's purpose is to primarily invest in UK infrastructure debt and/or similar assets to provide regular, sustained, long-term dividends and to preserve the capital value of its investments over the long term.

Investment strategy

The Company's investment strategy is set out in its investment objective, policy and strategy below. It should be considered in conjunction with the Chairman's statement and the strategic report which provide an in-depth review of the Company's performance and future strategy. Further information on the business model and purpose is set out below.

Investment objective

The Company's investment objective is to provide shareholders with regular, sustained, long-term dividends and to preserve the capital value of its investment assets over the long term.

Investment policy and strategy

The Company seeks to generate exposure to the debt of UK infrastructure project companies, their owners or their lenders and related and/or similar assets which provide regular and predictable long-term cash flows.

Core projects

The Company will invest at least 75% of its total assets, directly or indirectly, in investments with exposure to infrastructure projects with the following characteristics (core projects):

pre-determined, long-term, public sector backed revenues;
no construction or property risks; and
benefit from contracts where revenues are availability based.

In respect of such core projects, the Company focuses predominantly on taking debt exposure (on a senior or subordinated basis) and may also obtain limited exposure to shareholder interests.

Non-core projects

The Company may also invest up to an absolute maximum of 25% of its total assets (at the time the relevant investment is made) in non-core projects, taking exposure to projects that have not yet completed construction, projects in the regulated utilities sector and projects with revenues that are entirely demand based or private sector backed (to the extent that the Investment Adviser considers that there is a reasonable level of certainty in relation to the likely level of demand and/or the stability of the resulting revenue).

There is no, and it is not anticipated that there will be any, outright property exposure of the Company (except potentially as additional security).

Diversification

The Company will seek to maintain a diversified portfolio of investments and manage its assets in a manner which is consistent with the objective of spreading risk. No more than 10% in value of its total assets (at the time the relevant investment is made) will consist of securities or loans relating to any one individual infrastructure asset (having regard to risks relating to any cross default or cross-collateralisation provisions). This objective is subject to the Company having a sufficient level of investment capital from time to time, the ability of the Company to invest its cash in suitable investments and the investment restrictions in respect of 'outside scope' projects described above.

It is the intention of the Directors that the assets of the Company are (as far as is reasonable in the context of a UK infrastructure portfolio) appropriately diversified by asset type (e.g. PPP/PFI healthcare, PPP/PFI education, solar power, social housing, biomass etc.) and by revenue source (e.g. NHS Trusts, local authorities, FiT, ROCs etc.).

Non-financial objectives of the Company

The key non-financial objectives of the Company are:

to build and maintain strong relationships with all key stakeholders of the Company, including (but not limited to) shareholders and borrowers;
to continue to focus on creating a long-term, sustainable business relevant to the Company's stakeholders;
to develop and increase the understanding of the investment strategy of the Company and infrastructure as an investment class; and
to focus on the long-term sustainability of the portfolio and make a positive impact; through contributing towards the generation of renewable energy and financing infrastructure that is integral to society.

Key policies**Distribution**

The Company seeks to provide its shareholders with regular, sustained, long-term dividend income. The Company has previously offered a scrip dividend alternative and anticipates that it will continue to do so whilst the shares typically trade at a premium at NAV.

Leverage and gearing

The Company intends to make prudent use of leverage to finance the acquisition of investments and enhance returns for shareholders. Structural gearing of investments is permitted up to a maximum of 20% of the Company's NAV immediately following drawdown of the relevant debt.

The calculation of leverage under the UK AIFM Regime in note 15 to the financial statements includes derivative financial instruments as is required by the applicable regulation.

Business model

The Company's purpose is to primarily invest in UK infrastructure debt and/or similar assets to provide regular, sustained, long-term dividends and to preserve the capital value of its investments over the long term.

Investment objectives	Sustainability considerations	Key performance indicators	Sustainability indicators
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Generate dividend income To provide shareholders with regular, sustained, long-term dividends Preserve capital To preserve the capital value of its investment assets over the long term Provide diversification To invest in a diversified portfolio of debt and/or similar assets secured against UK infrastructure projects	Governance The Company operates under a robust governance framework, read more on pages 76 to 105 of the full annual report on the Company's website. Environmental The Investment Adviser positively screens for assets which benefit the environment, read more below. Social The Investment Adviser positively screens for assets which benefit society, read more below. Financial The Company uses credit facilities, hedging arrangements, cash flow forecasts and stress scenarios to ensure financial viability, read more below.	Generate dividend income 7.0p Dividends per share declared for the year ended 30 September 2022 Preserve capital 112.80p NAV per share at 30 September 2022 Provide diversification 48 Number of investments at 30 September 2022	Governance 50% Board gender and ethnic diversity at the date of the report Environmental 1,429 GWh Renewable energy exported for the year to 30 June 2022 ¹ Social 727 Current FTEs at portfolio level at 30 June 2022 ¹ Financial 2.27x Basic dividend cover at 30 September 2022
Implementation of investment strategy (Gravis) <i>Investing (and ESG due diligence)</i> The Company seeks to generate exposure to infrastructure debt and/or similar assets in the renewable energy, social housing and PPP/PFI sectors. The Investment Adviser provides advisory services relating to the Company's portfolio in accordance with the investment objectives and policies.	Board of Directors Stewardship and oversight <i>Operating (and ESG data collection)</i> The Company pays careful attention to the control and management of the portfolio and its operating costs. The day-to-day provision of investment advice and administration of the Company is provided by the Investment Adviser and the Administrator respectively, whose roles are overseen by the Board.	<i>Managing (and Assessing climate risk)</i> As an investment company, the Company seeks to take investment risk. The Investment Adviser's permanent risk management function has a primary role alongside the Board in shaping the risk policy of the Company, in addition to responsibility for risk monitoring, measuring and managing.	<i>Financing (and ESG positive investment)</i> The Company raises capital on a highly conservative basis, with consideration given to scheduled capital repayments. The Company will seek to raise capital when it has an advanced pipeline of investment opportunities. It also makes prudent use of leverage to finance the acquisition of investments and enhance returns.

1. Twelve month period to 30 June 2022 to facilitate data inclusion in the annual report.

Investment Adviser's report

The Company's focus remains on investing in UK infrastructure debt in project companies that have the specific purpose to build, own and operate assets that benefit from public sector backed revenues.

UK infrastructure market

Infrastructure investments are typically characterised by high upfront capital costs, paid back in consideration for the provision of a service over long asset lives. Asset lives are often longer than political and economic cycles, and therefore investors favour infrastructure as an asset class as it provides services that will be required regardless of such cycles. Infrastructure investment has broad cross-party political backing to support economic, social and fiscal outcomes.

In the last year, there has been a significant increase in political and economic uncertainty driven by the war in Ukraine, the Covid-19 pandemic, high inflation, a cost-of-living crisis, and the rapid change of personnel in Government. This does not provide the stability long-term investors favour. At the same time, infrastructure has a core role in addressing these challenges.

The Covid-19 pandemic has only served to emphasise the role that social infrastructure can play in supporting local communities. Indeed, it is arguably historic underinvestment in infrastructure that has contributed to certain aspects of the current challenges. The UK is at a critical point in its infrastructure journey, with an opportunity to commence correction of its previous underinvestment and to go further and ensure investment in infrastructure that supports the UK's realigned and future priorities.

Challenges and opportunities

The table below sets out some of the challenges and associated opportunities for infrastructure investment.

Challenge	Infrastructure opportunities	Government support/intervention	Investment characteristics
Decarbonisation of the economy by 2050, with intermediary steps such as the decarbonisation of the electricity system by 2035	Further investment in established renewable sectors such as wind and solar Deployment of less-established renewables across electricity, heat generation and transport	Contract-for-difference Green Gas Support Scheme and Net Zero Hydrogen Scheme Various grant and capital support	Inflation-linked subsidy support but reliant on merchant prices long term
High energy prices and reliance on foreign suppliers into the energy system	Low-marginal cost domestic renewable generators Nuclear (including small modular reactors) Grid infrastructure such as interconnectors Energy storage Energy efficiency schemes	Price cap Carbon pricing Energy profits levy	Exposure to wholesale energy prices. Some contractual income (some inflation-linked) from capacity mechanism or grid service arrangements
Climate change adaptation: increased frequency of extreme weather events in new geographies	Flood defences and river flood mitigation measures	The Government has a large direct investment defence programme	Limited current investment opportunities, but expected to be a growth area

A growing and ageing population will place different demands on social infrastructure	Housing Healthcare and social care Transport Education Utilities	This has been a recent focus of direct government funding, with limited role for private sector investors in public procurements	Investment opportunities are typically in the private sector (e.g. private care homes, private schools). These have more corporate or property investment characteristics which are less attractive to the Company
Digitalisation drives increased need to access online services	Broadband infrastructure Data centres and associated energy systems	Capital support for rural deployment	Demand-based risks and, in certain geographies, competition for customers

Company position

The Company has a well-diversified portfolio across a wide range of renewable projects, social infrastructure (through PPP/PFI schemes), and supported living social housing. Having the explicit objective of diversifying has historically enabled the Company to respond to more challenging conditions in any one asset class (such as decreasing yields and/or more competition) by diversifying into other areas.

Over the life of the Company, the Investment Adviser has seen several sectors, in which the Company has historically been invested, mature over time. PFI, PPP, certain renewable asset classes, and supported social housing have all seen increased demand for investment, and risks become better understood and accepted by investors.

The Company's response to the current market environment is threefold:

- Continue to invest in existing sectors:
 - those sectors that do not yet suffer from increased competition and decreasing risk-adjusted yields, and where the Company and the Investment Adviser can leverage their experience of investing into the sector. The Investment Adviser sees a number of opportunities in solar, anaerobic digestion and biomass that fit these criteria.
- Diversify into new areas as these become available:
 - the Investment Adviser considers that the net zero agenda necessitates the emergence of new infrastructure asset classes in areas including heat, transport, industrial and agricultural decarbonisation and carbon capture that are likely to produce attractive opportunities over the coming years.
- Maximise the investment opportunity to optimise the portfolio:
 - the Company is invested in infrastructure projects that are likely to continue to provide essential services beyond their currently assumed economic lives: indeed, the Investment Adviser believes certain government targets will require the lives of infrastructure assets to be extended.
 - the Investment Adviser has identified a number of opportunities to further invest in to extend the lives of assets, or to enable assets to provide additional services that create supporting revenue streams.

Differentiation

The Company retains some key differentiators that means it is well positioned to take advantage of attractive risk-adjusted returns, despite infrastructure investment opportunities remaining competitive. These include:

Scale	Diversification	Track record	Debt focus
The Company can make investments that are too small for certain investors (such as commercial banks) to consider, particularly where there is an opportunity to scale an investment over time through follow-on financing to existing borrowers.	Having the explicit objective of diversifying across a range of asset classes means that the Investment Adviser can seek the most attractive risk-adjusted returns, and is not bound to invest in sectors that remain unattractive due to higher competition or asset characteristics.	The Company has been investing in new infrastructure sectors for over twelve years. The Investment Adviser has an established model to assess and evaluate opportunities in new asset classes. Moreover, this track record means the Investment Adviser has developed expertise in a number of asset classes, such as anaerobic digestion and biomass, that other investors are not likely to benefit from.	The Company's focus on debt, and flexibility across senior and subordinated positions, means that it is well placed to match the investment risk with an appropriate capital structure solution.

Key investment activity

During the year the Company made a number of investments in existing portfolio companies, as well as new sectors. A full summary of investments and repayments is shown below. In December 2021, the Company completed the long-planned restructure of its subordinated investment in a 15.8 Mwe waste wood biomass project in Northern Ireland. The Company advanced a senior loan of £52.1 million to repay the existing senior loans and refinance the Company's mezzanine loans, representing a net new investment of £23.1 million. This improved the Company's security position and cash yield from a well-performing operational project to which the Company has been exposed since 2013.

In June 2022, the Company refinanced a portion of its social housing portfolio, with a net return of capital of £45.5 million from the introduction of institutional senior debt. This reduced the Company's exposure to this sector from c.14% at the prior year end to c.11% at the year end.

Following a number of successful senior loans to finance the acquisition of portfolios of operational anaerobic digestion projects, the Company extended loans of £5.9 million to support the purchase of a portfolio of farm-based anaerobic digestion projects by representatives of the original developer. A further investment of £2.6 million was made into an existing portfolio of four anaerobic digestion projects in Lincolnshire and Norfolk to finance the acquisition of land by the borrower, which will support crop production for the projects. Furthermore, follow-on investments of £1.0 million were made as part of an existing commitment secured against new rooftop solar installations.

New investments were made into the Company's first flexible generation project through a senior loan of £2.5 million secured against a construction-stage gas peaking project in the North West of England. This forms part of a portfolio of flexible generation and storage projects being developed by the relevant borrower.

In September 2022, the Company made its first commitment to the electric vehicle sector through a senior loan to finance the purchase of a fleet of 50 electric taxis by a London-based operator.

Whilst these opportunities sit within the Company's 25% non-core projects (due to construction risk and nature of public sector support respectively), the Investment Adviser is pleased to have identified these attractive investment opportunities in sectors that further diversify the Company's portfolio.

Investment risk

The table below details the Investment Adviser's view of the changes to the risk ratings for sectors where changes have been observed in the past year.

Risk	Sector	Change in period	Description
------	--------	------------------	-------------

Market risk The risks of an investment being exposed to changes in market prices, such as electricity prices or inflation.	Renewables (all sectors)	Higher	Electricity wholesale prices have remained high, but volatile, in the year. Inflation has also been high and volatile during the year. The Company has exposure to electricity prices and inflation as part of the renewables portfolio, and inflation as part of the social housing portfolio.
Credit risks The risks of being reliant on customers and suppliers to a project to provide goods and/or services to the project and manage certain project risks as part of such arrangements.	Anaerobic digestion	Higher	Landowners have continued to incur materially higher input costs associated with the supply of feedstock to anaerobic digestion projects, in particular fertiliser. This has impacted the profitability of these entities. The Company has entered into discussions with a number of landowners regarding sharing the increased profitability from higher electricity prices.
	Renewables	Higher	A number of electricity suppliers that also act as offtakers for renewable projects have ceased trading in the year, due to the cash requirements associated with hedging higher electricity prices. The Company does not have exposure to any suppliers that have ceased operations, but continues to closely monitor PPA counterparties and hedge counterparties across its portfolio.
Operational risk The risks of being exposed to the construction and/or operations of a project, associated with the failure of people, processes and/or systems required to monetise an asset.	Renewables (all sectors)	Higher	The supply chains for spare and replacement parts have been impacted by global labour and supply chain challenges. Whilst this has not contributed to material additional downtime at portfolio projects in the year, it remains under review.
Legal/regulatory risk The risks associated with changes to laws and/or regulations. This covers UK-wide, non-specific risks, such as changes to the tax regime, and specific risks such as the change to a subsidy regime that a project relies on.	Renewables (all sectors)	Higher	In expectation of intervention in the electricity markets, at 30 September 2022, the Valuation Agent assumed that electricity prices would be capped at £150 per MWh for calendar years 2023 and 2024. Since then, the UK Government has announced the introduction of a levy on profits made by electricity generators. This is a 45% tax on revenues in excess of £75 per MWh, subject to a threshold of £10 million and applicable to generators producing in excess of 100 GWh per annum. Whilst there remains some uncertainty of the implementation of the levy, most notably how it applies to groups of companies, the Company has estimated a downside impact of c.1.5 pence per share on the 30 September 2022 NAV. It is expected that it will be offset by higher long-term electricity prices and inflation. Longer term, the UK Government has expressed the intention to look at offering contracts-for-difference to existing renewables.

Interest capitalised

During the year, £90.4 million (30 September 2021: £83.6 million) of loan interest accrued¹ on the underlying investment portfolio for the benefit of the Company. Of this, £74.5 million (30 September 2021: £75.3 million) was received in cash or capitalised in the year. The capitalisation of interest occurs for three reasons:

1. Where interest has been paid to the Company late (often as a result of moving cash through the Company and borrower corporate structures), a capitalisation automatically occurs from an accounting point of view.
2. On a scheduled basis, where a loan has been designed to contain an element of capitalisation of interest due to the nature of the underlying cash flows.

Examples include projects in construction that are not generating operational cash flows, or subordinated loans where the bulk of subordinated cash flows are towards the end of the assumed life of a project, after the repayment of senior loans.

Planning future capital investment commitments in this way forms an effective way of reinvesting repayments received from the portfolio back into other portfolio projects.

3. Loans are not performing in line with the financial model, resulting in:

- (i) lock-up of cash flows to investors who are junior to senior lenders; and
- (ii) cash generation is not sufficient to service debt.

During the year, the Investment Adviser has resolved the lock-up on two biomass projects, which are now both distributing cash in line with forecasts. Other unscheduled capitalisations relate to:

- the lock-up of distributions resulting from the ongoing audit of a portfolio of solar assets by Ofgem (see below for further information). The Investment Adviser is actively working to resolve the lock-up ahead of the resolution of the audits; and
- the re-direction of cash flows into three gas-to-grid anaerobic digestion projects in Scotland to address performance issues encountered in the period.

The table below shows a breakdown of interest capitalised during the year and amounts paid as part of final repayment or disposal proceeds:

	30 September 2022 £'000	30 September 2022 £'000	30 September 2021 £'000	30 September 2021 £'000
Loan interest received		52,079		49,282
Capitalised amounts settled as part of final repayment or disposal proceeds		9,727		-
Capitalised (planned)	15,421		14,676	
Capitalised (unscheduled)	6,979		11,390	
Loan interest capitalised	22,400		26,066	
Capitalised amounts subsequently settled as part of repayments	(13,408)	13,408	(10,270)	10,270
Adjusted loan interest capitalised¹	8,992		15,796	

Adjusted loan interest received¹	75,214	59,552
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The table below illustrates the forecast component of interest capitalised that is planned and unscheduled.

The Investment Adviser and the independent Valuation Agent review any capitalisation of interest and associated increase to borrowings to confirm that such increase in debt, and associated cost of interest, can ultimately be serviced over the life of the asset. To the extent an increase in loan balance is not serviceable, a downward revaluation is recognised, notwithstanding that such amount remains due and payable by the underlying borrower and where capitalisation has not been scheduled, it attracts default interest payable.

	30 September					
% of total interest	2022	2023	2024	2025	2026	2027
Capitalised (planned)	17%	10%	9%	7%	7%	6%
Capitalised (unscheduled)	8%	6%	1%	1%	0%	2%

1. APM - for definition and calculation methodology, refer to the APMs section below

Sector background and update

Renewables

Renewables generate renewable energy across the heat, electricity and transport sectors and benefit from long-term Government subsidies.

65%

Percentage of portfolio by value

£718.0m

Valuation of sector

Background

Renewable energy includes the sustainable production of energy in electricity and heat production and transport. To date, public sector support in the UK has focused on the decarbonisation of the electricity system. To achieve the UK's ambitions to achieve net zero emissions by 2050 and decarbonise the electricity generation system by 2035, significantly more support will be required across all of the electricity, heat production and transport sectors.

Current position

The UK Government remains committed to aggressive decarbonisation targets. However, in a recent progress report to parliament, the Climate Change committee identified that 'tangible progress is lagging the policy ambition', and that credible policies in place or planned will not be sufficient to reach the Government's targets. More policy support is therefore required.

The contract-for-difference scheme remains the key support mechanism for low-carbon generation. The UK Government has committed to run auctions annually, previously biennial. The fourth auction round completed in July 2022 and saw the largest allocation of support to the widest range of technologies that has been seen under this scheme. For the first time since the first auction round in 2014/15, support was provided to a number of solar photovoltaic and onshore wind projects. Offshore wind continues to be a significant beneficiary, competing in its own budget allocation for the first time and achieving record low strike prices of £37.35 per MWh (2012 prices). Tidal stream, remote island wind, floating offshore wind and energy-from-waste were sectors that also received support.

Other support mechanisms include the Green Gas Support Scheme and the Net Zero Hydrogen Fund, both of which the Company is reviewing alongside existing borrowers and as part of pipeline investment opportunities.

Future outlook

In response to an electricity system with a rapidly evolving generation mix and demand profile, the UK Government has announced a fundamental review of the operation of all wholesale electricity markets, as part of the 'Review of Electricity Market Arrangements ("REMA")'. This consultation has the potential to result in the introduction of some of the most material market changes since the liberalisation of energy markets in the UK in the 1990s.

Some changes under consideration include:

- separating the wholesale electricity price into 'on-demand' and 'as-available' prices, based on the short-run marginal cost (as is currently) and long-run marginal cost (applicable to intermittent renewables) respectively;
- locational pricing, either by zone (regional areas) or node (multiple points on the transmission grid) to ensure efficiency in system costs as new demand and generation are developed;
- a reform of the contract-for-difference scheme, with a number of proposals on the table for the mechanics of the strike price, negative pricing and contract tenure; and
- support for low-carbon flexibility, through the capacity mechanism or otherwise.

Certain of these changes have the potential to significantly change the revenues available to existing and new renewable generators. The Investment Adviser and Board are actively monitoring the consultation process and any outcomes. Whilst this does create medium-term uncertainty (the proposals are not expected to be implemented until the mid-2020s), it also points to some clear areas of support for sectors including low-carbon flexible generation. The Investment Adviser therefore intends to focus on those sectors that clearly support the objectives set out in REMA.

Impact

1,429 GWh

Renewable energy exported by portfolio assets¹

SDG alignment

7. Affordable and clean energy
8. Decent work and economic growth

1. Twelve month period to 30 June 2022 to facilitate data inclusion in the annual report.

Evermore waste wood biomass project

A waste wood biomass power plant located in Northern Ireland, which was refinanced during the year.

The Evermore project is a c.15.8 MWe waste wood combined heat and power station located in Lisahally, Northern Ireland. The project uses c.90,000 tonnes of waste wood per annum, sourced principally from the construction and demolition industry, to fuel a steam turbine that generates electricity and supplies heat to a virgin wood drying system. The project benefits from two ROCs per MWh of electricity generated for 20 years from its commissioning date, providing a stable, RPI-linked public sector backed revenue stream.

The Company invested in the project in 2013, committing £23.2 million to finance its construction, as part of a total financing package of c.£80 million. The project completed construction in 2015 and encountered a number of issues during commissioning and early operations. Lower than expected electricity prices and inflation impacted the project's revenues, resulting in the senior debt provider locking-up cash flows that otherwise would have serviced subordinated debt and equity investors, including the Company. Interest payable on the Company's investment was capitalised as a result. In this early period, the operational challenges were largely resolved, and the project has had a stable period of production in recent years.

In December 2021, the Company, alongside another lender, completed the refinance of the senior loans and subordinated debt, replacing them with a 'unitranche', a flexible form of financing. The Company invested £52.1 million as part of this transaction, representing a net new investment of £23.1 million. This resulted in the Company taking a senior, rather than subordinated, position, removing the associated lock-up and interest capitalisation risks. The project has paid £9.5 million in interest and principal to the Company during the year.

This transaction provides a good example of the Company's ability to optimise the financing structure of projects, particularly where it has higher levels of control (or potential for control) as a result of breaches of the financing documents, and where positive working relationships have been established with borrowers.

Sustainability indicators

Environment

128 GWh

Energy exported in 2021/22¹

Social

26

Current FTEs 30 June 2022¹

Governance

4

ISO certifications¹

Financial

£44.6m

Valuation at 30 September 2022

1. Data at 30 June 2022 to facilitate inclusion in the annual report.

Supported living

Supported living projects create long-dated cash flows supported by the UK Government through the secured pledge of centrally funded benefits.

11%

Percentage of portfolio by value

£116.2m

Valuation of sector

Background

The Company has historically targeted a subset of the social housing sector provision referred to as 'supported living' through the financing of development or conversion of existing accommodation to suit specific care needs for individuals with learning, physical or mental disabilities. The Company has provided debt finance to entities that own and develop properties, which are leased under a long-term fully repairing and insuring lease to Registered Providers ("RPs") who operate and manage the properties. The RPs receive housing benefit for individuals housed in such properties. The budget for housing benefit in this sector is funded by central Government and has historically been, and remains, highly protected and uncapped.

Current position

As has been previously reported, a number of the RPs to which the Company is exposed have historically been graded as non-compliant in respect of governance and financial viability by the Regulator of Social Housing ("RSH"). In the year under review, these RPs have focused on improving processes, people and systems in seeking to address the RSH's governance concerns. Further, the Company has consented to a number of amendments in the relationships between RPs and the Company's borrowers that seek to enhance the financial viability of the applicable RPs.

It is the Investment Adviser's view that the fundamentals of the sector, underpinned by a well-protected housing benefit budget and a care model that has demonstrated healthcare and financial benefits for the recipients, and the UK Government, remain attractive. The RSH has itself noted its desire to see higher deployment of care under a supported living model and for this to be financed by the private sector.

During the year, the Company refinanced a portion of its exposure to social housing. This is further detailed below.

Future outlook

The Company has maintained the position for some time that it does not intend to grow its exposure to the social housing sector in any new projects as a result of concerns raised by the RSH in respect of the governance and financial viability of RPs. The Investment Adviser also notes increased competition in this sector, which has put pressure on potential returns. In light of these factors, the Company will seek to replicate the refinance completed during the year on the remainder of the Company's social housing portfolio.

Impact

3,119

People housed in supported accommodation¹

SDG alignment

11. Sustainable cities and communities
9. Industry, innovation and infrastructure

1. Data at 30 June 2022 to facilitate data inclusion in the annual report.

Supported living refinance

The refinance of a social housing portfolio through the introduction of institutional senior debt.

In the year, the Company completed an £81.3 million portfolio refinance of operational supported living properties.

The refinance related to 78 operational supported living properties let by three of the Company's borrowers to Bespoke Supportive Tenancies Limited under c.30 year fully repairing and insuring ("FRI") leases. The Company made its first investment in the portfolio in December 2014. Following the refinance, the Company retains exposure to the portfolio but has moved from a senior to a subordinated position.

The refinance was funded by £36.1 million raised from the Company's subscription to a new series of subordinated loan notes and £45.2 million raised from an institutional investor. The new subordinated loan notes were used to repay an equivalent number of senior notes held by the Company. This resulted in an increase to the expected IRR of the loan, 8.8% (previously 7.4%), along with the return of £45.5 million in cash.

The refinancing was made possible due to the procurement of a novel investment grade insurance product that enhanced the credit quality for a proportion of the portfolio's cash flow. This enabled an institutional investor (with a low cost of capital) to provide competitive senior debt terms. This low cost of debt created sufficient capacity within the portfolio's cash flow to meet transaction costs, returning £45.5 million in cash to the Company, and for the Company to benefit from an increased IRR.

Post refinance, there was a c.£2.0 million positive NAV impact and the Company's exposure to supported living assets fell to 11% from 14%.

Sustainability indicators

Environment

45%

EPC rated A-C¹

Social

14

Current FTEs 30 June 2022¹

Governance

1

ESG policy implemented¹

Financial

£116.2m

Valuation at 30 September 2022

1. Data at 30 June 2022 to facilitate inclusion in the annual report.

PPP/PFI

PPPs enable the procurement of private sector infrastructure financing through access to long-term, public sector backed, availability-based payments.

24%

Percentage of portfolio by value

£253.1m

Valuation of sector

Background

Partnerships between the public and private sectors to develop, build, own and operate (or a combination thereof) infrastructure have taken a number of forms, with the best known being the PFI, which originated in the UK in the mid-1990s. Since this time, over £60.0 billion has been invested in the development of new projects across the healthcare, education, leisure, transport and other sectors under such schemes. The design and implementation of revenue support mechanisms such as PFI has been devolved to the Scottish, Welsh and Northern Irish administrations. The Company has exposure to a number of sectors within PPP/PFI including education, healthcare, waste, leisure and housing.

Current position

The UK Government announced in 2018, and restated as part of the Infrastructure Finance Review consultation published in March 2019, that it no longer wishes to utilise PFI, or variants thereof, to procure new infrastructure in England. The Welsh Government has adopted a mutual investment model ("MiM"), under which a handful of transport and health projects are being procured, and the Scottish Government is currently reviewing their own version of the MiM.

The Company does not see material new deal flow in this sector, with this being limited to a small number of discrete secondary market opportunities arising from minority owners of PPP/PFI assets seeking to monetise their investment.

Future outlook

It remains unclear whether there will be an availability-based, or other, mechanism that attracts private sector finance into the types of asset (such as schools, hospitals and community infrastructure) that PFI and its various derivatives successfully supported. The 2019 Infrastructure Finance Review consulted on possible future alternatives, including the regulated asset base ("RAB") model that has historically been used to regulate monopoly utilities, and more recently in the finance of the Thames Tideway sewer.

It was further confirmed by the UK Government that PFI/PF2 will not be re-introduced as procurement models and expressed support for the contract-for-difference and RAB models, with the potential to apply these to new sectors. A possible alternative is that the UK Government involves the private sector in the delivery of this type of infrastructure but does not require private sector finance in the provision of equity or debt capital to finance these projects.

The Investment Adviser will continue to monitor any PPP schemes (or similar structures) and the secondary markets for potential opportunities.

Impact

26,499

School places in portfolio¹

SDG alignment

- 4. Quality education
- 3. Good health and well-being

- 1. At 30 June 2022 to facilitate data inclusion in the annual report.

Aberdeen schools project

A portfolio of schools financed as part of the Scottish Government's non-profit distributing PFI scheme.

Implemented through a PPP using the Scottish Government's non-profit distributing PFI scheme, the Aberdeen Schools PFI project was a major part of Aberdeen City Council's 2007 regeneration plan of their school estate. With a capital value of c.£120 million, the project comprised the design, construction and facilities management services of two new build secondary schools, seven new build primary schools and the refurbishment and extension of one primary school. Reaching financial close in December 2007 with the first schools opening in 2009 and the last in 2011, the project provides educational facilities for over 4,300 pupils on behalf of Aberdeen City Council.

Following the global financial crisis in 2008, the project experienced a number of initial difficulties with all key counterparties going into liquidation during the first four years of operation. The project was refinanced in 2009 via a consortium of three senior lenders, together with Robertson FM who stepped into the facilities management contract, agreeing to take on the latent defect liabilities as part of its contract.

Since 2009, the project has operated extremely well, recording historically low deductions under the contract, whilst maintaining the schools to a high standard and deferring lifecycle spend. Most recently during the Covid-19 pandemic, the project remained fully operational and in compliance with Scottish Government guidance.

The project was contracted under the Scottish Non-Profit Distributing Organisation ("NPDO") model which deploys a wholly debt capital structure (senior debt and fixed coupon subordinated debt). All profits beyond the amounts payable to the debt providers are distributed to a nominated charity, with Voluntary Service Aberdeen and Sport Aberdeen chosen by the Council. Aberdeen Schools PFI was the third project to reach financial close under the NPDO model, however due to the refinance and initial difficulties that the project faced historically, the first charitable donations were distributed in 2019 with £2.6 million distributed to date and a further £49.0 million forecast to be distributed by the end of the project in 2039.

Sustainability indicators

Environment

B

EPC rating¹

Social

147

Current FTEs 30 June 2022¹

Governance

4

ISO certifications¹

Financial

£14.8m

Valuation at 30 September 2022

- 1. Data at 30 June 2022 to facilitate inclusion in the annual report.

Investment portfolio

The Company is exposed to a portfolio of 48 investments with a weighted average annualised yield¹ of 7.9% and average life of ten years.

Portfolio performance

The portfolio has generally performed well during the year. Notable successes include the completion of the refinance of a waste wood biomass project in Northern Ireland (refer above), high levels of cash generation across the renewables portfolio supported by the high electricity market prices, and the disposal of the Company's interest in an offshore wind farm at a 12% premium to the investment's holding fair value at the prior year end. This supports the Company's assessment of its conservative approach to the valuation of the renewables portfolio relative to the renewables peer group. The refinance of a portfolio of the Company's supported living exposure released c. £45.2 million of capital to the Company and increased the yield on the resulting subordinated exposure.

From an operational perspective, the investment portfolio is materially performing in line with expectations.

At 30 September 2022, c.1% (30 September 2021: c.1%) of the investment portfolio was exposed to assets at the construction stage. There has been a material reduction in risk of the underlying portfolio of investments as this number has fallen over the last four years.

The Company has ongoing challenges at a portfolio of gas-to-grid anaerobic digestion projects in Scotland, which suffered downtime as a result of storm damage during the year. The Company has completed a programme of upgrade works and anticipates remaining performance issues will be resolved in the first quarter of 2023.

The Company continues to be exposed to the outcome of ongoing audits by Ofgem relating to the accreditation and ongoing compliance of nine ground-mounted commercial solar projects accredited under the renewables obligation.

During the year, ROCs were revoked by Ofgem on one of the nine projects that was under audit, meaning that two projects in the portfolio have now had ROCs revoked. The Company has made a claim in connection with its rights under the original investment documentation in respect of the losses it has incurred as a result of such revocation. The aggregate provisions in connection to the circumstances relating to the audits total £4.6 million, of which £1.1 million has been recognised during the year. The Company remains confident that it will be able to either solely or cumulatively: (i) address Ofgem's queries to prevent or mitigate negative impact on a further eight assets that remain under audit; (ii) successfully challenge any adverse decision by Ofgem on other assets under audit; or (iii) recover losses it incurs from third parties in relation to a breach of investment documentation across all affected assets.

Portfolio by sector type

PPP/PFI 24%:

Healthcare	8%
Education	6%
Waste (PPP/PFI)	4%
Leisure	2%
Housing (PPP)	2%
Energy efficiency	1%
Justice	1%

Renewables 65%:

Wind (onshore)	20%
Biomass	12%
Solar (commercial)	12%
Solar (rooftop)	9%
Anaerobic digestion	9%
Hydro	2%
Geothermal	1%

SH 11%:

Supported living	11%
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Portfolio by income type**PPP/PFI 24%:**

Unitary charge	19%
Gate fee (contracted)	2%
Electricity (fixed/floor)	1%
Lease income	1%
ROC	1%

Renewables 65%:

ROC	24%
Electricity (merchant)	19%
FIT	14%
RHI	4%
Electricity (fixed/floor)	3%
Gas (merchant)	1%

SH 11%:

Lease income	11%
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Portfolio by annualised yield¹

>10%	10%
8-10%	27%
<8%	63%

Portfolio by average life (years)

>20	12%
10-20	18%
<10	70%

Portfolio by investment type

Subordinated	49%
Senior	40%
Equity	11%

1. APM - for definition and calculation methodology, refer to the APMs section below.

Portfolio summary**Top ten investments****Key**

- 1 Project type
- 2 % of total portfolio
- 3 Cash flow type

1 | Cardale PFI Investments¹

- 1 PPP/PFI
- 2 11.7%
- 3 Unitary charge

2 | Gravis Asset Holdings I

- 1 Onshore wind
- 2 6.5%
- 3 ROC/PPA

3 | Gravis Solar 1

- 1 Commercial solar
- 2 6.4%
- 3 ROC/PPA/FIT

4 | Gravis Asset Holdings H

- 1 Onshore wind
- 2 5.1%
- 3 ROC/PPA

5 | GCP Bridge Holdings²

- 1 Various
- 2 5.0%
- 3 ROC/FIT/Lease/PPA

6 | GCP Biomass 2

- 1 Biomass
- 2 4.2%
- 3 ROC/PPA

7 | GCP Programme Funding S8

- 1 Biomass
- 2 4.1%
- 3 ROC/PPA

8 | GCP Programme Funding S3

- 1 Anaerobic digestion
- 2 4.0%
- 3 ROC/RHI

9 | GCP Green Energy 1

- 1 Commercial solar/Onshore wind
- 2 3.6%
- 3 ROC/PPA

10 | GCP Rooftop Solar Finance

- 1 Rooftop solar
- 2 3.4%
- 3 FiT

Top ten revenue counterparties	% of total portfolio	Top ten project service providers	% of total portfolio
Viridian Energy Supply Limited	11.4%	Vestas Celtic Wind Technology Limited	15.0%
Ecotricity Limited	8.4%	PSH Operations Limited	10.0%
Power Ni Energy Limited	6.9%	A Shade Greener Maintenance Limited	8.4%
Statkraft Markets GmbH	6.7%	Burmeister and Wain Scandinavian Contractor AS	8.0%
Office of Gas and Electricity Markets	5.4%	Solar Maintenance Services Limited	6.6%
Smartestenergy Limited	5.1%	Engie FM Limited	5.3%
Npower Limited	4.2%	Atlantic Biogas Ltd	4.0%
Neas Energy Ltd	4.0%	Urbaser Limited	3.5%
Ceres Energy Ltd	4.0%	Robertson Facilities Management Limited	2.9%
Good Energy Limited	4.0%	Agrikomp Limited	2.8%

- 1. The Cardale loan is secured on a cross-collateralised basis against 18 individual operational PFI projects.
- 2. GCP Bridge Holdings is secured against a portfolio of six infrastructure investments in the renewable energy and PPP/PFI sectors.

Portfolio overview

In the reporting year, the valuation of the portfolio has remained static with a total value of £1.1 billion. The portfolio generated net valuation gains of £82.6 million, predominantly attributable to revaluations in respect of high near-term electricity futures prices.

INVESTMENTS AND REPAYMENTS (£m)

Investments and repayments	£m
New investments	99.2
Further advances	28.2
Scheduled repayments	(46.2)
Unscheduled repayments	(173.0)
Net investment/(repayment)	91.8

Sector analysis

Investments (£m)		Repayments (£m)
13.7	Anaerobic digestion	(3.3)
55.6	Biomass	(50.3)
-	Hydro	-
0.2	Offshore wind	(58.8)
0.2	Onshore wind	(11.0)
0.2	Commercial solar	(1.8)
1.3	Rooftop solar	(2.3)
10.4	PPP/PFI	(10.4)
39.9	Supported living	(81.3)
0.8	Geothermal	-
2.5	Flexible generation	-
2.6	Electric vehicles	-

Investments and repayments post period end	£m
New investments	-
Further advances	12.6
Scheduled repayments	(1.5)
Unscheduled repayments	-
Net investment/(repayment)	11.1

Sector analysis post period end

Investments (£m)		Repayments (£m)
0.7	Anaerobic digestion	-
1.5	Biomass	-
-	Hydro	-
-	Offshore wind	-
0.3	Onshore wind	-
-	Commercial solar	-
-	Rooftop solar	(1.2)
8.5	PPP/PFI	(0.3)
0.4	Supported living	-
-	Geothermal	-
1.2	Flexible generation	-
-	Electric vehicles	-

Capital structure

As part of its investment portfolio, the Company has targeted investments across a number of asset classes and within different elements of the capital structure: senior, subordinated or equity.

Discount rates

The Valuation Agent carries out a fair market valuation of the Company's investments on behalf of the Board on a quarterly basis. The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. A fair value of each asset acquired by the Company is calculated by applying an appropriate discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each asset. Further information is included in note 19.3 to the financial statements.

The weighted average discount rate used across the Company's investment portfolio at 30 September 2022 was 7.47%, compared to 7.32% at 30 September 2021. Increases to discount rates were applied by the Valuation Agent at the year end, as a result of the changes in gilt and wider credit markets, and with reference to market transactions.

The valuation of investments is sensitive to changes in discount rates and sensitivity analysis detailing this is presented in note 19.3 to the financial statements.

Portfolio performance update

Performance updates

The specific factors that have impacted the valuation in the reporting year are summarised in the table below.

Valuation performance attribution

Driver	Description	Impact (£m)	Impact (pps)
Power price movements ¹	Significant upward movement in short and long-term power prices	80.8	9.15
Inflation	Higher inflation driven by the updated OBR medium-term inflation forecast ² versus previous forecasts	26.6	3.01
PPA prices/terms	Fixing power prices on an underlying power purchase agreement and updated terms	1.0	0.11
Other upward movements	Other upward movements across the portfolio	1.6	0.18
Total upward valuation movements		110.0	12.45
Actuals performance	Impact of renewables capture prices achieved by the portfolio being below futures forecast price levels	(13.0)	(1.47)
Discount rates	Increase in discount rates across the portfolio	(16.3)	(1.85)
Taxation	Impact of the latest tax computations for the underlying portfolio	(1.3)	(0.15)
Solar audits	Adjustments relating to the ongoing Ofgem audits	(2.3)	(0.26)
Other downward movements	Other downward movements	(3.7)	(0.42)
Total downward valuation movements		(36.6)	(4.15)
Interest receipts	Net valuation movements attributable to the timing of debt service payments between periods	3.7	0.42
Net realised gains	Net realised gains on investment disposals	5.5	0.62
Total other valuation movements		9.2	1.04
Total net valuation movements before hedging		82.6	9.34
Commodity swap ³ - unrealised	Derivative financial instrument entered into for the purpose of hedging electricity price movements	17.0	1.92
Commodity swap ³ - realised		(16.6)	(1.88)
Total net valuation movements after hedging		83.0	9.38

1. Refer to commodity swap below.

2. In line with the Company's conservative approach, the Valuation Agent has not applied the March 2022 OBR increase to real-term electricity prices in forecasting nominal cash flows, in recognition of the contributing effect electricity prices have had on inflation forecasts. The electricity price forecasts used by the Company at 30 September 2022 incorporate the (lower) October 2021 OBR forecasts.

3. The derivative financial instrument is utilised to mitigate volatility in electricity price movements as detailed above, refer to note 18 for further details.

Pipeline of investment opportunities

The Company has an active pipeline of c.£473.0 million of investment opportunities under consideration. This is summarised in the table below.

Sector	Description	Amount (£m)	Indicative return	Stage
New opportunities				
Anaerobic digestion	Waste-to-energy anaerobic digestion plant seeking senior loans to refinance existing construction financing debt, benefitting from co-located related-party offtaker	8	7.5%	Termsheet
Battery storage and flexible generation	Funding the construction of a portfolio of batteries and gas peaking plants to provide grid balancing services	75	7.5%	Due diligence
Battery storage	Financing the construction of a portfolio of c.400MW of batteries in the UK	200	8.0%	Termsheet
Wind and solar	Acquisition financing to support a third party's bid for a renewable energy portfolio	40	7.0%	Termsheet
Solar	Rollout of co-located solar carports and vehicle chargers with local authority counterparties	10	7.5%	Due diligence
Transport	Financing for the purchase of hybrid electric London black cabs by a fleet operator	30	7.5%	Due diligence
Pulping and thermoforming	Financing the aggregation of a farming and processing platform to produce an alternative plant-based packaging material that is an alternative to single-use plastics	25	8.0%	Termsheet
Total		388		
Portfolio follow-on opportunities				
Solar	Extension to existing site leases and development of over 25MW of additional panels on adjacent land	15	6.0%	Development
Social housing	Refinance of a portfolio of social housing loans	35	8.8%	Pre-termsheet
Geothermal	Opportunity to finance the drilling of a second well at the Eden geothermal project, subject to testing results	15	TBC	Pre-termsheet
Hydrogen co-location	Partnership with cement business at Northern Irish wind farm to produce green hydrogen	20	TBC	Development
Total		85		
Grand Total		473		

Portfolio sensitivities

This section details the sensitivity of the value of the investment portfolio to a number of the risk factors to which it is exposed. A summary of the overall investment portfolio risks, and the Investment Adviser's view of the changes in risk, can be found above. Sensitivity analysis to changes in discount rates on the valuation of financial assets is presented in note 19.3 to the financial statements.

Renewables valuations

As part of the Company's half-yearly report and financial statements, the Investment Adviser presented the valuation sensitivity of the Company's renewables portfolio, recognising an increasingly divergent view in a number of valuation assumptions that is observed within the Company's renewable energy peer group. The sensitivity analysis previously reported has been updated at the year end and is presented in the table below.

Assumption	Company approach	Sensitivity	Estimated NAV impact (pence per share)
Electricity price forecast		£150 per MWh price cap and Afry Q3 2022	2.52
	Cap of £150 per MWh in 2023/24. Futures (three years) and Afry four quarter average long term	£150 per MWh price cap and Aurora Q3 2022	1.16
		Energy profits levy applied to 30 September 2022 valuation	(1.50)
Capture prices (wind, solar)	Asset specific curve applied to each project	No capture prices	3.57
Asset life	Lesser of planning, lease, technical life (20 - 25 years)	Asset life of 40 years (solar) and 30 years (wind)	3.03
Indexation¹	OBR short term, 2.5% RPI and 2.0% CPI long term	0.5% increase to inflation forecasts	1.40

Inflation

Half of the Company's investments, c.50% by portfolio value, have some form of inflation protection. This is structured as a direct link between the return and realised inflation (relevant to the supported living assets and certain renewables) and a principal indexation mechanism which increases the principal value of the Company's loans outstanding by a share of realised inflation over a pre-determined strike level (typically 2.75% to 3.00%).

The table below summarises the change in interest accruals and potential NAV impact that would be associated with a movement in inflation. The Valuation Agent has not reflected the most recent short-term OBR forecast in electricity price inflation assumptions. This aligns with the Company's conservative approach and avoids compounding the current combination of high short-term electricity prices and inflation.

Sensitivity applied to base case

inflation forecast assumption	(2.0%)	(1.5%)	(1.0%)	(0.5%)	0%	0.5%	1.0%	1.5%	2.0%
NAV impact (pence per share)	(10.30)	(8.02)	(5.56)	(2.89)	-	3.14	6.84	10.86	15.24

1. The Valuation Agent has not reflected the most recent short-term OBR forecast in electricity price inflation assumptions. This aligns with the Company's conservative approach and avoids compounding the current combination of high short-term electricity prices and inflation.

Electricity prices

A number of the Company's investments rely on market electricity prices for a proportion of their revenues. Changes in electricity prices may therefore impact a borrower's ability to service debt or, in cases where the Company has taken enforcement action and/or has direct exposure through its investment structure, impact overall returns.

During the year, the Company adapted its approach to electricity price forecasts as a result of the UK Government's intention to introduce a price cap on revenues received by electricity generators. At 30 September 2022, the Company has assumed the price for calendar years 2023 and 2024 is capped at £150 per MWh, and in the period from 1 January 2025 to 30 September 2025 the forward curve has been discounted by 25%. Thereafter, the Company's approach of using the quoted futures prices for the three year period immediately after a valuation date, and the Afry average thereafter, has not changed year on year. Since then, the UK Government has announced the introduction of a levy on excess profits generated by electricity generators, equal to 45% of any excess revenues over £75 per MWh, subject to a minimum of £10 million and applicable to generators producing over 100 GWh per annum. The Investment Adviser has estimated the downside impact of the levy to be c.1.50 pence per share on the NAV at 30 September 2022. It is expected that the impact will be offset by higher long-term electricity prices and inflation.

The table below shows the forecast impact on the portfolio of a given percentage change in electricity prices over the full life of the forecast period, the impact on hedging arrangements, and the subsequent net impact on a pence per share basis. Further information on the Company's hedging arrangements are detailed below and in note 18 to the financial statements.

Sensitivity applied to base case electricity price forecast assumption	(10%)	(5%)	0%	5%	10%
Portfolio sensitivity (pence per share)	(4.24)	(2.20)	-	1.25	2.49
Hedge sensitivity (pence per share)	0.13	0.06	-	(0.06)	(0.13)
Net sensitivity (pence per share)	(4.11)	(2.14)	-	1.19	2.36

Hedging

As further detailed in note 18 to the financial statements, the Company entered into a financial derivative arrangement to hedge a portion of its financial exposure to electricity prices during the year. The Company will continue to lock-in attractive electricity prices through fixing prices under power purchase agreements at an asset level and mitigating volatility through entering into hedging arrangements at Company level.

The Investment Adviser and Board will continue to review the hedging strategy on an ongoing basis with the objective of mitigating excessive NAV volatility and managing risks relating to hedging, including credit and cash flow impacts, and any required responses to the implementation of any price cap.

Financial review

The Company made investments of £127.4 million during the year. Dividends of 7.0 pence per share were paid and

the Company's total shareholder return¹ for the year was 3.8%.

Financial performance

It has been a favourable financial year for the Company, with material revaluations of investments positively impacting profitability. The Company has benefitted from positive revaluations associated with higher electricity prices. However, the past twelve months has seen a period of significant economic volatility. This backdrop has led to increases to discount rates as a result of the changes in gilt and wider credit markets. Refer above for analysis of valuation movements.

Total income generated by the Company was £157.5 million (30 September 2021: £76.9 million), comprising loan interest of £74.5 million, net unrealised valuation gains on investments of £77.1 million and net realised gains on investment disposal of £5.5 million (30 September 2021: loan interest of £75.3 million, net unrealised valuation gains on investments of £22.0 million and net realised gains on investment disposal of £nil). Refer to note 3 for further information.

The net unrealised gains were predominantly attributable to revisions to electricity price and inflation forecasts, partially offset by discount rate increases applied by the Valuation Agent. The realised gains were predominantly attributable to the disposal of the loan advanced to the Race Bank project. The Race Bank loan was sold for a total consideration representing a c.12% premium to the holding fair value at 30 September 2021.

The Company entered into a new hedge arrangement during the year to reduce its exposure to the volatility of electricity prices. Net gains on derivative financial instruments at the year end were £0.4 million, refer to note 3.

Total income was offset by operating costs for the year of £12.5 million (30 September 2021: £10.7 million) which include the Investment Adviser's fees, the Administrator's fees, the Directors' fees and other third party service provider costs. These, and other, operating costs have remained broadly in line with previous years, with the exception of increased professional fees associated with ongoing audits being carried out by Ofgem (refer above for further detail) and costs in relation to an aborted transaction in the year.

The Company remains modestly geared at the year end, with £99.0 million drawn on its revolving credit facility, representing a loan to value¹ of 10%. Finance costs have increased year on year due to increases in SONIA throughout the year, with £4.7 million incurred (30 September 2021: £3.9 million).

Total profit and comprehensive income has increased from £62.4 million in the prior year to £140.3 million, as previously noted, this was predominantly attributable to revaluations in respect of high near-term electricity futures prices in the year.

1. APM - for definition and calculation methodology, refer to the APMs section below.

Ongoing charges

The Company's ongoing charges ratio¹, calculated in accordance with the AIC methodology, was 1.1% for the year ended 30 September 2022 (30 September 2021: 1.1%).

Revolving credit facility

During the year, the Company increased the total commitments of its existing credit arrangements from £165.0 million to £190.0 million across five lenders (four existing and one new): RBSI, AIB Group (UK) plc, Lloyds Group plc, Clydesdale Bank plc and Mizuho Bank as the new lender. At year end, £99.0 million was drawn and the terms in place are summarised below:

Facility	Size	Margin	Expiry
Revolving tranche	£190.0m	SONIA +2.0%	March 2024

Further details are disclosed in note 15 to the financial statements.

Net assets

The net assets of the Company have increased from £916.8 million at 30 September 2021 to £998.1 million at 30 September 2022. The Company's NAV per share has increased from 103.92 pence at the prior year end to 112.80 pence at 30 September 2022, an increase of 8.5%.

Cash generation

The Company received debt service payments of £206.2 million (30 September 2021: £100.7 million) during the year, comprising £52.1 million of cash interest payments and £154.1 million of loan principal repayments (30 September 2021: £49.3 million and £51.4 million). The Company paid cash dividends of £59.1 million during the year (30 September 2021: £60.3 million). The Company aims to manage its cash position effectively by minimising cash balances, while maintaining the financial flexibility to pursue a pipeline of investment opportunities. This is achieved through active monitoring of cash held, income generated from the portfolio and efficient use of the Company's revolving credit facility.

Hedging

The Company entered into a new arrangement to hedge its financial exposure to electricity prices during the year. The Investment Adviser recommended hedging c.75% of the Company's exposure to the UK electricity market for winter 2022/23 at a fixed price of £434 per MWh. The mark-to-market of the hedge at 30 September 2022 was a liability of £3.9 million. Further detail on the Company's electricity price exposure and hedging strategy can be found above and in note 18.

Share price performance

The Company's total shareholder return¹ was 3.8% for the year (30 September 2021: -7.9%) and 109.9% since IPO in 2010. During the year, the Company's shares have generally traded at a discount¹ to NAV, with an average of 0.7% for the year and a discount¹ of 13.3% at the year end. The shares have traded at an average premium¹ of 8.8% since IPO. The share price at 30 September 2022 was 97.80 pence per share (30 September 2021: 100.40 pence), being the last trading day of the financial year.

Further details on share movements are disclosed in note 16 to the financial statements.

Dividends

The Company aims to provide shareholders with regular, sustained, long-term dividends. For the year ended 30 September 2022, the Company paid a dividend of 7.0 pence per ordinary share (30 September 2021: 7.0 pence).

The Board and Investment Adviser do not believe there have been any material changes in the Company's ability to service sustained, long-term dividends since the assessment carried out in early 2021 that established a dividend target² of 7.0 pence per share for this financial year. As such, the Company has set a target² at the same level, 7.0 pence per ordinary share, for the forthcoming financial year. The Company maintains an attractive pipeline of investment opportunities that will generate returns in excess of the reinvestment rate assumed during the 2021 exercise, further supporting the sustainability of the target² in the medium term.

1. APM - for definition and calculation methodology, refer to the APMs section below.

2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

Dividend cover

In determining the dividend target¹ for the forthcoming financial year, the Board and Investment Adviser reviewed the sustainability of the dividend level against a number of metrics, most notably the alternative performance measure based on interest income accruing to the benefit of the Company from the underlying investment portfolio; loan

interest accrued².

The Board recognises there are a number of methods of assessing dividend coverage. The Board and the Investment Adviser consider this metric to be a key measure in relation to the ongoing assessment of dividend coverage alongside earnings cover² calculated under IFRS. The loan interest accrued² metric adjusts for the impact of pull-to-par, which is a feature of recognising earnings from the investment portfolio presented under IFRS.

	Notes	30 September 2022		30 September 2021	
		£'000	pps	£'000	pps
Earnings cover					
Total profit and comprehensive income		140,319	15.88	62,356	7.08
Dividends paid in the year (including dividends settled in shares)	9	61,826	7.00	62,957	7.15 ³
Earnings cover² (times covered)		-	2.27	-	0.99

	Notes	30 September 2022		30 September 2021	
		£'000	pps	£'000	pps
Adjusted earnings cover					
Loan interest accrued ²		90,360	10.23	83,623	9.50
Other income	3	60	0.01	449	0.05
Total expenses	5, 20	(12,450)	(1.41)	(10,684)	(1.21)
Finance costs	6	(4,716)	(0.53)	(3,882)	(0.44)
Adjusted net earnings		73,254	8.30	69,506	7.90
Dividends paid in the year (including dividends settled in shares)	9	61,826	7.00	62,957	7.15 ³
Adjusted earnings cover² (times covered)		-	1.19	-	1.11

	Notes	30 September 2022		30 September 2021	
		£'000	pps	£'000	pps
Cash earnings cover ⁴					
Adjusted loan interest received ²		75,214	8.52	59,552	6.76
Total expenses paid ²		(12,093)	(1.37)	(10,806)	(1.23)
Finance costs paid		(3,985)	(0.45)	(3,568)	(0.41)
Total net cash received ²		59,136	6.70	45,178	5.12
Dividends paid in the year (including dividends settled in shares)	9	61,826	7.00	62,957	7.15 ³
Cash earnings cover² (times covered)		-	0.96	-	0.72

	Notes	30 September 2022	30 September 2021
		Shares	Shares
Weighted average number of shares	10	883,394,897	880,705,368

Further analysis on dividends is shown in note 9 to the financial statements.

1. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.
2. APM - for definition and calculation methodology, refer to the APMs section below.
3. Includes 2020 fourth interim dividend of 1.9 pence per share paid in the 2021 financial year.
4. The calculation of cash earnings cover has been updated this year to include adjusted loan interest received² and exclude repayments of financial assets.

Sustainability

The Company's portfolio makes a positive impact, through contributing towards the generation of renewable energy and financing infrastructure that has clear benefits to end users within society.

Introduction

Company impact

Infrastructure, by definition, has a core social purpose. With long-term investments in renewables, assets such as schools and hospitals in the PFI portfolio and social housing focused on the provision of accommodation for vulnerable adults, the Company's portfolio makes a positive impact, through contributing towards the generation of renewable energy and in providing the financing of infrastructure that has clear benefits to end users within society.

The Company's philosophy remains, as it has always been, focused on the long-term sustainability of the portfolio. The Board and the Investment Adviser have continually sought to improve how ESG criteria are embedded, integrated, monitored and measured and will continue to do so going forward.

Data collection project

This year, the Investment Adviser carried out an extensive project to develop, quantify and finalise material ESG metrics from the underlying portfolio for the twelve month period to 30 June 2022¹. The Investment Adviser chose to carry out the data collection in-house rather than outsource, as leveraging its detailed knowledge of the portfolio and existing relationships with the borrowers offered the most efficient approach and provided best value for shareholders.

The project required a significant time investment and was successfully completed over a six month period. The process involved the Investment Adviser's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. This is the first year of collection and reporting and the initial data will be used to identify and set baseline metrics for future ESG reporting by the Company. The initial data points considered material are detailed in the table below. When considering materiality, the Company was advised by its external consultant using framework guidance provided by SASB, GRESB and the UN SDGs. The scope of data collection will be kept under review.

The Company appointed MJ Hudson as its external consultant, to advise on the project. MJ Hudson is a global institution with over 15 years of experience in the sustainability sector, assisting companies with their ESG implementation and transition plans. They advised on the ESG data collection approach based on industry frameworks. They also conducted an independent review of the data for any significant inconsistencies. Furthermore, they assisted the Company with creating an ESG dashboard to report on performance against relevant themes and KPIs across the portfolio.

The Investment Adviser will continue to liaise with asset operators to improve and refine the availability of future ESG data which will be collected and reported on an annual basis. It will also consider obtaining independent assurance over the data, which may include a GRESB assessment for particular assets; refer below. This was the first year such a detailed ESG-focused data collection exercise has been undertaken and there were several challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control c.90% of assets in the portfolio. For future investments, the Investment Adviser intends to include additional data clauses in any loan documentation to more easily facilitate the collection of ESG data.

The Board and the Investment Adviser are fully committed to improving the Company's data capture and disclosure in the drive for more consistent reporting across the industry.

ESG area	Data points	Portfolio coverage ²
Environmental	Air pollutants emitted, water consumption, waste generated/disposed, energy conservation strategies and net habitat gain or loss.	61%

Social	Total FTEs, hours worked, satisfaction surveys, absenteeism rates, H&S metrics, community benefit fund contribution and key engagement initiatives with local community/stakeholders.	70%
Governance	Gender diversity, Board reporting, ISO alignment/certification, green building certificates, governance and regulatory policies in place and audited accounts.	86%
Carbon footprint	Fuel combusted, imported energy use, water, waste, biogenic emissions, mitigated emissions (landfill), renewable energy and biogas exported, buildings' EPC ratings and energy efficiency plans.	56%
Impact	People housed, school places, hospital beds and renewable energy and biogas exported.	96%

1. Period chosen to facilitate data inclusion in the Company's annual report.
2. Percentage of data entries for applicable KPIs per ESG area weighted by portfolio value.

Environmental

1,429 GWh

Renewable energy exported by portfolio assets¹

438,000

Equivalent homes powered by portfolio assets¹

48%

Portfolio assets reporting energy conservation plans²

Portfolio impact

The Company has strong environmental credentials with 65% of its portfolio invested in renewable energy projects. The Company's investments in renewable assets provide alternative energy sources to fossil fuels. Additionally, biomass and anaerobic digestion projects within the portfolio recycle many types of waste to produce sustainable fertilisers.

The Company has a further 11% of its portfolio invested in supported living and 24% in PPP/PFI. The carbon impact of infrastructure contributes a significant proportion of the UK's national emissions from a construction, operation and maintenance perspective. In many cases, the UK's existing infrastructure was not originally designed and constructed with global warming in mind. The Company, alongside the Investment Adviser, encourages and, in some cases, directs investments in the decarbonisation of existing buildings including energy efficient retrofit programmes.

As an example of the potential climate-related opportunities under consideration, the Investment Adviser is currently exploring the addition of hydrogen production to optimise an existing wind farm within the portfolio. A feasibility study has been undertaken in partnership with a cement manufacturer located close to the wind farm. This presents the potential to generate additional revenue and a potential life extension for the wind farm, and also to help decarbonise an intensive manufacturing process.

GRESB

GRESB is an independent organisation providing validated ESG performance data. The Investment Adviser has commenced a GRESB assessment process with the assistance of an independent consultant on one of the Company's onshore wind farms. This is a detailed and time intensive assessment which will provide a transparent and independent benchmark. It is intended that any lessons learned and best practice can be applied to the rest of the portfolio, where applicable. It is anticipated that this process will complete by the end of 2023.

Climate risk assessment

During the year, the Investment Adviser carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. The data collated was based upon publicly available data on flood risk and EPC ratings, supplemented by inputs from the Investment Adviser's portfolio management team and its investment management team. Further information is given below.

Green economy

The Company was recognised in 2020 by the London Stock Exchange and awarded the Green Economy Mark. This classification was created to highlight companies that are driving the global green economy.

1. Twelve month period to 30 June 2022.
2. At 30 June 2022.

Social

£2.8m

Contribution of renewables portfolio to CBFs since IPO

3,119

People housed in supported accommodation¹

£166.7m

Investment in supported living projects since IPO

Portfolio impact

The Company and the Investment Adviser's approach to responsible investment is integrated within its investment decisions and ongoing portfolio management. Investing in renewables, PPP/PFI and social housing projects indirectly creates job opportunities in supply chains to the benefit of local communities across the UK. These projects require contractors and specialist staff during the labour-intensive construction and/or installation phase, as well as in operations, maintenance and decommissioning where applicable. Every project supports jobs in local communities.

Renewables

Renewables projects not only have a positive impact on the environment but also have wider benefits for society, improving local communities through Community Benefit Funds ("CBFs"), where these are implemented. A CBF is a voluntary commitment by a developer to provide funds which are then made available to community projects. By way of example, the accepted standard commitment for a wind farm is £5,000 per MW. These funds can be used to finance any initiative a community deems appropriate and necessary for their local area, including community-owned renewable energy projects, recreational facilities or equipment for local schools. Benefits under the protocol are negotiated directly with host communities and tailored to their needs to ensure a positive lasting legacy is achieved.

One such scheme the Company contributed to this year is the Eden Geothermal Community Fund, which is supporting community projects in the vicinity of the Eden Project in Cornwall, where the Company is financing the development of a deep geothermal heat project that, once complete, will supply renewable heat and electricity to the Eden Project.

The projects financed through the Eden Geothermal Community Fund include improvements to local recreational facilities, developing and resourcing outdoor learning environments, wildlife habitats to improve biodiversity and a sensory garden in schools. They also include building welfare facilities in a forest learning setting for young people, running a mobile community larder and supporting a community seed library.

Supported living

The Company's investments in supported living have helped fund many properties across the UK. The properties are a mixture of specially adapted residential stock and new purpose-built properties offering high-quality accommodation for people with disabilities. This is an excellent example of effective partnerships with service providers to create quality supported living services. The Investment Adviser pays particular focus on operating to the highest ethical standards in this area due to the vulnerability of some stakeholders.

PPP/PFI

The Company's activities impact many thousands of people across the UK through its investments in assets in the PPP/PFI sector. These assets are integral to UK society and provide long-term partnerships with the public sector.

The Company has exposure to a number of sub-sectors within PPP/PFI, including education, healthcare, waste, leisure and housing. Projects financed include 49 schools offering c.26,000 school places and 41 healthcare facilities providing beds to c.2,000 patients.

1. At 30 June 2022.

Governance

45%

Gender diversity of SPV company boards¹

34%

Portfolio assets visited in the year by value²

82%

SPVs with governance policies^{1,3}

Portfolio governance

Governance at the Company level is clearly managed and articulated and is essential in achieving the investment strategy, managing risks and creating a positive environmental and societal impact. The Investment Adviser engages with the underlying assets' boards in order to improve and enhance the governance at the portfolio level. The investment documentation issued by the Company includes standard provisions to ensure effective governance within investee companies and the compliance of those companies with applicable environmental, health and safety, anti-money laundering, know your customer and employment requirements.

The directors and employees of the Investment Adviser sit on the boards of, and control, the SPVs through which the Company invests. The Company has delegated the day-to-day operations of these SPVs to the Investment Adviser through the Investment Advisory Agreement. Governance at SPV level was a particular focus for the year; the Investment Adviser specifically focused on the gender composition of the boards of the SPVs and a number of female directors were appointed with the previous directors resigning their appointment. Composition of these boards are now more gender balanced with 45% of SPV directors being female, increasing from 25% in the prior year.

The governance approach at SPV level has also been reviewed and updated with new ESG policies and procedures being introduced, including environmental, diversity, anti-bribery, and modern slavery where appropriate.

The Board and the Investment Adviser value relationships with borrowers, ensuring time is spent building and maintaining these relationships. Engagement is in the form of regular interaction with the borrowers by the portfolio management teams, including periodic site visits to the underlying assets and their managers. Site visits are an important aspect of the portfolio management role and can facilitate both technical and commercial benefits. They allow the Investment Adviser to assess the performance of both asset and contractor and investigate any important project issues.

Furthermore, site visits give the Investment Adviser an opportunity to understand the operations and relationships important to each project and its long-term success. In particular, where the Company is exposed to RPs that have been graded as non-compliant in respect of governance, the Investment Adviser has been working with the RPs to improve processes, people and systems in seeking to address the RSH's governance concerns.

In the financial year, 28 site visits were conducted, representing 34% of the portfolio by value, including visits to the Evermore waste wood biomass project (refer above), Aberdeen schools project (refer above) and renewables and PPP/PFI assets in various UK locations.

1. At 30 June 2022.
2. Year to 30 September 2022.
3. SPV's with at least one of the following policies: anti bribery, ESG, diversity and whistle-blowing.

Corporate ESG initiatives

The Board maintains and monitors a positive dialogue with its key service providers in regard to social and environmental areas. All key service providers, including the Investment Adviser and the Administrator, regularly report on their efforts and progress in such areas as diversity, environmental and social impact. Service provider initiatives include policies such as promoting paid rather than unpaid internships, charitable donations and encouraging low carbon office environments as well as business travel. It is envisaged that these initiatives will, in due course, encompass a review of sustainability in supply chains at each (material) organisation.

The Company and Investment Adviser are currently working towards running operations on a carbon-neutral basis by 2023 to support the transition to net zero. During the year, the Board resolved to offset its carbon emissions from corporate travel, specifically flights to and from the UK. The offsetting benefits the charity 'Jersey Trees for Life', which is the only charity that is dedicated solely to the protection and preservation of trees in Jersey. The charity's aim is to encourage the protection, preservation and planting of trees, and to foster an appreciation of trees through community education for their amenity, ecological and other values.

The Investment Adviser's premises in London holds a BREEAM 'Excellent' rating and the offices are powered by renewable energy. This year, the Investment Adviser revised its business travel policy to further encourage use of public transport and minimise flight travel to support its carbon neutral target.

To encourage employees to travel in more carbon efficient ways, it operates an electric vehicle scheme and a bike to work scheme. It operates an office consumables and paper recycling scheme, and all staff are provided with stainless steel, BPA-free, reusable water bottles and insulated cups to reduce the impact of single-use plastic. Furthermore, the Investment Adviser offsets carbon emissions by contributing to a portfolio which is run by provider Climate Impact Partners, whose aim is to reduce one billion tonnes of CO₂ by 2030.

Whilst the Board and the Investment Adviser do not consider offsetting to be by any means a perfect solution to the impact activities have on the environment, both parties believe that it is a useful starting point. The ultimate aim is to reduce emissions and the intention is to continue to investigate and follow best practice in this area.

This year the Investment Adviser was awarded an 'Investors in People' accreditation. As part of the assessment, a business-wide survey was conducted to collate employee feedback, which has been used to drive better communication and introduce non-financial reward schemes. The Investment Adviser has committed to working with Investors in People over the next three years and encourages everyone in the business to reach their potential and provides regular training to staff including funding specific industry qualifications. This year it also held formal ESG training for key employees and across the wider business. The Investment Adviser also has a range of measures in place to support the physical and mental health of its employees, including a private healthcare package, weekly fitness classes and guidance on healthy home working. It offers hybrid working arrangements to all employees.

The Investment Adviser actively supports diversity and inclusion and ensures that all employees are valued and treated with dignity and respect. To further efforts in this area, it is introducing annual diversity and inclusion training for all employees and is working on enhancing recruitment processes to provide a framework that supports a diverse and inclusive culture. It also intends to carry out a diversity survey in the coming year to establish a baseline and facilitate improved reporting going forward.

The Investment Adviser also operates a volunteering initiative which supports employees to volunteer for charitable or not-for-profit purposes by giving an additional two days' paid leave plus two days' unpaid leave per year. Furthermore, it partners with a charity of the year, to engage with in fundraising, events and through volunteering. The charity chosen this year was Little Village, a charity that supports local families. During the year, 39 employees participated across the business with more than 120 hours spent volunteering at the Little Village depot, assisting the charity in cleaning and packaging items to be sent to families they support. This provided employees with an opportunity to work as a team, engage with the local community and understand more about the hardships low-income families with young children face. At the date of publication, total amounts raised for Little Village were over £37,000.

Responsible Investment

Investment process

The Investment Adviser has been a signatory to the Principles for Responsible Investment ("PRI") since 2019. The PRI, established in 2006, is a global collaborative network of investors working together to put the six principles into practice. The Investment Adviser recognises that applying these principles better aligns investment activities with the broader interests of society, and has committed to their adoption and implementation. ESG is at the core of investment decisions and ongoing management and is led by the investment team.

The Investment Adviser has a ten year record of investing in assets with a core environmental and social benefit. ESG investment processes are overseen by the Investment Adviser's Responsible Investment committee.

Investment objectives	Due Diligence		Review	Ongoing monitoring / management		
Environmental	Responsible Investment Policy see below	Responsible Investment checklist	Business case that supports measurable environmental and /or social impacts	Investment decision includes review of ESG metrics by the Investment Committee	Annual ESG assessment and reporting	Measurement, reporting and verification ¹ of emissions and environmental and social impacts of the portfolio
Social						
Governance			New Loan documentation includes ESG controls and reporting			Responsible Investment committee oversees ESG initiatives, reporting, compliance and training

Good Governance that fosters positive environmental and social impacts

1. Internal verification process.

Responsible Investment policy

The Investment Adviser's Responsible Investment policy is integrated into investment management processes and incorporates pre-investment, active ownership and governance processes, as detailed below.

Pre-investment	Active ownership	
Deal screening	ESG due diligence processes	Monitoring and engagement
Investment management processes positively screen for investments that promote sustainability, conform with the Investment Adviser's values and benefit society, including, but not limited to, the areas of climate change mitigation and adaptation, energy transition, critical infrastructure, affordable living, social housing, education and healthcare.	Prior to a new investment being approved, the relevant investment team assess how the investment fares against key relevant ESG criteria and includes an assessment of ESG characteristics (using a RAG rating) in every investment proposal submitted to the Company's Investment committee for approval.	Following execution and investment, key relevant ESG indicators are monitored by the Investment Adviser's portfolio management team. It will seek to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where relevant, use influence as a lender of capital or investor to manage exposure to ESG risks.
The screening excludes investments which focus on non-medical animal testing, armaments, alcohol production, pornography, tobacco, coal production and power, and nuclear fuel production. Investments with ongoing or persistent involvement in human rights abuses are also excluded.	The assessment typically covers ESG-related risks and opportunities, and, to the extent applicable, relevant policies and procedures, alignment with industry or investment-specific standards and ratings, investments with ongoing or compliance to relevant ESG-related regulation and legislation.	ESG indicators are reported to the Board for consideration as part of the quarterly Board reporting cycle.
		The Investment Adviser reports on an annual basis, with its Responsible Investment report published each year. The Responsible Investment report sits alongside a PRI report, which summarises its Responsible Investment activities.
		It applies the recommendations of the TCFD and encourages the application of the TCFD framework in its funds. In accordance with the requirements of the SFDR, it publishes disclosures for its listed funds. These are classified as either Article 6 or 8 under the directive, which applies where a product promotes environmental or social characteristics.

Governance and responsibilities

The Investment Adviser operates a Responsible Investment committee which comprises senior personnel from across the business, including two representatives from the team that provide investment advice to the Company. The committee is responsible for all aspects of the Investment Adviser's Responsible Investment policy, including oversight of ESG initiatives, reporting, regulatory compliance, staff training and making recommendations to the Executive committee.	It obtains assurance of controls processes annually through the completion of an ISAE 3402 audit by external auditor, Deloitte LLP.
The Investment Adviser has a clearly defined governance structure with detailed processes that cover business operations, including in-vestment management and portfolio monitoring and reporting.	In addition to the Executive committee, the Investment Adviser employs a team of professionals with in-depth experience in the investment industry and asset classes.
	The Investment Adviser's approach to stewardship and engagement is based on the Principles of the UK Stewardship Code 2020 and is in line with its philosophy on responsible investing.

UN Sustainable Development Goals

Through investing in assets which contribute to the green economy, the Company's activities align with the UN SDGs. These goals were created in 2015 by the United Nations to create a better and more sustainable world by 2030. Examples include clean and affordable energy, responsible consumption and production and sustainable cities and communities.

The Company makes a positive contribution to the provision of renewable energy, to the development of infrastructure to support economic growth and provides high-quality and safe buildings for vulnerable adults, healthcare patients and students. Further, the Company's approach to governance, and to labour and health and safety, makes a positive contribution to the employees, customers, suppliers and local communities in which the assets operate.

UN SDG alignment of the Company's portfolio

UN SDGs and targets:

Good health and well-being	Quality education	Gender equality	Affordable and clean energy	Decent work and economic growth
UN SDG target 3.8	UN SDG target 4.1	UN SDG target 5.5	UN SDG target 7.2	UN SDG target 8.3

Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	By 2030, increase substantially the share of renewable energy in the global energy mix.	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.
1,969	49	50%	1,429GWh Renewable	727
Hospital beds provided by portfolio ²	Schools in portfolio ²	Board gender and ethnic diversity ⁴	energy exported by portfolio assets ¹	Current FTEs at portfolio level ²
41	26,499	45%	438,000	54,433
Healthcare facilities in portfolio ²	School places provided by portfolio ²	Gender diversity of SPV company boards ²	Equivalent homes powered by portfolio assets ¹	Number of underlying assets in portfolio ³

1. Twelve month period to 30 June 2022

2. At 30 June 2022

3. At 30 September 2022

4. At the date of the report

UN SDGs and targets:

<i>Industry, innovation and infrastructure</i>	<i>Sustainable cities and communities</i>	<i>Life on land</i>	<i>Partnerships for the goals</i>
UN SDG target 9.3	UN SDG target 9.4	UN SDG target 11.1	UN SDG target 15.5
Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.
£1.6bn	£166.7m	43%	£418.7m
Total investment in infrastructure projects since IPO	Investment in social housing projects since IPO	Renewables portfolio reporting habitat gain or loss ¹	Investments in PPP/PFI since IPO
48%	905	35%	43%
SPVs reporting energy conservation strategies ²	Number of social housing units ³	SPVs reporting ESG as a board agenda item ²	SPVs reporting local community initiatives ²

1. Twelve month period to 30 June 2022.
2. At 30 June 2022.
3. At 30 September 2022.

TCFD

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Compliance statement

The Company has voluntarily and partially reported against all four TCFD recommendations and the eleven recommended disclosures, taking into account the TCFD 'Guidance for All Sectors', as well as the supplemental guidance for the financial sector.

The Company has omitted to report against: 'Strategy (c)' in respect of different climate-related scenarios, including a 2°C or lower scenario. This is due to the quality and availability of data in this first year of reporting. Additionally, 'Metrics and targets (c)' in respect of targets used by the organisation to manage climate-related risks as it intends to develop its approach in relation to targets in the coming year. The Company has only partially reported data for Scope 3 under 'Metrics and targets (b)' due to the availability of data in this first year of reporting. For these reasons, the Company is not in full compliance with the TCFD requirements at this stage. It will continue to work towards full compliance.

A. The Board's oversight of climate-related risks and opportunities

Governance

The Board considers best practice application of ESG principles as paramount in the Company's operations, the assets within its investment portfolio and the operations of its advisers. It is responsible for setting the strategy for the Company, including in relation to climate-related risks and opportunities.

The Board is informed about climate-related issues as part of the quarterly reporting cycle by the Investment Adviser and the Company's committees. During the year, the Board established an ESG committee specifically to focus on its ESG principles.

The Company's committees contribute as follows:

- Audit and Risk committee: responsible for climate-related disclosures and risk assessment
- ESG committee: establish and monitor ESG policies and activities
- Investment committee: reviewing ESG impacts during the investment process
- Management Engagement committee: ensuring suppliers operate in a socially responsible manner

The ESG committee formally meets at least once a year, however it engages informally with the Investment Adviser and other service providers on a regular basis, including participating in briefings and new initiatives.

The Board and the Investment Adviser use external consultants and acquire expertise where needed, including through recruiting. This year, the Company, along with the Investment Adviser, funded an ESG-focused internship to support the work the Board is carrying out on its ESG strategy and to assist the Investment Adviser with the data collection project. The internship enabled the Company to benefit from a fresh, more diverse perspective with enthusiasm and expertise in environmental matters. The Investment Adviser has also committed additional resource by recruiting a senior member of staff to lead on ESG and legal matters.

Other initiatives included engaging with ESG ratings agencies to understand how the growing ESG ratings industry affects investor perceptions of companies.

B. Describe management's role in assessing and managing climate-related risks and opportunities

The Investment Adviser has a ten year record of identifying assets with a core environmental and/or social benefit. ESG is at the core of investment decisions and ongoing management and is led by the investment team. ESG investment processes are overseen by the Responsible Investment committee, which reports into the Executive committee of the Investment Adviser. Further information is provided above.

Climate risks are considered at each stage of the investment process, including initial deal screening of opportunities and investment due diligence processes. Risk assessment takes the form of both quantitative analysis and qualitative assessments looking at the ESG approach of investee companies. Environmental impact assessments are carried out where appropriate, as part of the due diligence process to identify potential transition and physical short, medium and long-term impacts to costs and viability across service providers and investments.

During the year, the Investment Adviser carried out a climate risk assessment for each underlying asset to assess climate-related risks and opportunities across the portfolio. Further information is given below.

Following execution and investment, key relevant ESG indicators are monitored by the portfolio management teams. The Investment Adviser seeks to engage with investees to understand relevant ESG factors and to manage exposure to risks. ESG indicators are reported to the Board for consideration as part of the quarterly reporting cycle.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Investment Adviser, through its climate risk assessment, has identified, based on current climate conditions, that the portfolio is exposed to physical risks arising from extreme weather events, examples such as storm Arwen in January 2022, which caused damage to infrastructure across the UK. The overall financial impact is limited and various mitigants are in place such as comprehensive insurance policies, which cover physical damage due to weather-related events. It is recognised, however, that such insurance policies may not always be available at a reasonable cost or at all and physical resilience or protection of assets is kept under review.

The Company defines short, medium and long-term risk time horizons as follows: short term: zero to three years; medium: four to eight years; long term: more than eight years. When considering materiality, the Investment Adviser considered the financial impact each risk could potentially have on the asset were it to materialise. Further information is included below.

The main short-term physical risk exposures are to winter storms and flooding, with 11% of the portfolio located in areas deemed as having a high risk of surface water flooding and 0.4% with high risk of river or coastal flooding respectively. However, there are mitigants in place and the likelihood of these areas experiencing flooding at the same time is low. The Investment Adviser will continue to monitor and review mitigation plans to avoid flood damage to the portfolio.

Medium to long term, more frequent floods and more intense and frequent storms may place significant pressures on energy infrastructure and may lead to damage to parts, power lines and transmission grids, and cause potential disruption to supply chains. Significant impacts may be seen in the social infrastructure sector causing localised strain on public services, potentially leading to closure of facilities. Higher temperatures may impact key components in renewables projects and also lead to overheating in buildings, which particularly affects vulnerable people.

The Company may be exposed to transition risks in the short term from rapid and unexpected changes to government policy. Since the year end, the UK Government has announced the introduction of a levy on excess profits generated by electricity generators. The Investment Adviser has estimated the downside impact of the levy to be 1.5 pence per share on the NAV at 30 September 2022. It is expected that the impact will be offset by higher long-term electricity prices and inflation.

In the medium to long term, any policy changes to Minimum Energy Efficiency Standards ("MEES") would impact properties in the social housing sector. The ability to claim MEES exemption caps the maximum exposure to £10,000 per property. Overall, 46% of the social housing portfolio has an EPC rating equal to a C or above, whilst 43% has an EPC rating of below C, with the remainder either unavailable or unrated. The obligation to improve the energy efficiency of the properties below a 'C' rating sits with the third party RPs under fully repairing and insuring leases, and this will be closely monitored with borrowers.

An increased focus on the ESG aspects of investment presents an opportunity for the Company. At IPO, ESG considerations were not as prominent for investors as they have become in the eleven years since, and particularly in recent years. Whilst most investment funds and companies are seeking to quantify and reduce their negative environmental and social impacts, the Company finds itself in a position where all its investments have a positive environmental or social contribution.

By way of an example, the consideration of the useful economic lives of assets from physical and transitional risks in many cases is either unaffected or positive. The extension of planning permission and leases for the renewable assets is something actively and regularly considered by the Company.

The Investment Adviser is exploring asset classes such as carbon sequestration, flexible generation, biogas and hydrogen as part of a large and attractive pipeline of investment opportunities, c.£473 million at 30 September 2022. As the UK embarks on the largest transformation of its infrastructure in recent history in achieving the transition to net zero, there will be a significant private sector investment requirement to support this, and the need for public sector support across a range of asset classes.

B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The primary physical impacts of climate change will be experienced by the Project Companies the Company lends to; firstly, by increased operating costs or reduced revenues due to physical risks materialising. In many cases, physical mitigation measures exist and there is a degree of contractual protection built into loan agreements from increased costs. Secondly, the credit quality of the Project Companies may deteriorate. For example, extreme weather events might materially increase the cost of insuring some assets, or they may not be insurable. These impacts, if material, may lead to a reduction in valuation of the portfolio.

Overall, the portfolio benefits from its geographical sector, technology and market diversification. Based on the climate risk analysis undertaken, refer below, the Investment Adviser does not currently propose to make any changes to financial forecasts due to climate risk.

Conversely, opportunities may arise which enable the Company to deploy capital to a wider range of assets classes, providing further diversification into new sectors and thereby increasing revenues. By way of an example, the Company has recently invested in an electric vehicle scheme operating in London, which benefits from the low-emission plug-in grant representing part of £300 million of direct public sector support.

One potential transitional impact from climate change is through the increased deployment of renewable generation reducing the marginal cost of electricity thereby impacting forecast revenues. A mitigating factor is to consider PPAs thereby securing revenue streams. The Investment Adviser, on behalf of the Company, has successfully implemented a number of these agreements. Further information on the Company's electricity price exposure is included above,

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The climate change impact assessment carried out by the Investment Adviser has concluded that the Company's strategy is relatively resilient to both the physical and transition risks associated with climate change. The results of the assessment demonstrated that whilst there are physical and transitional risks, in the context of the Company's diversified portfolio, the financial impacts were not material. By way of an example, higher wind speeds may impact to the detriment of wind turbines but not necessarily on other sectors in which the Company is invested, illustrating the resilience of a diversified portfolio.

The Investment Adviser has not considered a 2°C or lower scenario in this analysis as this was the first year the Company has undertaken a detailed climate risk assessment. The assessment considered the impact of more extreme weather events rather than utilising explicit temperature scenarios. It will seek to carry out further analysis for future years including considering a 2°C or lower scenario. The potential impact of climate-related risks to the Company are detailed above.

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

A. Describe the organisation's processes for identifying and assessing climate-related risks

The Board of Directors is directly or indirectly addressing climate-related risks and opportunities when evaluating and approving new investments, including an ESG risk and impact assessment completed for each new investment.

As part of the Investment Adviser's due diligence process, environmental impact assessments are carried out on each portfolio asset, where appropriate. The Investment Adviser also carries out ongoing performance monitoring, including asset site visits by experienced personnel; further information is given above. Fortnightly updates and quarterly detailed reports on asset performance are provided to the Board.

Climate change has become a key risk faced by infrastructure investors. In the year, the Company has increased its focus on ESG, particularly the potential impacts of climate change, which has included the Investment Adviser conducting a detailed portfolio-wide climate risk assessment across each of the 80 projects in the portfolio.

The risk assessment considered nine risk factors divided between physical and transition risks:

Physical risks: these are events that are driven by a shift in temperatures and weather patterns. The assessment considers five risks: flood risk; heat stress; water stress; fires and wildfires; severe winds and storms. These events have been chosen based on the materiality to the overall portfolio. Refer to the adjacent table for further detail on materiality.

Transition risks: these are the risks related to the transition to a low-carbon economy. Four areas were considered: policy or regulatory; technological; market; and reputational risks.

External and internal data points were used to assess the portfolio. EPC ratings and flood risk data were obtained using databases provided by the UK Government for all available sites within the portfolio. The data points were used to calculate the portfolio exposure to changes to energy efficiency standards and to flooding.

An asset-by-asset assessment was also undertaken internally by the Investment Adviser's portfolio management team to consider the specifics of each investment and to understand the overall exposure to climate change and any mitigating factors. The results from the risk assessment will be used as part of decision making in relation to portfolio management, to help identify further mitigation strategies and to inform whether any change is required to the underlying financial forecasts of the Company.

The assessment was completed by evaluating the impact and likelihood of a climate change event happening within the remaining lifetime of each asset. This assessment assumes an increase in extreme weather events due to climate change.

The risk assessment scores were calculated by multiplying impact and likelihood metrics:

The impact metric indicates the financial impact each risk could potentially have on the asset. This metric is scored from a scale of 1 to 5, with 5 being highest and 1 having a negligible impact.

Each score indicates a specific financial impact as seen in the table below:

Score	Materiality	Impact
5	Significant	>£5 million
4	Major	£2 million - £5 million
3	Moderate	£501,000 - £2 million
2	Minor	£51,000 - £500,000
1	Negligible	<£50,000

The Company will continue to refine its approach to materiality as the availability of data improves over time.

The likelihood metric was rated between 0% and 100%, based on the probability of an climate event happening within the remaining lifetime of the asset.

The impact and likelihood metrics were multiplied to give a score for each risk identified. Each asset was given a total physical risk rating out of 25 and a transition risk rating out of 20. These individual ratings were then weighted by the portfolio valuation of each asset to give an aggregated score by sub-sector and sector. A final rating of between 0 and 45 was then obtained through combining total physical and transition risks scores.

The chart on page 54 of the full annual report (on the Company's website) shows the outputs of this process, indicating the sectors that potentially could be adversely impacted by climate change. The colour of each sector represents the risk exposure and is based on the weighted average rating for each sector.

Overall, the portfolio benefits from its geographical sector, technology and market diversification. Under physical risks, the biggest exposure is to flood risk, heat stress and severe winds. An increase in the frequency of floods and severe winds is most likely to impact the renewables sector, with heat stress most impacting the PPP/PFI sector.

Under transition risks, the portfolio is most exposed to policy or regulation change. Within the renewables portfolio, biomass projects account for some 12% of portfolio value and are likely to be most influenced by regulatory and market changes. While the Investment Adviser views the biomass sector as well placed to benefit from the transition to net zero as a form of low carbon baseload power, current uncertainty around the possible participation in the UK Emissions Trading Scheme ("UK ETS") along with future power price caps for renewable generators, is reflected in the regulatory and market risk scores.

The Investment Adviser and the Board recognise that the prioritisation of climate change requires a change of government approach primarily through regulation. Regulatory changes in UK ETS, power price caps, energy efficiency standards and implementation of windfall taxes on renewable energy generators may impact the portfolio.

Based on the analysis undertaken, the Investment Adviser does not currently propose to make any changes to financial forecasts due to climate risk. As detailed above, in the medium to long term, any changes to MEES for buildings could impact some assets, and these will be closely monitored with borrowers. The Investment Adviser intends to update the climate risk assessment on an annual basis.

Whilst the Investment Adviser has concluded that the portfolio is exposed to low physical and transition risk, the opportunities for each asset have not been quantified in this exercise. This is an area that will be considered further in future assessments. However, three key opportunities have been identified in relation to climate change. Firstly, the Investment Adviser expects an increased demand for renewable energy following the transition to green energy. Secondly, the Company sees an opportunity to diversify its portfolio through investing in clean transportation, such as electric vehicles, and exploring new asset classes such as carbon sequestration, flexible generation, biogas and hydrogen as part of a large and attractive pipeline of investment opportunities, c.£473 million at 30 September 2022.

Furthermore, the Investment Adviser expects there will be optimisation and expansion opportunities for the portfolio following growing demand for renewable energy and energy security.

The Investment Adviser intends to seek to improve the climate change risk assessment process for future years to help monitor and mitigate exposure to climate change. Areas for improvement may include:

- combining climate opportunities into the assessment;
- adding additional climate data points and benchmarks; and
- the inclusion of climate change scenarios, including a 2°C or lower scenario.

Additionally, with the fast-developing reporting standards, including TNFD frameworks due in 2023, the Company will seek to broaden the data collection process to include further disclosures on biodiversity loss.

B. Describe the organisation's processes for managing climate-related risks

The portfolio is diversified across a number of asset classes and ESG processes are embedded in investment decision making. The importance of the Investment Adviser's engagement and influence in helping portfolio companies improve their ESG performance is crucial. Further information is given in the emerging risk section below.

C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

The way in which the Company manages risk and the principal risks and uncertainties are described below. The Board considers climate change as an emerging risk, which is detailed below.

Metrics and targets

Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material.

A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Investment Adviser includes an assessment of ESG characteristics (using a RAG rating) in every investment proposal submitted to the Company's Investment committee for approval. Prior to a new investment being approved, the Investment Adviser assesses how the investment rates against key relevant ESG criteria, laid out in an ESG checklist tailored for the Company. The checklist typically covers the counterparty's commitment and capability to effectively identify, monitor and manage potential ESG-related risks and opportunities and, to the extent applicable, the availability of relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance with relevant ESG-related regulation and legislation.

During the year, the Investment Adviser carried out a climate risk assessment for each underlying asset. Further information on the methodology used to complete the climate risk assessment is included above.

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks

As an investment company, the Company does not have a significant environmental impact in its own right. With no employees or property and an outsourced services model, there are no Scope 1 (direct) and Scope 2 (indirect through power demand) climate-related emissions to report, and as an investment fund specifically, its Scope 3 (other indirect) emissions fall under two categories within Scope 3 as defined by the GHG Protocol:

Category 1: Purchased goods and services

The emissions from services provided by the Investment Adviser¹ and the Administrator and emissions from travel of the Board. These were deemed as most material in the context of the Company's outsourced service model.

1. The emissions of the Investment Adviser are published in its Responsible Investment report which can be found on the Investment Adviser's website.

Category 15: Investments

The emissions of the underlying portfolio. As this is the first year a detailed data collection exercise has been undertaken, there were several challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control c.90% of assets in the portfolio. As such, emissions data points were obtained from 56% of portfolio assets by value.

The Investment Adviser will continue to liaise with asset operators to improve and refine the availability of future ESG data which will be collected and reported on an annual basis. Further information on the data collection exercise can be found above.

The Company has measured and disclosed the emissions from the underlying portfolio in accordance with the GHG Protocol. Emissions from investments (Category 15) comprise proportional Scope 1 and Scope 2 emissions of the underlying portfolio and have been allocated based on the Company's proportional share of total enterprise value (total equity plus debt) in accordance with the guidance for debt investments and project finance.

The Company has not reported total projected lifetime Scope 1 and Scope 2 emissions of the projects financed during the year. It will seek to include this information for future years where available.

Greenhouse Gas Emissions

The Company has measured its emissions in accordance with the GHG Protocol. An operational control approach was used to define the organisational boundary and responsibility for GHG emissions. Emissions have been measured over the twelve month period to 30 June 2022. The period chosen was to facilitate data inclusion in the Company's annual report.

		Year ended 30 September 2022	
		Absolute emissions tCO ₂ e	Attributable emissions tCO ₂ e
GHG emissions			
Scope 1	Direct GHG emissions - occur from sources that are owned or controlled by the organisation	-	-
Scope 2	Indirect GHG emissions - occur from the generation of purchased electricity, heating, cooling and steam	-	-
	Energy consumption used to calculate above emissions: /(kWh)	-	-
	Total gross Scope 1 & Scope 2 emissions /tCO₂e	-	-
Scope 3	Category 1, emissions from indirect purchased goods and services	12	12
	Category 15, emissions from investments	17,205	9,520
	Total gross Scope 3 emissions /tCO₂e	17,217	9,532

Total gross Scope 1, Scope 2 & Scope 3 emissions /tCO₂e	17,217	9,532
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C. Describe the targets used by the organisation to manage climate-related risks and performance against targets

The Board and the Investment Adviser are committed to improving the Company's data capture and disclosure to help drive more consistent reporting across the industry. The Company has made significant progress towards achieving compliance with TCFD, and intends to develop its approach in relation to targets in the coming year. The Company will seek to set targets in line with the Science Based Targets initiative, where appropriate.

The data collection exercise undertaken this year has provided the Company with useful base level data. This will enable the Board and the Investment Adviser to focus on those areas that are material. When considering materiality the Company was advised by its external consultant using framework guidance provided by SASB, GRESB and the UN SDGs. The data will also assist the Board in selecting the relevant targets to manage risk and performance and inform other mitigations such as regular engagement, oversight and review.

The Investment Adviser is currently working towards running its operations on a carbon-neutral basis by 2023. The Company has made the same commitment. The Investment Adviser and the Board believe this is the right thing to do as a business in order to help to meet the international target set out by the 2015 Paris Agreement to limit global warming to below 2°C, and to support the transition to net zero.

Integration of ESG

The Company and the Investment Adviser have made considerable progress with ESG integration over the past years.

Governance

The Company

In 2020, mindful of increased awareness and focus on consideration of ESG factors, the Board allocated specific responsibility for ESG to Dawn Crichard and, in 2021, Ms Crichard was appointed formally as the ESG representative on the Board.

In July 2022, the Board established an ESG committee comprising all the Directors and chaired by Ms Crichard, for the purpose of defining the Company's ESG strategy, overseeing the implementation and effectiveness of such strategy and ensuring it is integrated in the Company's policies and procedures. The committee meets at least once a year and at such other times as required to drive the focus on sustainability.

The committee provides a formal briefing and strategy paper at each quarterly Board meeting and time is allocated to consider specific ESG matters including the fast-developing reporting standards.

As Ms Crichard also chairs the Management Engagement committee and all Directors are members of both committees, it enables ESG to be considered holistically in all aspects of its impact upon the Company, rather than as a standalone item. This approach has evolved as it has become apparent that ESG touches all aspects of the Company's business. In the coming year, the Board intends to adopt a formal Company ESG policy, which will encompass all aspects of ESG including the Investment Adviser's Responsible Investment policy.

This year, portfolio governance has been another key focus, with the Investment Adviser carrying out work to improve governance processes at SPV and Project Company level, including improving diversity where it has direct influence. Composition of these boards is now more gender balanced with c.45% of SPV directors being female, increasing from c.25% in the prior year. The committee has also been working with borrowers to implement ESG policies and procedures and intends to continue to focus on this in the next financial year.

Investment Adviser

In 2019, the Investment Adviser became a signatory to the PRI and commenced work to integrate Responsible Investment criteria into investment processes. The Investment Adviser published a Responsible Investment policy in 2020 outlining its commitments as a business and continued with its work to fully integrate ESG considerations in accordance with the PRI.

In 2021, the Investment Adviser formed a Responsible Investment committee. The committee comprises senior personnel from across the business and is responsible for all aspects of the Investment Adviser's Responsible Investment policy; further information is given on above. This year, the Investment Adviser committed additional resource by recruiting a senior member of staff to lead on ESG and legal matters.

Over the coming year the Investment Adviser intends to review its own governance processes to identify how climate-related risks and opportunities may be fully considered when reviewing and guiding the strategy of the business. It also intends to further develop ESG metrics to better monitor and report ESG impacts and progress.

Reporting

The Company

In 2021, the Company published its first ESG update encompassing its current approach and future aspirations. This year the Company has voluntarily reported against the TCFD recommendations in full for the first time, this has been an ongoing process with the Company continuing to work towards achieving full compliance.

In 2020, the Investment Adviser defined the project scope for quantifying portfolio renewable energy exports, ESG impacts and emissions and held initial discussions with independent specialists. This year, the Investment Adviser concluded the ESG data collection project to quantify, develop and finalise these metrics. Further information is given above. The Company appointed an external consultant to advise on relevant ESG frameworks for the business and the Investment Adviser liaised with the consultant throughout the process.

In future years the intention is to identify targets and improve the completeness of data collection. There were several challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control c.90% of assets in the portfolio. As part of the data collection exercise the Investment Adviser carried out a climate risk assessment for the Company; further information is included above.

Investment Adviser

In 2021 the Investment Adviser published its first Responsible Investment report for the financial year and further expanded the report in 2022 whilst also launching a dedicated area for Responsible Investment on its website. The Responsible Investment report sits alongside its PRI report, which summarises the Investment Adviser's Responsible Investment activities. The reports can be found on the Investment Adviser's website.

This year, the Investment Adviser's Responsible Investment committee continued its work to achieve compliance with the core elements of the TCFD. As a company, it is currently exempt from the requirements, however the Investment Adviser believes companies must be transparent on the financial implications of climate change to their business and clearly set out the actions they are taking to manage climate change risks and opportunities. The Investment Adviser encourages the application of the TCFD framework in its funds.

As part of this process, the Investment Adviser's GHG emissions data was collated, and CO₂ outputs were quantified. Business travel, specifically flights, is the largest operational source of GHG emissions for the Investment Adviser. These data have been incorporated into the emissions reporting for the Company. The Investment Adviser launched a carbon offsetting scheme in 2021 to offset the impact of its business activities. Further information can be found above.

The Investment Adviser intends to seek to obtain third party assurance of data for the 2023 reporting period.

Awareness

The Company

In 2020, the Company was awarded the Green Economy Mark by the LSE, in recognition of its contribution to positive environmental outcomes. Following which, in 2021 the Company engaged an external consultant to undertake a perception study to obtain stakeholder opinions from a strategic and ESG perspective. The Company

undertake a perception study, to obtain stakeholder opinions from a strategic and ESG perspective. The Company has sought to incorporate the recommendations from this survey, particularly in regard to the reporting of sustainability matters. The Board intends to continue to focus on engagement with all key stakeholders from an ESG perspective. This includes an ESG presentation at the Company's capital markets day and encouraging increased ESG awareness and dialogue at the underlying portfolio company level. Additionally, the Company and the Investment Adviser have engaged with ESG rating agencies during the year and intend to further engage to understand how ESG ratings impact investor perceptions of the Company and share price.

Investment Adviser

This year the Investment Adviser revised its business travel policy to further encourage use of public transport and minimise flight travel to support its carbon neutral target. Furthermore, it set up a charity of the year scheme to contribute as an organisation. To further efforts with diversity across the business, the Investment Adviser plans to introduce annual diversity and inclusion training for all employees and is working on enhancing recruitment processes to provide a recruitment framework that supports an inclusive culture. Further information can be found above.

ESG timeline

2019:

- The Investment Adviser became Signatory to the PRI

2020:

- Allocated ESG responsibility to Director
- Responsible Investment policy published by the Investment Adviser
- Green Economy Mark awarded by LSE

2021:

- ESG representative appointed on Board
- Responsible Investment committee formed by the Investment Adviser
- Published first ESG update on website
- Carbon offsetting scheme arranged by the Investment Adviser

2022:

- ESG committee formed
- Charity partnership agreed by the Investment Adviser
- ESG data collection project completed

2023:

- Adopt a formal Company ESG policy
- Broaden Scope 3 reporting
- Obtain third party assurance by the Investment Adviser
- Engage with ESG rating agencies
- Review and assess TFND framework

Stakeholders

Stakeholders are integral to the long-term sustainable success of the Company. They include shareholders, borrowers, lenders, the public sector, suppliers and local communities.

Stakeholders

As a member of the AIC, the Company reports against the AIC Code on a comply or explain basis. Whilst the Company is not domiciled in the UK, by reporting against the AIC Code, the Company voluntarily meets any obligations in relation to the 2018 UK Corporate Governance Code and specifically section 172 of the UK Companies Act 2006.

The Directors seek to understand the needs and priorities of the Company's stakeholders in accordance with the Act. All Board discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

The Board believes that the Company's key stakeholders comprise shareholders, borrowers, lenders, the public sector, suppliers and local communities. This section sets out why and how the Company engages with these stakeholders and the actions taken by it to ensure that their interests are considered in the Board's decision making.

The Board always aims to be fair and balanced in its approach. The needs of different stakeholders are considered as well as the consequences of any decision in the long term.

The stakeholder model on page 62 of the full annual report on the Company's website demonstrates how the Company interacts with its stakeholders. These relationships provide the foundation for the Company's sustainability, which in return provides benefits to all parties. The Board values the importance of maintaining a high standard of business conduct and stakeholder engagement and ensuring a positive impact on the environment in which the Company operates.

The Directors recognise that, both individually and collectively, their overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company as set out in section 172 of the UK Companies Act 2006 for the benefit of shareholders and in the interests of stakeholders as a whole, having regard, amongst other matters, to the likely consequences of any decision in the long term to the adjacent considerations.

Section 172:

Promoting the success of the Company

The Board of Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year as set out below.

The interests of the Company's employees The Company has no employees but has close working relationships with the employees of the Investment Adviser and the Administrator to which it outsources its main functions.	Refer to stakeholder engagement section below and to the governance section on pages 76 to 105 of the full annual report on the Company's website.
The need to foster the Company's business relationships with suppliers, customers and others The Board has a close working relationship with all its advisers and regularly engages with all parties.	Refer to stakeholder engagement section below.
The impact of the Company's operations on the community and the environment The Company's activities are beneficial to the environment as they comprise, in part, renewable energy investments that positively impact the environment and climate change, regulatory and UK Government targets.	Refer to sustainability section above
The desirability of the Company maintaining a reputation for high standards of business conduct Under the leadership of the Chairman, the Board operates with core values of integrity and impartiality with an aim of maintaining a reputation for high standards in all areas of the business it conducts.	Refer to Board values and culture in the governance section on page 85 of the full annual report on the Company's website.
The need to act fairly between shareholders of the Company The Board actively engages with shareholders and considers their interests when setting the Company's strategy.	Refer to stakeholder engagement section below.

This section sets out why and how the Company engages with stakeholders and the actions taken to ensure that their interests are taken into account in the Board's decision making.

Shareholders

All investors in the Company, be they institutional, such as pension funds or wealth managers, or retail, such as private individuals.

Why engage

The Company creates earnings that benefit shareholders through dividend income. The Board and the Investment Adviser recognise the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability, acting fairly and to inform the Company's decision making and future strategy.

How the Company engages

The Company, primarily through its Investment Adviser and Corporate Broker, engages in ongoing communication with its shareholders via market interactions, analyst and marketing presentations and they regularly provide feedback to the Board. The feedback received from shareholders during the course of these interactions is taken into consideration when setting the future strategy of the Company and any Board decisions which may impact shareholders.

The Board encourages shareholders to attend and vote at general meetings of the Company so that they may discuss governance and strategy with them and to understand their issues and concerns. The Chairman of the Board and the Chair of each committee attend general meetings of the Company to answer any questions posed by shareholders.

However, the Board recognises that the Company is required to have its formal shareholder meetings in Jersey, which may preclude shareholders from attending. To address this issue, on 12 October 2022, the Company held its first 'capital markets day' in London, providing an opportunity for investors to meet the Board, the Investment Adviser and investee companies, as well as hearing in greater detail the work being undertaken to drive value within the portfolio. The presentation from the event is available on the Company's website.

Further communication with shareholders is achieved through the annual and half-yearly reports, news releases via the LSE and the Company's website. This information is supplemented by the quarterly calculation and publication of the NAV per share on the LSE and the publication of a quarterly factsheet by the Investment Adviser.

The Company's annual report is dispatched to shareholders by post (where requested) and is also available to download from the Company's website, together with the half-yearly report. In the annual report, the Directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead.

The strategic report above and below provides further information. Communication of up-to-date information is provided through the Company's website.

The Board and the Investment Adviser have engaged with ESG ratings agencies during the year and intend to further engage to understand how ESG ratings impact investor perceptions of the Company.

Key Board decision: Electricity price hedging

Following the maturity of the electricity prices commodity swap agreement with Axpo Solutions AG on 31 March 2022, the Company entered into a new agreement with Axpo Solutions AG on 13 July 2022 for winter 2022/23. The commodity swap agreement is a derivative financial instrument utilised for the purpose of hedging price volatility in the market.

Process:

In recent years, the Company has increased its exposure to investments where the value of such investments was linked to long-term electricity price forecasts. Whilst recent changes to these forecasts have benefited the Company, the increased volatility of such prices remains an increased risk.

At the Board meetings held in January and April 2022, the Investment Adviser and the Board discussed electricity price forecasts, identifying that there was an opportunity to 'lock-in' the current high electricity prices using a new hedging arrangement, thus mitigating the risk posed by volatility in electricity power prices in the investment valuations.

To facilitate these discussions, the Investment Adviser prepared a paper which included a current market overview, modelling of the electricity price forward curve, summary of volumes proposed, potential impacts on cash flow, potential risks, valuation impact, and impact on sensitivity.

The Board considered the uncertainty in the market at the time, such as possible government intervention in electricity price rises and the impact of the war in Ukraine, and it was agreed to put the hedging arrangements on hold but for the Investment Adviser to continue to monitor. A sub-committee comprising Andrew Didham, Michael Gray and Steven Wilderspin was formed to consider and approve all necessary decisions in relation to the potential hedging arrangement.

In July 2022, the Investment Adviser provided the sub-committee with an update on market developments, and the potential impact to the Company, and based on the significant rise in gas and electricity prices, driven by the continued conflict in Ukraine, recommended that the Company 'lock-in' the high prices through a hedging arrangement. The recommendation was supported by a detailed cash flow analysis.

Outcomes:

Following discussion and review of the recommendation and cash flow forecasts, the sub-committee concluded that the proposed hedging arrangement was in the interest of shareholders as it would help to reduce volatility in the valuation of investments impacted by electricity power price fluctuations. This would in turn help to support the share price and total returns for investors going forward.

The sub-committee therefore approved the Investment Adviser's recommendation and the Company entered into a commodity swap agreement with Axpo Solutions AG as part of the hedging arrangement.

Further information on the commodity swap can be found in note 18 to the financial statements.

Borrowers

Owners of the Project Companies to which the Company advances loans.

Why engage

The Company values its relationships with borrowers, ensuring time is spent building and maintaining these relationships. By engaging with borrowers and understanding their needs, the Company can build long-lasting relationships beneficial to both parties. Borrower contact enables direct feedback and informs strategic decision making at Board level.

How the Company engages

The Company has been able to advance a further £28.2 million to current borrowers in the financial year under review, or by way of extensions to existing facilities.

The Investment Adviser is closely engaged with borrowers on an ongoing basis. Engagement is in the form of regular interaction with the borrowers by its dedicated portfolio management team. Refer above for details of site visits carried out during the year.

The Board takes advantage of all available opportunities to engage with borrowers. This includes participating in site visits led by the Investment Adviser.

Suppliers

Suppliers across the UK and Jersey who provide administrative services to the Company.

Why engage

The Company's suppliers include third party service providers engaged to provide corporate or administration services, in addition to the investment advisory services provided by the Investment Adviser. These services are critical to the ongoing operational performance of the Company. It relies on the performance of third party service providers to perform its main functions.

How the Company engages

The Board has a close working relationship with all its advisers and regularly engages with all parties. The Management Engagement committee regularly monitors the performance and reviews the terms of each service contract.

This informs decision making at Board level in regard to the continuing appointment of service providers. Further information on the activities of the Management Engagement committee can be found on page 87 of the full annual report on the Company's website.

The Audit and Risk committee also conducts an annual review of the internal controls of the Investment Adviser and the Administrator; this includes a visit to the offices of both service providers, refer to pages 89 and 97 of the full annual report on the Company's website for further details.

Public sector

Organisations owned and operated by the UK Government that exist to provide public services for society.

Why engage

Governments and regulators play a central role in shaping the renewable energy, PFI and social housing sector policy. Changes in UK Government policy may adversely affect the ability of the Company to successfully pursue its investment policy and meet its investment objective or provide favourable returns to shareholders.

How the Company engages

The Company engages with local government and regulatory bodies at regular intervals and participates in focus groups and research projects on the infrastructure sector through the Investment Adviser. UK infrastructure policy informs strategic decision making at Board level with consideration given to the impact the Company has on the sector.

The Company has historically benefitted from co-investment alongside public bodies seeking to 'crowd-in' private sector capital and will continue to seek and evaluate such opportunities. In addition, the Company is helping in efforts to mobilise private capital to support decarbonisation efforts. The Company's focus remains on investing in UK infrastructure debt in project companies that own and operate assets that benefit from public sector backed revenues.

The UK Government remains committed to aggressive decarbonisation targets: net zero by 2050 and the decarbonisation of the electricity system by 2035. The Investment Adviser's extensive track record in certain sectors and proven ability to target emerging sectors means the Company is well placed to benefit from investment opportunities associated with the transition to net zero.

Society

The Company makes a positive impact through its investments in renewables and assets such as schools and hospitals which are integral to society.

Why engage

Through its investments in renewable energy projects and assets such as schools and hospitals, the Company's activities indirectly impact the lives of many thousands of people across the UK. The Company is committed to being socially responsible and the Directors consider community involvement to be an important part of that responsibility.

How the Company engages

The Company indirectly provides benefits to society through its investing activities, through contributing towards the generation of renewable energy and in providing the financing of infrastructure that has clear benefits to end users within society.

Investing in renewables, PPP/PFI and social housing projects indirectly creates job opportunities in supply chains to the benefit of local communities across the UK. Renewables projects not only have a positive impact on the environment but also have wider benefits for society, improving local communities through Community Benefit Funds.

The Company's investments in supported living have helped fund many social housing properties across the UK, offering high-quality accommodation for people living with disabilities. The Investment Adviser pays particular focus on operating to the highest ethical standards in this area due to the vulnerability of some stakeholders.

Lenders

Financial institutions and providers of the Company's credit facilities.

Why engage

The Company's facilities are used in the making of investments in accordance with the investment policy. These arrangements provide the Company with access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise as opposed to holding cash awaiting investment. Access to these facilities is important in the efficient capital management of the Company.

How the Company engages

Lenders are financial institutions that provide debt finance in the form of a revolving credit facility. The Company, through its Investment Adviser, engages with its lenders on an ongoing basis.

The Company successfully extended its revolving credit facility during the year. Further details on the Company's revolving credit facility can be found in note 15 to the financial statements.

These arrangements are anticipated to provide the Company with continued access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

Key Board decision: Extension of revolving credit facility

The Company successfully completed an extension of its pre-existing revolving credit facility during the year, increasing its commitments to £190.0 million and acceding Mizuho Bank as a lender.

Process:

At the Board meeting held in January 2022, the Investment Adviser submitted a proposal to the Board to introduce Mizuho Bank into the revolving credit facility to further diversify the supplier of debt finance to the Company. The Investment Adviser explained that this could be achieved through the accordion mechanic within the existing facility which would allow the Company to increase the total commitment without having to amend and restate the facility and incur significant legal fees.

The Board considered the proposal, including:

- cash flow forecasts;
- the Company's leverage position;
- any restrictions stipulated by the Company's investment and treasury policies or the current revolving credit facility; and
- potential benefits, such as:
 - o diversification of the lenders; and
 - o the ability to develop a relationship with an alternative bank, especially one which may offer alternative opportunities and competitive prices.

After due consideration, extending the facility with the introduction of Mizuho was approved.

Outcomes:

In March 2022, the Company increased its revolving credit facility from £165.0 million to £190.0 million and acceded Mizuho into the lending group with RBSI, Allied Irish Bank, Lloyds and Clydesdale Bank. The facility is repayable in March 2024.

Further information on the revolving credit facility can be found in note 15 to the financial statements.

Risk management

The Board and the Investment Adviser recognise that risk is inherent in the operation of the Company and are committed to effective risk management to protect and maximise shareholder value.

Approach to risk management

The Board has ultimate responsibility for risk management and internal controls within the Company. The Board has adopted a risk management framework to govern how it identifies existing and emerging risks, determines risk appetite, identifies mitigation and controls, and how it assesses, monitors and measures risk and reports on risks.

Risk review process

The Board, with the assistance of the Audit and Risk committee, undertakes a formal risk review twice a year to assess the effectiveness of the Company's risk management process and internal control systems. During the year, the Board continued to track its most material risks ('A' risks) on a risk matrix showing relative probability and impact. This allowed the Board to identify the ten principal risks facing the Company as described below. Additional, less material risks ('B' risks) are monitored by the Board on a watchlist.

In addition to the Audit and Risk committee, the Company's Investment committee and Management Engagement committee have a key role and contribute to the overall risk management and governance structure. Consideration is given to the materiality of risks in designing systems of internal control; however, no system of control can provide absolute assurance against the incidence of risk, misstatement or loss.

The following are the key components which the Company has in place to provide effective internal control:

Execution risk

- The Board and the Investment committee have agreed clearly defined investment criteria, which specify investment characteristics, authority and exposure limits.
- The Board and the Audit and Risk committee receive and review assurance reports on the controls of the Investment Adviser and Administrator undertaken by a professional third party service provider.
- The contractual agreements with the Investment Adviser and other third party service providers, and their adherence and ongoing performance, are regularly reviewed by the Board and at least annually by the Management Engagement committee.

Financial risk

- The Investment Adviser and the Administrator prepare financial projections and financial information which allow the Board to assess the Company's activities and review its financial performance.
- The Company has policies and procedures in place to ensure compliance with legal and regulatory requirements which are monitored by the Board.

Portfolio risk

- The Investment Adviser prepares quarterly reports which allow the Board to assess the performance of the Company's portfolio and more general market conditions.

Other risks

The Board monitors the outputs from the Company's and the Investment Adviser's compliance officers.

Emerging risks

Emerging risks are a standard item on the Board agenda with continual focus and scanning of the regulatory horizon to ensure early awareness and engagement.

Climate risk is now a key consideration for the stability of future risk-adjusted financial returns, with both physical and transition risks.

The Board of Directors is directly or indirectly addressing climate-related risks and opportunities when evaluating and approving new investments, including an ESG risk and impact assessment completed for each new investment.

- More detail on how the Board of Directors identify, assess and manage emerging risks, including climate change risk, is provided below.

Risk appetite

As an investment company, the Company seeks to take investment risk. The Company's investment policy above sets out the key components of its risk appetite. The Company and the Board seek to manage investment risk within set risk and return parameters. Information on the Investment Adviser's view on current asset risk characteristics for each risk sector is included in the Investment Adviser's report above.

Role of the AIFM

The Investment Adviser is the appointed AIFM to the Company and is required to operate an effective and suitable risk management framework to allow the identification, monitoring and management of the risks to which the Investment Adviser and the AIFs under its management are exposed.

The Investment Adviser's permanent risk management function has a primary role alongside the Board in shaping the risk policy of the Company, in addition to responsibility for risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the Company's risk profile.

Principal risks and uncertainties

The principal risks faced by the Company detailed below are categorised under the headings of execution risk, portfolio risk, financial risk¹ and other risks.

Changes to the principal risks as a result of the risk review

This year, geopolitical risk has been moved from an emerging risk to a principal risk due to increased political uncertainty in the

UK economic climate and globally. There have been no further movements between categories.

1. The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 19.

Category 1: Execution risk

Risk	Impact	Change in residual risk
		How the risk is managed over the year

1. Investment due diligence Investment due diligence may not reveal all the facts relevant in connection with an investment and may not highlight issues that could affect that investment's performance. This risk is likely to be greater in new investment sectors such as geothermal, hydrogen storage, forestry and electric vehicles.	If an investment underperforms relative to expectations, the interest and principal received on the investment may be lower than envisaged, negatively impacting the performance of the Company.	In addition to due diligence carried out by the Investment committee of the Board and the Investment Adviser, various third party financial, technical, insurance and legal experts are engaged to advise on specific project risks.	Stable There have been no new issues identified during the year, with the investment portfolio materially performing in line with the Investment Adviser's expectations.
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Link to strategy:

1. Dividend income
3. Capital preservation

2. Availability of suitable investments and reinvestment risk There is no guarantee that the Company will be able to identify suitable investments with risk And return characteristics that fit within the investment strategy of the Company. Where suitable investments can be identified, the Company may face competition in closing a transaction. This is a risk when raising capital and when reinvesting capital repaid to the Company under existing loan agreements.	If the Company cannot invest capital in suitable assets in a timely and appropriate manner, the uninvested cash balance will have a negative impact on the Company's returns. If the only available investments with an appropriate risk profile yield lower rates of return than have historically been achievable, the Company's overall returns may be adversely affected. Furthermore, if loans are repaid earlier than expected the repayment of capital is accelerated, leading to potential cash drag. Ultimately, this risks the sustainability of the dividend.	The Investment Adviser is constantly in touch with the market seeking new deals and builds a specifically identified investment pipeline before the Company seeks to raise additional capital in order to ensure that it is deployed in a timely fashion. Consideration is also given to any scheduled capital repayments.	Stable The Company made investments in the year totalling £127.4 million, of which £99.2 million was in new investments and £28.2 million was invested in the existing portfolio. The Company has an active pipeline of c.£473 million of investment opportunities under consideration. The investment pipeline comprises investment opportunities with an appropriate risk profile that will deliver the required returns. Further information on the investment pipeline is included above.
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Link to strategy:

1. Dividend income
2. Diversification
3. Capital preservation

3. Reliance on the Investment Adviser The Company is heavily reliant on third party service providers to carry out its main functions. In particular, the Company depends on the Investment Adviser and the expertise of its key personnel and staff to implement the Company's strategy and investment policy, to deliver its objectives and to maintain sufficient day-to-day oversight of the investments. Should any key personnel leave the employment of the Investment Adviser (and it is unable to recruit other individuals of similar experience and credibility), this may impact negatively on the performance of both the Investment Adviser and the Company. The Company is also reliant on the effectiveness of the Investment Adviser's control environment.	Failure by the Investment Adviser to carry out its obligations in accordance with the terms of its appointment, or to exercise due skill and care, could have a material effect on the Company's performance. Any poor performance, misconduct or misrepresentation by the Investment Adviser may manifest itself in direct financial losses or result in damage to reputation, causing longer-term financial consequences to the performance of the Company.	The performance of the Investment Adviser is monitored closely by the Board. In addition, at least once a year the Management Engagement committee performs a formal review process to consider ongoing performance of the Investment Adviser and the Audit and Risk committee conducts an annual control review. The Investment Adviser has industry and asset knowledge of specific use and importance to the Company. The Company has entered into a contractual agreement with the Investment Adviser on terms that it considers to be mutually fair and reasonable. The Investment Adviser monitors its key personnel to ensure that their experience fits to the role and proper training is provided for continuing professional development.	Stable The Investment Adviser continues to provide adequate resource and act with due skill, care and diligence in its responsibilities as Investment Adviser and AIFM to the Company. The Directors gain additional comfort from the fact that the Investment Adviser is part of the wider ORIX Corporation group, a global financial services company.
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Link to strategy:

1. Dividend income
3. Capital preservation

Category 2: Portfolio risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
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4. Changes in laws, regulations and/or UK Government policy impacting on investments Changes in laws, regulations and/or UK Government policy, in particular those relating to the PPP/PFI and renewable energy markets, may have an adverse effect on the Company. Link to strategy: 1. Dividend income 2. Diversification 3. Capital preservation	Potential adverse effect on the performance of the Company's investment portfolio and the returns achieved by the Company. Price capping or other intervention in the energy market may impact returns. Reduced support for private sector finance of infrastructure and/or a material change in the approach to infrastructure delivery (such as nationalisation) represent risks to the Company's ability to reinvest capital.	Any changes in laws, regulations and/or policy, or the application thereof, are monitored by the Board on an ongoing basis. The Investment Adviser engages with industry bodies to understand and influence government policy options. Given the UK Government's reliance on private capital for, inter alia, the funding of new social and economic infrastructure and renewable energy projects, it is the view of the Investment Adviser and the Board that, despite potential short-term intervention in the energy market, the risk of any future significant changes in policy is low and is more likely to have a prospective impact rather than a retrospective effect.	Increase Given the level and volatility of power prices since the Russian invasion of Ukraine, and its impact on consumers and businesses, the UK Government has announced its intention to introduce a price cap on revenues received by electricity generators. Although the UK Government has advanced its wider climate change agenda to respond to its environmental commitments, it remains to be seen how this will be reflected in detailed policy, legislation and financial support for the areas of interest to the Company.
5. Performance of, and reliance on, subcontractors The performance of the Company's investments is typically, to a considerable degree, dependent on the performance of subcontractors, most notably facilities managers and operations and maintenance subcontractors. The Company is heavily reliant on subcontractors to carry out their obligations in accordance with the terms of their appointment and to exercise due skill and care. Covid-19 may continue to impact subcontractors' supply chains. Link to strategy: 1. Dividend income 3. Capital preservation	If a key subcontractor was to be replaced due to the insolvency of that subcontractor or for any other reason, the replacement subcontractor may charge a higher price for the relevant services than previously paid. The resulting increase in costs may result in the Company receiving lower interest and principal payments than envisaged.	The competence and financial strength of subcontractors, as well as the terms and feasibility of their engagements, are a key focus of investment due diligence. The Board and the Investment Adviser monitor the Company's exposure to any given subcontractor and ensure that the risk of underperformance is mitigated by diversification.	Stable The Company is aware of market-wide challenges impacting the supply of chains for plant and equipment. Whilst no material adverse impact has been noted to date, this is being monitored by the Investment Adviser and the continuation of such challenges may ultimately impact the cost and/or quality of service provision received by the Company.
6. Technological, operational or construction issues The Company's investments are exposed to by the Company may be construction and/or operational risks or utilise relatively new or developing technologies and may not perform as expected. Over the life of a project, components of a project may need to be replaced or undergo a major refurbishment; these costs may be higher than projected. The investments may continue to be adversely affected by issues arising from the Covid-19 pandemic. Operational risks also include cyber risks. In addition, climate change, in the form of changes to weather patterns, can also have an impact on assets in relation to their operation and/or construction, especially in relation to wind and solar assets. Link to strategy: 1. Dividend income 3. Capital preservation	In the event of material operational or construction issues, the interest and principal payments received by the Company may be lower than expected or forecast and/or additional costs may be incurred.	The Investment Adviser undertakes extensive due diligence on all projects regarding expected performance. A full package of insurance and manufacturer guarantees is put in place to protect the Company from unforeseen events. The Board ensures that the Company has security over the assets against which it is lending, so in the instance of a borrower default it can enforce security over the assets and implement performance improvement plans. The Investment Adviser's designated portfolio management team monitors the performance of investments on an ongoing basis. Monitoring is in the form of regular interaction with borrowers, including periodic site visits to the underlying assets. The Investment Adviser reports to the Board on asset performance on a quarterly basis.	Stable The Investment Adviser appointed a full-time plant manager who has overseen the operations at one biomass project the Company enforced security and assumed control of in 2020. Operations have stabilised and the project has had a positive year. The Investment Adviser has also worked to resolve ongoing operational performance issues at three biomethane sites and remains optimistic about the long-term future of these projects. Construction exposure was 1% at 30 September 2022 (30 September 2021: 1%).

Category 3: Financial risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
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7. Valuation The value of the investments made by the Company will change from time to time according to a variety of factors, including actual and anticipated movements in energy prices, interest rates, inflation and/or discount rates and general market pricing of similar investments. The Company makes investments which rely on detailed financial models based on certain assumptions, estimates and projections of each investment's future cash flow. Such assumptions include, inter alia, inflation, power prices, interest rates, feedstock costs, asset productivity, taxation, lifecycle and insurance costs. There is a risk these assumptions may be incorrect. Link to strategy: 3. Capital preservation	Such changes to valuations may negatively impact the value of the Company's investment portfolio. There can be no assurance that assumptions will turn out to be accurate, and actual data could have an adverse impact on the performance of the Company's investments. Errors may occur in the calculation of an investment valuation with a potential corresponding impact upon the Company's published financial statements.	The Company's infrastructure investments are generally low volatility investments with stable, pre-determined, very long-term, public sector backed revenues. Half of the Company's investment portfolio is exposed to some form of inflation protection mechanism. The Company's investments are valued by an independent Valuation Agent with reference to duration-matched interest rates, typically between 15 and 25 year rates. The discount rates currently used to value the Company's investments include a premium to the risk-free rate that offers protection in the event of rate rises. When modelling future cash flows and structuring debt profiles, the Investment Adviser uses assumptions considered to be conservative by third party experts. The Investment Adviser constantly monitors the actual performance of projects and takes action where appropriate.	Increase The Company is exposed to a number of shareholder interests, c.11% of the portfolio by value, either as a result of the specific targeting of these positions or through enforcing its security as a result of the occurrence of defaults. Such exposures are more sensitive to changes in market factors, such as electricity prices, and the operational performance of projects, and are therefore likely to result in increased volatility in the valuation of the portfolio. An increase in power prices, net of hedging, and an increase in inflation, have contributed to an increase in the Company's NAV per share over the year. However, there is uncertainty regarding potential future government intervention in the energy market, therefore forward power prices may not be realisable in reality. Consequently, there is a greater element of subjectivity in the year-end valuation. This uncertainty, together with higher interest rates and the pricing of transactions in the market, has led the Valuation Agent to increase the discount rates on certain of the Company's assets during the year.
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8. Company liquidity and balance sheet risk The Company requires cash flows from investment income and loan repayments to fund its investment activities. The Company utilises borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company's investment policy. However, there can be no guarantee that any such facilities will be available to the Company on commercially acceptable terms or at all. Link to strategy: 1. Dividend income	If the Company was unable to secure borrowing facilities this may adversely affect the Company's investment returns and may have a material adverse effect on the Company's financial position and results from operations.	The revolving credit facility is in place to fund potential investments in the near term and to avoid holding material amounts of uninvested cash awaiting investment. Consideration may also be given to other forms of credit as part of the Company's future funding strategy. Through the use of forecasting and modelling techniques, the Investment Adviser has the capabilities to plan in advance the sale of assets if required for liquidity purposes.	Decreased The Board and the Investment Adviser continue to pay close attention to cash flow modelling and cash cover to finance acquisitions and to pay dividends. The disposal of loan notes issued in respect of an offshore wind farm, along with other routine repayments and the extension of the Company's revolving credit facility, provided additional liquidity in the year.
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Category 4: Other risks

Risk	Impact	How the risk is managed	Change in residual risk over the year
9. Litigation or legal risk Litigation or legal action either by the Company or against it or its assets, which involves legal costs, management time and resources with potential asset impairment consequences, notwithstanding possible mitigation through insurance schemes. The Company is required to disclose material litigation to shareholders and/or the Company's regulators. Link to strategy: 1. Dividend income 3. Capital preservation	Any material legal claims or regulatory action against the Company or its underlying assets may adversely damage the Company's reputation and affect the Company's ability to successfully pursue its investment policy, meet its investment objective and/or provide favourable returns to shareholders.	The Board is kept informed by the Investment Adviser regarding any litigation or regulatory action relating to the portfolio. If necessary, a sub-committee of the Board is constituted to oversee a specific matter. Insurance regarding representations and warranties is considered on its merits by the Investment Adviser for each transaction.	Stable Previously disclosed litigation and regulatory proceedings regarding a number of solar assets have continued to progress during the year. Further details are set out in the Investment Adviser's report above.

10. Geopolitical Risk of a sustained shift in the geopolitical environment. For instance, international conflict, a winding back of globalisation, trade wars and the desire to be more self-sufficient in energy, and increased migrant flows.	Impacts on supply chains, inflation, interest rates, and adverse exchange rate movements. Potential volatility on long-term power prices affecting the Company's exposure to shareholder interests. Increase in the volume of capital flowing into infrastructure and renewable projects creating downward pressure on yields and difficulty in sourcing investments within the required risk return parameters of the Company's investment strategy. Potential for increased uncertainty around investment valuations if government subsidy or support is unpredictable.	Regular engagement with the public sector through the Investment Adviser. The Investment Adviser conducts quarterly reviews on important and/or emerging topics for the Board's consideration. Monitoring of key emerging issues is undertaken by the Directors on an ongoing basis.	Increased The invasion of Ukraine by Russia has been a geopolitical shock. There have been resultant large increases in gas and power prices, shortages of wheat and other supply chain disruptions. The wider energy market disruption has resulted in governmental intervention in the form of an electricity generator levy, oil and gas windfall tax and support for consumers. More recently, the short-lived premiership of Liz Truss in the UK, and the market turmoil resulting from the Conservatives' economic policies, have increased uncertainty around the path of interest rates and of discount rates. The Board, along with the Investment Adviser, continues to closely monitor the impact of these issues on the portfolio.
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Emerging risks

Emerging risks need to be managed differently than 'business as usual' risks. Emerging risks are, by their nature, more challenging to identify, assess and manage. There is a lack of data to assess and to base the risk response on. The relevant emerging risks for the Company are described below. Emerging risks is an area that the Board will continue to consider.

Emerging risks

Risk	Impact	How the risk is managed	Change in residual risk over the year
1. Climate change a) Physical Higher frequency and severity of extreme weather conditions, for example intense heat waves, storm surges and higher water levels on coasts.	If renewable assets are damaged by extreme weather events, with subsequent inability to connect to the grid, or suffer reduced availability, this would impact revenue.	The portfolio is diversified across a number of asset classes and physical locations and ESG processes are embedded in investment decision making. The Investment Adviser has a Responsible Investment policy and a Responsible Investment committee to monitor and implement ESG initiatives. Environmental impact assessments are carried out as part of the due diligence process. The Investment Adviser also carries out ongoing performance monitoring, including site visits (when possible) by experienced personnel. Regular fortnightly updates, ad hoc and quarterly detailed reports on asset performance are provided to the Board.	Stable The Board considers this to be a long-term issue; the impact of climate change on the Company's portfolio will continue to be closely monitored by the Board, the ESG committee and the Investment Adviser. During the year, the Investment Adviser carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. Further information is given above.
2. Climate change b) Transition Risks associated with the long-term trends arising from climate change and the energy transition required. This includes increasing regulation, insurance availability and price, governmental inertia or over-reaction, failure of business models, and changing consumer and business preferences.	Increased focus on sustainability and ESG factors amongst governments, regulators, shareholders and the wider community. Any associated consequences arising from this risk, such as regulatory or legal sanction including financial and reputational damage. Governmental availability, sufficiency and consistency of support mechanisms to enable the transition to a low carbon economy. Potential increase in costs to the Company.	The Board is very focused on this area. Compliance with both new and existing reporting requirements and best practice is managed by the Investment Adviser and monitored by the Audit and Risk committee.	Stable Although there has been increased activity and a number of new transitional policies issued during the year, the policies relate more to governmental planning than regulation. The ESG committee and the Investment Adviser will continue to monitor and assess the impact of these policies on the investment portfolio and the Company as whole.

Going concern assessment and viability statement

Going concern

The Directors have considered the financial prospects of the Company for the next twelve months and made an assessment of the Company's ability to continue as a going concern. The Directors' assessment included consideration of the availability of the Company's revolving credit facility (refer to note 15), hedging arrangements, cash flow forecasts and stress scenarios. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Viability statement

At least twice a year, the Board carries out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.

The Directors have considered each of the Company's principal risks and uncertainties detailed above that could materially affect the cash flows of the underlying projects that support the Company's investments. The following have been considered in the context of each project in the portfolio and other principal risks:

- the potential ongoing impacts from the Covid-19 pandemic;
- the potential impact of a further increase in power prices and, in particular, the consequent cash requirements of the Company's hedging programme; and
- the expectation of a price cap and an electricity profits levy on revenues received by electricity generators.

The Directors also considered the Company's policy for monitoring, managing and mitigating its exposure to these risks.

The Directors have assessed the prospects of the Company over a longer period than the twelve months from the date of signing the report required by the going concern provision. The Board has conducted this review for a period covering the next five years as, over this period, it believes the risk of changes in UK Government policy that would result in retrospective adjustments to public sector backed cash flows is low.

This assessment involved an evaluation of the potential impact on the Company of these risks occurring. Where appropriate, the Company's financial model was subject to a sensitivity analysis involving flexing a number of key assumptions in the underlying financial forecasts in order to analyse the effect on the Company's net cash flows and other key financial ratios. The assumptions used to model these scenarios included:

- an increase in the cost of debt by 3% over the all-in margin or operating expenses of 50%;
- the impact of a significant proportion of the portfolio, 50%, not yielding, which is a plausible consequence of a number of the principal risks materialising, either in isolation or in parallel; and
- the potential impact of a short-term increase in electricity prices over the period to maturity of the financial derivatives by a c.55% worst case scenario and, in particular, the consequent cash requirements of the Company's hedging programme.

Alongside this analysis, reverse stress testing was carried out in order to further assess the Company's viability.

The sensitivity analysis was based on a number of assumptions, including that the Company's revolving credit facility remains in place to provide short-term finance for further investments and that there will be sufficient liquidity in the market to raise new capital as and when required.

Given the projects that the Company's investments are secured against are all UK infrastructure projects that generate long-dated, public sector backed cash flows, the Board thus considers the revenue of the Company over that period to be dependable. This is supported by a diversified portfolio of investments, reducing exposure to risks affecting a single sector.

Additionally, the Company primarily invests in long-dated UK infrastructure debt that earns a fixed rate of interest and is repaid over time according to a pre-determined amortisation schedule. As such, assuming that the underlying projects perform as expected, the Company's cash inflows are also predictable.

Based on this assessment of the principal risks facing the Company, stress testing and reverse stress testing undertaken to assess the Company's prospects, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of assessment.

Approval

The strategic report has been approved by the Board and signed on its behalf by:

Andrew Didham
Chairman

14 December 2022

The Governance report is available in the full annual report on the Company's website, pages 78 to 105.

Statement of Directors' responsibilities

In respect of the annual report and financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under Jersey Company Law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law.

Under Jersey Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Jersey Company Law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions where the financial statements are published on the internet.

Directors' responsibility statement

In accordance with the FCA's Disclosure Guidance and Transparency Rules, each of the Directors on the Board at the date of this report, whose names are set out on page 86 of the full annual report on the Company's website, confirms that to the best of his or her knowledge:

- the financial statements have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report, including the Directors' report, includes a fair, balanced review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The annual report and financial statements, taken as a whole, are considered by the Board to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Andrew Didham
Chairman

14 December 2022

Independent Auditor's report

To the members of GCP Infrastructure Investments Limited

Our opinion is unmodified

We have audited the financial statements of GCP Infrastructure Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2021):

Key audit matters	The risk	Our response
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Valuation of financial assets at fair value through profit and loss £1,087,331,000 or 98.5% of total assets; (30 September 2021: £1,096,555,000 or 99.3% of total assets) Refer to the Audit and Risk committee Report (pages 98 to 101 of the full annual report on the Company's website), note 2.2 - significant accounting judgements and estimates, and note 11 - financial assets at fair value through profit or loss, and note 19 - financial instruments	Basis: 98.5% of the Company's total assets is represented by the fair value of a portfolio of unquoted infrastructure investments domiciled in the United Kingdom (the 'Investments'). The Company's estimation of the fair value of the Investments primarily involves using a discounted cash flow methodology, where the inputs and assumptions, such as the amounts and timings of cash flows, the use of appropriate discount rates and the selection of appropriate assumptions surrounding uncertain future events are subjective.	Our audit procedures included: <i>Internal controls:</i> We tested the design, implementation and operating effectiveness of the controls adopted by the Company over the valuation of the Investments. <i>Evaluating experts engaged by management:</i> We performed enquiries of the Investment Adviser and Valuation Agent to update our knowledge of the valuation process and methodology and reassessed its appropriateness against industry practice and IFRS. We evaluated the competency of the Company's third party Valuation Agent in the context of their ability to appropriately challenge and review the fair value of the Investments prepared by the Company, by assessing their professional qualifications, experience and independence from the Company.
	Risk: There is a risk of error associated with: - estimating the timing and amounts of long-term forecasted cash flows; and - the selection and application of appropriate assumptions, such as discount rates and other inputs. Changes to long-term forecasted cash flows and/or the selection and application of different assumptions and inputs may result in a materially different fair value being attributed to the Investments	<i>Use of KPMG specialists:</i> We challenged, with the support of our KPMG valuation specialist, the reasonableness of discount rates applied in the valuation by benchmarking these to independent market data including discount rates used by peers, recent market transactions and our KPMG valuation specialist's experience in valuing similar investments. <i>Challenging managements' assumptions and inputs:</i> We performed substantive procedures in relation to the Company's determination of fair value on a risk-based selection of Investments, which included: - for new Investments during the year, compared the long-term forecasted cash flows included in the discounted cash flow model to the terms of the loan agreements, such as the repayment profile, prepayment premium, loan term and the coupon; - assessed the recoverability of outstanding cash flows by considering financial performance of underlying assets, the general economic environment and reviewing the repayment history; - assessed the reasonableness of key general and project-specific inputs and assumptions into the cash flow projections for equity linked loan notes, to corroborate key revenues and costs with reference to relevant market data, underlying contracts, agreements and management information; and - assessed the reliability of the Company's cash flow forecasts included in the valuation models by appraising the completeness and accuracy of the retrospective review analysis performed by the Investment Adviser.
		<i>Assessing disclosures:</i> We considered the adequacy of the Company's disclosures in note 19.3 in respect of the fair value of Investments for compliance with IFRS, specifically the estimates and judgements made by the Company in arriving at that fair value and the disclosure of the degree of sensitivity of the fair value to a reasonably possible change in the discount rate.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £11,035,000, determined with reference to a benchmark of total assets of £1,103,497,000, of which it represents approximately 1.0% (30 September 2021: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (30 September 2021: 75%) of materiality for the financial statements as a whole, which equates to £8,276,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit and Risk committee any corrected or uncorrected identified misstatements exceeding £550,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- availability of capital to meet operating costs and other financial commitments;
- availability of credit facilities and the ability of the Company to comply with debt covenants; and
- the recoverability of financial assets subject to credit risk.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2.1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty

related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and

- we have nothing material to add or draw attention to in relation to the Directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the going concern assessment and viability statement (above) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated; and
- the Directors' explanation in the going concern assessment and viability statement (above) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the going concern assessment and viability statement, set out above under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is

fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

- the section of the annual report describing the work of the Audit and Risk committee, including the significant issues that the Audit and Risk committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company;
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out above, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an Auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Quinn

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditors Jersey

14 December 2022

Statement of comprehensive income

For the year ended 30 September 2022

	Notes	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Income			
Net income/gains on financial assets at fair value through profit or loss	3	157,039	97,324
Net gains/(losses) on derivative financial instruments at fair value through profit or loss	3	386	(20,851)
Other income	3	60	449
Total income		157,485	76,922
Expenses			
Investment advisory fees	20	(8,558)	(7,951)
Operating expenses	5	(3,892)	(2,733)
Total expenses		(12,450)	(10,684)
Total operating profit before finance costs		145,035	66,238
Finance costs	6	(4,716)	(3,882)
Total profit and comprehensive income for the year		140,319	62,356
Basic and diluted earnings per share (pence)	10	15.88	7.08

All of the Company's results are derived from continuing operations.

The accompanying notes below form an integral part of these financial statements.

Statement of financial position

As at 30 September 2022

	Notes	As at 30 September 2022 £'000	As at 30 September 2021 £'000
Assets			
Cash and cash equivalents	14	15,981	7,470
Other receivables and prepayments	12	185	116
Financial assets at fair value through profit or loss	11, 19	1,087,331	1,096,555
Total assets		1,103,497	1,104,141
Liabilities			
Other payables and accrued expenses	13	(3,570)	(3,079)
Derivative financial instruments at fair value through profit or loss	18	(3,861)	(20,851)
Interest bearing loans and borrowings	15	(98,009)	(163,412)
Total liabilities		(105,440)	(187,342)
Net assets		998,057	916,799
Equity			
Share capital	16	8,848	8,822
Share premium	16	871,606	868,867
Capital redemption reserve	17	101	101
Retained earnings		117,502	39,009

Total equity	998,057	916,799
Ordinary shares in issue	16 884,797,669	882,210,228
NAV per ordinary share (pence per share)	112.80	103.92

The financial statements were approved and authorised for issue by the Board of Directors on 14 December 2022 and signed on its behalf by:

Andrew Didham
Chairman

Steven Wilderspin FCA
Director

The accompanying notes below form an integral part of these financial statements.

Statement of changes in equity
For the year ended 30 September 2022

	Notes	Share capital £'000	Share premium ¹ £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2020		8,796	929,228	101	(23,347)	914,778
Total profit and comprehensive income for the year		-	-	-	62,356	62,356
Equity shares issued	16	26	2,648	-	-	2,674
Share issue costs	16	-	(52)	-	-	(52)
Dividends	9	-	(62,957)	-	-	(62,957)
At 30 September 2021		8,822	868,867	101	39,009	916,799
Total profit and comprehensive income for the year		-	-	-	140,319	140,319
Equity shares issued	16	26	2,793	-	-	2,819
Share issue costs	16	-	(54)	-	-	(54)
Dividends	9	-	-	-	(61,826)	(61,826)
At 30 September 2022		8,848	871,606	101	117,502	998,057

The share premium reserve is a distributable reserve in accordance with Jersey Company Law. Refer to note 9 for further information.

The accompanying notes below form an integral part of these financial statements.

Statement of cash flows
For the year ended 30 September 2022

	Notes	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Cash flows from operating activities			
Total operating profit before finance costs		145,035	66,238
Adjustments for:			
Loan interest income	3	(74,479)	(75,348)
Net gains on financial assets at fair value through profit or loss	3	(82,560)	(21,976)
Net (gains)/losses on derivative financial instruments at fair value through profit or loss	3	(386)	20,851
Increase in other payables and accrued expenses		357	1
(Increase)/decrease in other receivables and prepayments		(69)	18
Total		(12,102)	(10,216)
Loan interest received	3	52,079	49,282
Purchase of financial assets at fair value through profit or loss	11	(39,917)	(68,783)
Repayment of financial assets at fair value through profit or loss	11	154,101	51,376
Settlement of derivative financial instruments at fair value through profit or loss	3	(16,604)	-
Net cash flows generated from operating activities		137,557	21,659
Cash flows from financing activities			
Share issue costs	16	(54)	(52)
Proceeds from revolving credit facility	15	11,000	49,100
Repayment of revolving credit facility	15	(77,000)	(23,740)
Dividends paid	9	(59,007)	(60,283)
Finance costs paid		(3,985)	(3,568)
Net cash flows used in financing activities		(129,046)	(38,543)
Increase/(decrease) in cash and cash equivalents		8,511	(16,884)
Cash and cash equivalents at beginning of the year		7,470	24,354
Cash and cash equivalents at end of the year	14	15,981	7,470
Net cash flows used in operating activities includes:			
Loan fee income	3	51	446
Deposit interest received	3	9	3

The accompanying notes below form an integral part of these financial statements.

Notes to the financial statements
For the year ended 30 September 2022

1. General information

GCP Infrastructure Investments Limited is a public company incorporated and domiciled in Jersey on 21 May 2010 with registration number 105775. The Company is governed by the provisions of Jersey Company Law and the CIF Law.

The Company is a closed-ended investment company and its ordinary shares are traded on the Main Market of the London Stock Exchange.

The Company makes infrastructure investments, typically by acquiring interests in predominantly debt instruments issued by infrastructure Project Companies, their owners or their lenders and related and/or similar assets which provide regular and predictable long-term cash flows.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies, except for those changes discussed in this note, have been consistently applied throughout the years presented.

2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

Changes in presentation of statement of cash flows

During the year, the Company changed the presentation of operating activities of the statement of cash flows. The update to the presentation, which comprises presenting loan interest income and loan interest received separately in net cash flows generated from operating activities, provides more reliable and relevant information to users of the financial statements. There has been no change in the net cash flows generated from operating activities in the comparative statement of cash flows for 30 September 2021.

New standards, amendments and interpretations adopted in the year

In the current year, there have been a number of amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments and changes in disclosure and presentation requirements. None of these amendments have had any material impact on these or prior years' financial statements. Further to the above, there are no new IFRS or IFRIC interpretations that are issued but not effective that would be expected to have a material impact on the Company's financial statements.

Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Pound Sterling and all values have been rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future and for a period of twelve months from the date of approval of these financial statements. The Directors' assessment included consideration of the availability of the Company's revolving credit facility (refer to note 15), hedging arrangements (refer to note 18), cash flow forecasts and stress scenarios.

Furthermore, the Directors are not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis. In addition to a going concern statement, the Directors have undertaken a longer-term assessment of the Company, the result of which can be found in the viability statement above. The assessment included considering the potential ongoing impacts from the Covid-19 pandemic; a further increase in electricity prices and, in particular, the consequent cash requirements of the Company's hedging programme; and the introduction by the UK Government of a price cap and/or profits levy on renewable energy generators.

2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

(a) Critical accounting estimates and assumptions

Fair value of instruments not quoted in an active market

The valuation process is dependent on assumptions and estimates which are significant to the reported amounts recognised in the financial statements taking into account the structure of the Company and the extent of its investment activities (refer to note 19 for further information).

(b) Critical judgements

Assessment as an investment entity

The Directors have determined that the SPVs through which the Company invests fall under the control of the Company in accordance with the control criteria prescribed by IFRS 10 and therefore meet the definition of subsidiaries. In addition, the Directors continue to hold the view that the Company meets the definition of an investment entity and therefore can measure and present the SPVs at fair value through profit or loss. This process requires a significant degree of judgement taking into account the complexity of the structure of the Company and extent of investment activities (refer to note 11 for further information).

Segmental information

For management purposes, the Company is organised into one main operating segment. All of the Company's activities are interrelated and each activity is dependent on the others. Accordingly, all significant operating decisions by the Board (as the chief operating decision maker) are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The following table analyses the Company's underlying operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the underlying counterparty.

	30 September 2022 £'000	30 September 2021 £'000
Channel Islands	9	4
United Kingdom	157,476	76,918
Total	157,485	76,922

Significant shareholders are disclosed in the Directors' report on page 104 of the full annual report on the Company's website.

3. Operating income

The table below analyses the Company's operating income for the year by investment type:

	30 September 2022 £'000	30 September 2021 £'000
Interest on cash and cash equivalents	9	3
Other operating income	51	446
Other income	60	449
Net changes in fair value of financial instruments at fair value through profit or loss	157,425	76,473
Total	157,485	76,922

The table below analyses the Company's net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:

	30 September 2022 £'000	30 September 2021 £'000
Loan interest received	52,079	49,282
Loan interest capitalised	22,400	26,066
Total loan interest income	74,479	75,348
Unrealised gains on financial assets at fair value through profit or loss	89,606	41,509
Unrealised losses on financial assets at fair value through profit or loss	(12,540)	(19,533)
Net unrealised gains on financial assets at fair value through profit or loss	77,066	21,976
Net realised gains on disposal of financial assets at fair value through profit or loss	5,494	-
Net gains on financial assets at fair value through profit or loss	82,560	21,976
Net income/gains on financial assets at fair value through profit or loss	157,039	97,324
Unrealised gains/(losses) on derivative financial instruments at fair value through profit or loss	16,990	(20,851)
Realised losses on settlement of derivative financial instruments at fair value through profit or loss	(16,604)	-
Net gains/(losses) on derivative financial instruments at fair value through profit or loss	386	(20,851)
Net changes in fair value of financial instruments at fair value through profit or loss	157,425	76,473

Accounting policy

Interest income and interest expense, other than interest income received on financial assets at fair value through profit or loss, are recognised on an accruals basis in the statement of comprehensive income. Interest income on financial assets is included in net income/gains on financial assets at fair value through profit or loss in the statement of comprehensive income.

Gains or losses on disposal of financial assets at fair value through profit or loss represent the difference between the proceeds received on the repayment of loan notes and the carrying value of loan notes at the time of sale or disposal. Net gains or losses on disposal of financial assets at fair value through profit or loss are included in net income/gains on financial assets at fair value through profit or loss in the statement of comprehensive income.

Other operating income includes unscheduled (early) prepayment fees which are recognised in the financial statements when the contractual provisions are met and the amounts become due.

The Company holds derivative financial instruments comprising a commodity swap to hedge its exposure to the volatility of the electricity prices in the market. It is not the Company's policy to trade in derivative financial instruments. Commodity swaps are held at fair value through profit or loss, being the difference between the fixed legs with a fixed price and floating legs that are indexed. The Company does not apply hedge accounting and consequently all gains or losses in the fair value of the derivative financial instruments are recognised in the statement of comprehensive income, refer to note 18.

4. Auditor's remuneration

	30 September 2022 £'000	30 September 2021 £'000
Audit fees	145	120
Non-audit fees - review of half-yearly report and financial statements	47	40
Total	192	160

5. Operating expenses

	30 September 2022 £'000	30 September 2021 £'000
Corporate administration and Depositary fees	1,021	962
Legal and professional fees	1,019	467 ¹
Valuation Agent fees	290	281
Directors' remuneration and expenses ²	421	374 ¹
Advisory fees	96	64
Registrar fees	69	60
Other expenses	976	525
Total	3,892	2,733

1. The £4,000 fee paid to Andrew Didham in 2021 prior to his appointment as a Director of the Company has been reclassified from legal and professional fees to Directors' remuneration; refer to note 7 for further information.
2. Refer to note 7 for further information.

Key service providers other than the Investment Adviser (refer to note 20 for disclosures in respect of the Investment Adviser)

Administrator and Company Secretary

The Company has appointed Apex Financial Services (Alternative Funds) Limited as Administrator and Company Secretary. Fund accounting, administration services and company secretarial services are provided to the Company pursuant to an agreement dated 31 January 2014. All Directors have access to the advice and services of the Company Secretary, who provides guidance to the Board, through the Chairman, on governance matters. The fee for the provision of administration and company secretarial services during the year was £727,000 (30 September 2021: £689,000) of which £187,000 remains payable at year end (30 September 2021: £174,000).

Depositary

Depositary services are provided to the Company by Apex Financial Services (Corporate) Limited pursuant to an agreement dated 21 July 2014. The fee for the provision of these services during the year was £294,000 (30 September 2021: £273,000) of which £76,000 remains payable at year end (30 September 2021: £68,000).

Accounting policy

All operating expenses are charged to the statement of comprehensive income and are accounted for on an accruals basis.

6. Finance costs

	30 September 2022 £'000	30 September 2021 £'000
Finance costs	4,716	3,882

Accounting policy

Finance expenses in the statement of comprehensive income comprise loan arrangement fees, loan commitment fees, loan interest expense and agency fees which are accounted for on an accruals basis along with interest accrued on the facility incurred in connection with the borrowing of funds. Arrangement fees are amortised over the life of the facility.

7. Directors' remuneration

The Directors of the Company are remunerated on the following basis:

	30 September 2022 £'000	30 September 2021 £'000
Andrew Didham ¹	62	4
Ian Reeves CBE ²	79	78
Julia Chapman	56	55
Michael Gray	69	65
Steven Wilderspin ³	67	48
Dawn Crichard	59	50
Paul De Gruchy ⁴	12	50
David Pirouet FCA ⁵	-	23
	404	373
Directors' expenses	17	1
Total	421	374

1. Andrew Didham was appointed as a Director of the Company on 17 December 2021 and was appointed as Chairman of the Company effective from 20 June 2022. To provide for adequate handover of duties and allow Mr Didham to familiarise himself with the Company until he was appointed to the Board on 17 December 2021, it was agreed that Mr Didham should attend Board and committee meetings in an observer capacity. Mr Didham was paid, as part of his remuneration, a fee totalling £9,000 in relation to this (30 September 2021: £4,000, previously included in legal and professional fees. Refer to note 5 for further information.).
2. Ian Reeves CBE stepped down as Chairman of the Company effective from 20 June 2022 and retired from the Board on 31 October 2022.
3. Steven Wilderspin was appointed as a Director of the Company on 10 February 2021. In 2021, Mr Wilderspin was paid, as part of his remuneration, a fee totalling £7,000 in relation to his attendance at Board and committee meetings in an observer capacity to allow for adequate handover of duties and to familiarise himself with the Company prior to his appointment as a Director of the Company.
4. Paul De Gruchy retired as a Director of the Company on 17 December 2021.
5. David Pirouet FCA retired as a Director of the Company on 10 February 2021.

Full details of the Directors' remuneration policy can be found on page 102 of the full annual report on the Company's website.

8. Taxation

Profits arising in the Company for the year ended 30 September 2022 are subject to tax at the standard rate of 0% (30 September 2021: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends

Dividends for the year ended 30 September 2022 were 7.0 pence per share (30 September 2021: 7.0 pence per share) as follows:

Quarter ended			30 September 2022 £'000	30 September 2021 £'000
Current year dividends				
30 September 2022	2022 fourth interim dividend	1.75	-	-
30 June 2022	2022 third interim dividend	1.75	15,474	-
31 March 2022	2022 second interim dividend	1.75	15,464	-
31 December 2021	2022 first interim dividend	1.75	15,449	-
Total		7.0	46,387	-
Prior year dividends				
30 September 2021	2021 fourth interim dividend	1.75	15,439	-
30 June 2021	2021 third interim dividend	1.75	-	15,423
31 March 2021	2021 second interim dividend	1.75	-	15,412
31 December 2020	2021 first interim dividend	1.75	-	15,408
Total		7.0	15,439	46,243
30 September 2020	2020 fourth interim dividend	1.9	-	16,714
Dividends in statement of changes in equity			61,826	62,957
Dividends settled in shares ¹			(2,819)	(2,674)
Dividends in cash flow statement			59,007	60,283

On 26 October 2022, the Company declared a fourth interim dividend of 1.75 pence per share amounting to £15.5 million, which was paid on 6 December 2022 to ordinary shareholders on the register at 4 November 2022.

Dividends for the 2022 financial year were paid out of reserves. The first, second and third interim dividends for the 2021 financial year were paid out of capital, as a result of downward revaluation movements on investments, at the time the dividends were approved by the Board.

For the forthcoming financial year, the Directors have concluded the Company will target² a dividend of 7.0 pence per share.

1. The dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.
2. The dividend target set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

Accounting policy

In accordance with the Company's constitution, in respect of the ordinary shares, the Company will distribute the income it receives to the fullest extent that is deemed appropriate by the Directors.

In declaring a dividend, the Directors consider the payment based on a number of factors, including accounting profit, fair value treatment of investments held, future investments, reserves, cash balances and liquidity. The payment of a dividend is considered by the Board and is declared on a quarterly basis. Dividends are a form of distribution and, under Jersey Company Law, a distribution may be paid out of capital. Therefore, the Directors consider the share premium reserve to be a distributable reserve. Dividends due to the Company's shareholders are recognised when they become payable.

Dividends payable on new shares issued for cash in the respective quarterly period are funded partly from share premium, to reflect the premium received on the issue of those shares, and partly from retained earnings to reflect the time over which those proceeds have been fully invested. The funding of dividends out of share premium shall not exceed the share premium to NAV of the relevant share issue.

10. Earnings per share

Basic and diluted earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Total profit £'000	Weighted average number of ordinary shares	Pence per share
Year ended 30 September 2022			
Basic and diluted earnings per ordinary share	140,319	883,394,897	15.88
Year ended 30 September 2021			
Basic and diluted earnings per ordinary share	62,356	880,705,368	7.08

11. Financial assets at fair value through profit or loss

The table below analyses the movements in financial assets at fair value through profit or loss during the year by the type of movement:

	30 September 2022 £'000	30 September 2021 £'000
Opening balance	1,096,555	1,031,106
Purchases of financial assets at fair value through profit or loss	127,380	94,849
Repayments of financial assets at fair value through profit or loss	(219,164)	(51,376)
Net realised gains on disposal of financial assets at fair value through profit or loss	5,494	-
Unrealised gains on financial assets at fair value through profit or loss ¹	89,606	41,509
Unrealised losses on financial assets at fair value through profit or loss	(12,540)	(19,533)
Closing balance	1,087,331	1,096,555

1. Includes principal indexation of £1.9 million (30 September 2021: £nil) applied to certain loans.

Certain assets in the portfolio are held as security against the revolving credit facility (refer to note 15).

The increase in net unrealised gains on financial assets at fair value through profit or loss is predominantly due to high electricity prices and associated revisions to electricity price forecasts, partially offset by discount rate increases applied by the Valuation Agent. The net realised gains on disposal of financial assets at fair value through profit or loss were predominantly due to the Company's disposal of loan notes issued in respect of its investment in an offshore wind farm.

The tables below show the reconciliation of purchases and repayments of financial assets at fair value through profit or loss to the statement of cash flows:

	30 September 2022 £'000	30 September 2021 £'000
Purchases		
Purchases of financial assets at fair value through profit or loss	(127,380)	(94,849)
Loan interest capitalised	22,400	26,066
Non-cash internal transfers	65,063	-
Purchases of financial assets at fair value through profit or loss in statement of cash flows	(39,917)	(68,783)
Repayments		
Repayments of financial assets at fair value through profit or loss	219,164	51,376
Non-cash internal transfers	(65,063)	-
Repayments of financial assets at fair value through profit or loss in statement of cash flows	154,101	51,376

Accounting for subsidiaries

The Company's investments are made through a number of SPVs (refer to note 25) which are domiciled in the UK. The Company owns 100% of the loan notes issued by the SPVs with the exception of GCP Rooftop Solar 6 plc (38.8%), GCP Rooftop Solar Finance plc (31.5%) and FHW Dalmore (Salford Pendleton Housing) plc (13.6%).

The Directors have made an assessment in regard to whether the Company, as an investor, controls or has significant influence in the SPVs under the criteria within IFRS 10 and IAS 28, and whether the SPVs meet the definition of subsidiary or associate companies in accordance with IFRS 10 and IAS 28.

The Directors are of the opinion that the Company demonstrates all three of the criteria for all SPVs to be considered subsidiary companies within the definition of control in IFRS 10, with the exception of GCP Rooftop Solar 6 plc, GCP Rooftop Solar Finance plc and FHW Dalmore (Salford Pendleton Housing) plc, which are considered to be associates within the definition of IAS 28, as the Company has significant influence over the relevant activities of the SPVs through similar arrangements. Associates are measured at fair value through profit or loss, as permitted by IAS 28.

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments in subsidiaries at fair value through profit or loss rather than consolidate the subsidiary companies. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company continues to meet the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; it holds a portfolio of investments, predominantly in the form of loan securities which generate returns through interest income and capital appreciation; and the Company reports to its investors via quarterly investor information and to its management, via internal management reports, on a fair value basis.

Accounting policy

The loan notes held by the Company are shown as financial assets at fair value through profit or loss in the statement of financial position, which in the opinion of the Directors represents the fair value of the SPVs, as any other net assets held in the SPVs at year end are immaterial.

Principal indexation is applied to certain loan notes where applicable. The indexation is a contractually allowable inflationary adjustment to loan principal calculated where permitted by a predefined mechanism in a loan agreement. The effect of the adjustment is to increase or decrease the fair value of certain loan notes in line with the indexation factor which takes account of the rate of inflation against a stipulated inflation threshold of each relevant loan.

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company transfers a portion of its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

After initial measurement, the Company measures financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in profit or loss in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques used by the Valuation Agent include using recent arm's length market transactions, referenced to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 19.

12. Other receivables and prepayments

	30 September 2022 £'000	30 September 2021 £'000
Other receivables and prepayments	185	116

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The Company recognises a loss allowance for expected credit losses on other receivables where necessary.

13. Other payables and accrued expenses

	30 September 2022 £'000	30 September 2021 £'000
Investment advisory fees	2,234	2,016
Other payables and accrued expenses	1,336	1,063
Total	3,570	3,079

Accounting policy

Payables are recognised initially at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

14. Cash and cash equivalents

Cash held by financial institutions at the year end is shown in the table below:

	30 September 2022 £'000	30 September 2021 £'000
Barclays account	8	-
BNYM account	511	508
Lloyds Money Market Call account	11,977	3,084
RBSI Capital and Interest account	-	378
RBSI Cash Management account	3,485	3,500
Santander account	-	-
Total	15,981	7,470

Cash is held at a number of financial institutions in order to spread credit risk. Cash awaiting investment is held on behalf of the Company at banks carrying a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively, or in one or more similarly rated money market or short-dated gilt funds. Cash is generally held on a short-term basis, pending subsequent investment. The amount of working capital that may be held at RBSI is limited to the higher of £4.0 million or one quarter of the Company's running costs. Any excess uninvested/surplus cash is held at other financial institutions with minimum credit ratings described above. The maximum amount to be held at any one of these other financial institutions is £25.0 million or 25% of total cash balances, whichever is the larger. It is also recognised that with the advent of the ring-fenced bank concept, it has become more difficult to interact with sufficiently well-rated counterparty banks.

Accounting policy

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash on hand, demand deposits, short-term deposits in financial institutions with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

15. Interest bearing loans and borrowings

	30 September 2022 £'000	30 September 2021 £'000
Revolving credit facility	99,000	165,000
Unamortised arrangement fees	(991)	(1,588)
Total	98,009	163,412

The table below analyses the movement for the year:

	30 September 2022 £'000	30 September 2021 £'000
Balance at the start of the year	163,412	137,702
Changes from cash flows		
Proceeds from revolving credit facility	11,000	49,100
Repayment of revolving credit facility	(77,000)	(23,740)
Loan arrangement fees	(54)	(341)
Non-cash changes		
Proceeds from revolving credit facility	-	163,309
Repayment of revolving credit facility	-	(161,669)
Commitment and other fees capitalised	-	(1,603)
Amortisation of loan arrangement fees	651	654
Balance at the end of the year	98,009	163,412

Revolving credit facility

All amounts drawn under the revolving credit facility are to be used in or towards the making of investments in accordance with the Company's investment policy. These arrangements provide the Company with continued access to flexible debt finance, enabling it to take advantage of investment opportunities as they arise, and may also be used to manage the Company's working capital requirements from time to time.

On 29 March 2021, the Company entered into secured revolving credit facilities comprising £140.0 million with RBSI, Allied Irish Bank and Lloyds Bank ("Facility A") and £25.0 million with RBSI and Lloyds Bank ("Facility B"). Facility A is repayable in March 2024 and Facility B was repaid in June 2021. The revolving credit facility is secured against a portfolio of certain assets held by the Company. Interest on amounts drawn under Facility A is charged at SONIA plus 2.00% per annum. A commitment fee is payable on undrawn amounts of 0.70%.

Amendment to new facility

On 29 June 2021, the Company entered into an amended and restated facility agreement to remove reference to Facility B and include an additional amount of £25.0 million provided by Clydesdale Bank to the pre-existing Facility A. This resulted in a total revolving credit facility available to the Company of £165.0 million, provided by RBSI, Allied Irish Bank, Lloyds Bank and Clydesdale Bank (the "Lending group"). The revolving credit facility remains repayable in March 2024. Other terms remained unchanged, including interest on amounts drawn charged at SONIA plus 2.00% per annum and a commitment fee payable of 0.70% on undrawn amounts of the revolving credit facility.

Additional commitment and new lender

On 31 March 2022, the Company extended its revolving credit facility commitments as part of diversifying the Lending group. The Company increased the total revolving credit facility commitments to £190.0 million and acceded Mizuho Bank as a lender. The interest and commitment fees payable under the revolving credit facility remain unchanged. At 30 September 2022, the total amount drawn on the revolving credit facility was £99.0 million.

The revolving credit facility includes loan to value¹ and interest cover¹ covenants that are measured at Company level. The Company has maintained sufficient headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 30 September 2022.

Leverage

For the purposes of the UK AIFM Regime, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the gross and commitment methods, in accordance with the UK AIFM Regime.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the UK AIFM Regime, at 30 September 2022; the figures are as follows:

	Maximum limit	30 September 2022 Actual exposure	30 September 2021 Actual exposure
Leverage exposure			
Gross method	1.20	1.07	1.16
Commitment method	1.20	1.09	1.17

The leverage figures disclosed above represent leverage calculated under the UK AIFM Regime methodology as follows:

	30 September 2022 Gross £'000	30 September 2022 Commitment £'000	30 September 2021 Gross £'000	30 September 2021 Commitment £'000
Financial assets at fair value through profit or loss	1,087,331	1,087,331	1,096,555	1,096,555
Cash and cash equivalents	-	15,981	-	7,470
Derivative financial instruments at fair value through profit or loss ²	(15,235)	(15,235)	(34,158)	(34,158)
Total exposure under the UK AIFM Regime	1,072,096	1,088,077	1,062,397	1,069,867
Total shareholders' funds	998,057	998,057	916,799	916,799
Leverage (ratio)	1.07	1.09	1.16	1.17

1. APM - for definition and calculation methodology, refer to the APMs section below.

2. Refer to note 18 for further information on derivative financial instruments at fair value through profit or loss.

The Company's leverage limit under the UK AIFM Regime is 1.20, which equates to a gearing limit of 20%. The Company has maintained sufficient headroom against the limit throughout the year.

Accounting policy

Borrowings are recognised initially at fair value, less attributable costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Transaction costs are spread over the term of the revolving credit facility.

16. Authorised and issued share capital

	30 September 2022 Number of shares	30 September 2022 £'000	30 September 2021 Number of shares	30 September 2021 £'000
Share capital				
Ordinary shares issued and fully paid				
Opening balance	882,210,228	8,822	879,666,049	8,796
Equity shares issued through:				
Dividends settled in shares ¹	2,587,441	26	2,544,179	26
Total	884,797,669	8,848	882,210,228	8,822

Share capital represents the nominal amount of the Company's ordinary shares in issue.

The Company is authorised in accordance with its Memorandum of Association to issue 1.5 billion ordinary shares, 300 million C shares and 300 million deferred shares, each having a par value of one pence per share.

	30 September 2022 £'000	30 September 2021 £'000
Share premium		
Premium on ordinary shares issued and fully paid		
Opening balance	868,867	929,228
Premium on equity shares issued through:		
Dividends settled in shares ¹	2,793	2,648
Share issue costs charged to premium	(54)	(52)
Dividends paid	-	(62,957)
Total	871,606	868,867

1. The dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

Share premium represents amounts subscribed for share capital in excess of the nominal value less associated costs of the issue.

The Company's share capital is represented by one class of ordinary shares. Quantitative information about the Company's share capital is provided in the statement of changes in equity.

The scrip reference price is calculated as the average of the Company's closing middle market price, as derived from the Daily Official List of the London Stock Exchange, for the five consecutive business days commencing on the ex-dividend date.

Issue Date	Number of shares issued	Issued share price	Description	Period
9 December 2021	624,031	106.88p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 July 2021 to 30 September 2021
8 March 2022	809,719	103.16p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 October 2021 to 31 December 2021
7 June 2022	563,041	115.68p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 January 2022 to 31 March 2022
6 September 2022	590,650	112.60p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 April 2022 to 30 June 2022
Total	2,587,441			

At 30 September 2022, the Company's issued share capital comprised 884,797,669 ordinary shares, none of which were held in treasury, and there were no C shares or deferred shares in issue.

The ordinary shares carry the right to dividends out of the profits available for distribution attributable to each share class, if any, as determined by the Directors. Each holder of an ordinary share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held.

Accounting policy

The Directors of the Company continually assess the classification of the ordinary shares. If the ordinary shares cease to have all the features or meet all the conditions set out to be classified as equity, they will be reclassified as financial liabilities and measured at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. Transaction costs incurred by the Company in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

17. Capital redemption reserve

	30 September 2022	30 September 2021
	£'000	£'000
Capital redemption reserve	101	101

The Company is required by Jersey Company Law to establish and maintain this reserve on the redemption or repurchase of its own shares.

18. Derivative financial instruments at fair value through profit or loss

On 13 July 2022, the Company entered into a new commodity swap agreement with Axpo Solutions AG under the ISDA master agreement for risk management purposes, which includes full right of set off. The derivative financial instrument comprises a commodity swap on electricity/baseload for the purpose of hedging electricity price market movements. The previous commodity swap agreement, entered into on 15 June 2021 under the same terms, expired on 31 March 2022.

The Company has been granted a credit line of £50.0 million by Axpo Solutions AG in order to mitigate the need for regular cash flows associated with the hedge.

The table below sets out the valuation of the swap held by the Company at year end provided by Axpo Solutions AG:

Derivative	Maturity	Total notional quantity	Notional quantity per hour
Commodity swap - electricity/baseload 'winter 2022/23'	31 March 2023	26,208 MWh	6 MW
Commodity swap - electricity/baseload 'winter 2021/22'	31 March 2022	148,512 MWh	34 MW

	30 September 2022	30 September 2021
	£'000	£'000
Fixed		
Fixed price:	£434.0/MWh	11,374
	£89.6/MWh	-
Floating		
Commodity Reference Price Index: Electricity N2EX UK Power Index Day Ahead	(15,235)	(34,158)
Fair value	(3,861)	(20,851)

Accounting policy

Recognition of derivative financial assets and liabilities takes place when the derivative contracts are entered into. They are initially recognised and subsequently measured at fair value; transactions costs, where applicable, are included directly in finance costs. The Company does not apply hedge accounting and consequently all gains or losses are recognised in the statement of comprehensive income in net unrealised gains/(losses) on derivative financial instruments at fair value through profit or loss.

19. Financial instruments

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments under IFRS 9. The carrying amount of the financial assets and financial liabilities at amortised cost approximates their fair value.

	Notes	30 September 2022	30 September 2021
		£'000	£'000
Financial assets			
Cash and cash equivalents	14	15,981	7,470
Other receivables and prepayments	12	185	116
Financial assets at amortised cost		16,166	7,586
Financial assets at fair value through profit or loss	11	1,087,331	1,096,555
Total		1,103,497	1,104,141
Financial liabilities			
Other payables and accrued expenses	13	(3,570)	(3,079)
Interest bearing loans and borrowings	15	(98,009)	(163,412)
Financial liabilities measured at amortised cost		(101,579)	(166,491)
Derivative financial instruments at fair value through profit or loss	18	(3,861)	(20,851)
Total		(105,440)	(187,342)

19.1 Capital management

The Company is funded from equity balances, comprising issued ordinary share capital (as detailed in note 16) and retained earnings, as well as the revolving credit facility, as detailed in note 15.

The Company may seek to raise additional capital from time to time to the extent that the Directors and the Investment Adviser believe the Company will be able to make suitable investments, with consideration given to any quantum of loan repayments due.

The Company raises capital on a highly conservative basis only when it has a clear view of a robust pipeline of highly advanced investment opportunities. The Company may borrow up to 20% of its NAV at the time any such borrowings are drawn down. At the year end, borrowings amounted to 10% of NAV (30 September 2021: 18%).

19.2 Financial risk management objectives

The Company has an investment policy and strategy, as summarised above, that sets out its overall investment strategy and its general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are the subject of regular operational reviews undertaken by the Investment Adviser to ensure that the Company's policies are adhered to as it is the Investment Adviser's duty to identify and assist in the control of risk. The Investment Adviser reports regularly to the Directors, who have ultimate responsibility for the overall risk management approach.

The Investment Adviser and the Directors ensure that all investment activity is performed in accordance with the investment guidelines. The Company's investment activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. Risk is inherent in the Company's activities and it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk, which includes other price risk and interest rate risk, credit risk and liquidity risk.

Geopolitical and market uncertainties

In the last year, there has been a significant increase in political and economic uncertainty driven by the war in Ukraine, the Covid-19 pandemic, high inflation and a cost-of-living crisis, and the rapid change of personnel in Government. The Company's infrastructure investments are generally low-volatility investments with stable, pre-determined, very long-term, public sector backed revenues; half of the Company's investment portfolio is exposed to some form of inflation protection mechanism.

The war in Ukraine continues to be monitored by the Board and the Investment Adviser for any potential impacts on the Company. The uncertainty around the conflict, and the associated global response through sanctions, has resulted in increased market volatility, in particular in energy and commodity markets. There have been significant increases in gas and power prices, shortages of wheat and other supply chain disruptions during the year. Post year end, in November 2022, due to the level and volatility of power prices and its impact on consumers and businesses, the UK Government announced the introduction of an electricity price levy to energy generators. Whilst the implementation of this remains uncertain, the Investment Adviser has estimated the downside impact of the levy to be c.1.5 pence per share on the NAV at 30 September 2022.

The Company is aware of market-wide challenges impacting the supply chains for plant and equipment. Whilst no material adverse impact has been noted to date, this is being monitored by the Investment Adviser and the continuation of such challenges may ultimately impact the cost and/or quality of service provision received by the Company.

Climate risk

During the year, the Investment Adviser carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. The data collated was based upon publicly available data on flood risk and EPC ratings, supplemented by inputs from the Investment Adviser's portfolio management team and its investment management team. Further information is given above. Based on the climate risk analysis undertaken, the Investment Adviser does not currently propose to make any changes to financial forecasts due to climate risk.

19.3 Market risk

There is a risk that market movements in interest rates, credit markets and observable yields may decrease or increase the fair value of the Company's financial assets without regard to the assets' underlying performance. The fair value of the Company's financial assets is measured and monitored on a quarterly basis by the Investment Adviser with the assistance of the Valuation Agent. The Valuation Agent carries out quarterly valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the Directors. The NAV is also reviewed and approved by the Directors on a quarterly basis.

The valuation principles used are based on a discounted cash flow methodology, where applicable. A fair value for each asset acquired by the Company is calculated by applying a relevant market discount rate to the contractual cash flows expected to arise from each asset. At the year end, all investments were classified as Level 3; refer to note 19.7 for additional information.

The Valuation Agent determines the discount rates that it believes the market would reasonably apply to each investment taking into account, inter alia, the following significant inputs:

- Pound Sterling interest rates;
- movements of comparable credit markets; and
- observable yields on other comparable instruments.

In addition, the following are also considered as part of the overall valuation process:

- general infrastructure market activity and investor sentiment; and
- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments of the Company are generally fixed-income debt instruments (in some cases with elements of inflation protection) or other investments with a similar economic effect, the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset as confirmed by the Investment Adviser. Where appropriate, the Valuation Agent will also consider long-term assumptions that have a direct impact on valuation, such as power prices, inflation and availability. Given the current fluctuating power prices, the Investment Adviser has continued with a hedging programme to reduce volatility in the portfolio, as noted above.

The table below shows how changes in discount rates affect the changes in the valuation of financial assets at fair value through profit or loss. The range of discount rates used reflects the Investment Adviser's view of a reasonable expectation of valuation movements across the portfolio in a twelve month period.

30 September 2022					
Change in discount rates	0.50%	0.25%	-	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	1,056,545	1,071,707	1,087,331	1,103,437	1,120,047
Change in valuation of financial assets at fair value through profit or loss (£'000)	(30,786)	(15,624)	-	16,106	32,716

At 30 September 2022, the discount rates used in the valuation of financial assets ranged from 6.08% to 10.38%.

30 September 2021					
Change in discount rates	0.50%	0.25%	-	(0.25%)	(0.50%)

Value of financial assets at fair value (£'000)	1,061,309	1,078,635	1,096,555	1,115,097	1,134,292
Change in valuation of financial assets at fair value through profit or loss (£'000)	(35,246)	(17,920)	-	18,542	37,737

At 30 September 2021, the discount rates used in the valuation of financial assets ranged from 4.58% to 10.38%.

19.4 Interest rate risk

Interest rate risk has the following effect:

Fair value of financial assets

Interest rates are one of the factors which the Valuation Agent takes into account when valuing the financial assets. Interest rate risk is incorporated by the Valuation Agent into the discount rate applied to the financial assets at fair value through profit or loss. Discount rate sensitivity analysis is disclosed in note 19.3.

Future cash flows

The Company primarily invests, through its SPVs, in senior and subordinated debt instruments of infrastructure Project Companies. The financial assets have fixed interest rate coupons, albeit with some inflation protection and, as such, movements in interest rates will not directly affect the future cash flows payable to the Company.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Company in line with its investment policy and strategy.

Where the debt instrument is subordinated, the Company is indirectly exposed to the gearing of the infrastructure Project Companies. The Investment Adviser ensures as part of its due diligence that the Project Company debt ranking senior to the Company's investment has been, where appropriate, hedged against movement in interest rates, through the use of interest rate swaps. At 30 September 2022, the Company had not entered into any interest rate swap contracts (30 September 2021: none).

Exposure

The Company had exposure to Sterling LIBOR on certain investments in the portfolio. During the year, the Company transitioned all relevant debt instruments in the portfolio impacted by the discontinuation of LIBOR from 1 January 2022 to the replacement reference rate SONIA.

Borrowings

During the year, the Company made use of its revolving credit facility to finance investments made by the Company. Details of the revolving credit facility are given in note 15.

Any potential financial impact of movements in interest rates on the cost of borrowings to the Company is mitigated by the short-term nature of such borrowings.

The following tables show an estimate of the sensitivity of the drawn amounts under the revolving credit facility to interest rate changes of 100 and 200 basis points in a twelve month period, with all other variables being held constant.

The drawn amount under the revolving credit facility at 30 September 2022 was £99.0 million (30 September 2021: £165.0 million).

30 September 2022

Change in interest rates	2.0%	1.0%	-	(1.0%)	(2.0%)
Value of interest expense (£'000)	6,128	5,138	4,148	3,158	2,168
Changes in interest expense (£'000)	1,980	990	-	(990)	(1,980)

30 September 2021

Change in interest rates	2.0%	1.0%	-	(1.0%)	(2.0%)
Value of interest expense (£'000)	6,679	5,029	3,379	1,729	79
Changes in interest expense (£'000)	3,300	1,650	-	(1,650)	(3,300)

Other financial assets and liabilities

Bank deposits and payables and accrued expenses are exposed to and affected by fluctuations in interest rates. However, the impact of interest rate risk on these assets and liabilities is not considered material.

19.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The assets classified at fair value through profit or loss do not have a published credit rating; however, the Investment Adviser monitors the financial position and performance of the Project Companies on a regular basis to ensure that credit risk is appropriately managed.

The Company is exposed to differing levels of credit risk on all its assets. Per the statement of financial position, the Company's total exposure to credit risk is £1,103 million (30 September 2021: £1,104 million) being the balance of total assets less prepayments. As a matter of general policy, cash is held at a number of financial institutions to spread credit risk, with cash awaiting investment being held on behalf of the Company at banks which carry a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds. Cash is generally held on a short-term basis, pending subsequent investment. The amount of working capital that may be held at RBSI is limited to the higher of £4.0 million or one quarter of the Company's running costs. Any excess uninvested/surplus cash is held at other financial institutions with the minimum credit ratings described above. The maximum amount to be held at any one of these other financial institutions is £25.0 million or 25% of total cash balances, whichever is the larger. It is also recognised that the arrival of ring-fenced banking had an impact on the availability of A-rated banks.

Before an investment decision is made, the Investment Adviser performs extensive due diligence complemented by professional third party advisers, including technical advisers, financial and legal advisers, and valuation and insurance experts. After an investment is made the Investment Adviser primarily uses detailed cash flow forecasts to assess the continued creditworthiness of Project Companies and their ability to pay all costs as they fall due. The forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

The Project Companies receive a significant proportion of revenue from government departments and public sector or local authority clients.

The Project Companies are also reliant on their subcontractors, particularly facilities managers, continuing to perform their service delivery obligations such that revenues are not disrupted. The credit standing of each significant subcontractor is monitored by the Investment Adviser on an ongoing basis and significant exposures are reported to the Directors quarterly.

The concentration of credit risk to any individual project did not exceed 10% of the Company's portfolio at the year end, which is the maximum amount permissible per the Company's investment policy. The Investment Adviser regularly monitors the concentration of risk based upon the nature of each underlying project to ensure appropriate diversification and risk remains within acceptable parameters.

The concentration of credit risk associated with counterparties is deemed to be low due to asset and sector diversification. The underlying counterparties are typically public sector entities which pay pre-determined, long-term, public sector backed revenues in the form of subsidy payments for renewables transactions (i.e. FIT and ROCs payments), unitary charge payments for PFI transactions and lease payments for social housing projects. In the view of the Investment Adviser and the Board, the public sector generally has both the ability and willingness to support the obligations to these entities.

As noted in the 2021 annual report, and following the Russian invasion of Ukraine, there has been an increase in the volatility of electricity market prices during the year. Alongside this, unprecedented high wholesale electricity prices have been experienced. These dynamics have resulted in the collapse of some energy suppliers. The Company has exposure to certain electricity suppliers through offtake arrangements with renewables project borrowers. To date, the Company has not been impacted by any suppliers that have collapsed. Through its usual systems and processes, the Investment Adviser monitors the credit standing of all customers and suppliers and believes that where offtakers have supply businesses they remain in a strong position to continue such arrangements. In any case, the Investment Adviser considers the offtake market for renewable projects to be a liquid and competitive sector, meaning any arrangements that are terminated as part of an offtaker collapse could be easily replaced by a continuing third party.

The credit risk associated with each Project Company is further mitigated because the cash flows receivable are secured over the assets of the Project Company, which in turn has security over the assets of the underlying projects. The debt instruments in the portfolio are held by the Company at fair value, and the credit risk associated with these investments is one of the factors which the Valuation Agent takes into account when valuing the financial assets.

Changes in credit risk affect the discount rates. The sensitivity of the fair value of the financial assets at fair value through profit or loss is disclosed in note 19.3. The Directors have assessed the credit quality of the portfolio at the year end and based on the parameters set out above, are satisfied that the credit quality remains within an acceptable range for long-dated debt.

On 13 July 2022, the Company entered into a commodity swap agreement with Axpo Solutions AG under the ISDA's master agreement for risk management purposes. The ISDA master agreement is an internationally agreed document which is used to provide certain legal and credit protection for parties who enter into financial derivatives transactions. It includes standard terms which detail what happens if a default occurs to one of the parties and how derivative transactions are terminated following a default, including the grounds under which one of the parties can force close-out due to the occurrence of a default event by the other party. The agreement also includes full right of set off. The previous commodity swap agreement, entered into on 15 June 2021 under the same terms, expired on 31 March 2022.

The Company has not been required to post collateral in respect of the commodity swap agreement. There is potential for credit risk in relation to the arrangement depending on whether the arrangement is an asset or a liability at any point in time. At the date of the report, there is no credit risk exposure relating to the commodity swap agreement. Further information on derivative financial instruments is given in note 18.

19.6 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and interest bearing loans and borrowings.

The following table analyses all of the Company's assets and liabilities into relevant maturity groupings based on the remaining period from 30 September 2022 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company.

All cash flows in the table below are on an undiscounted basis.

	Less than one month	One to three months	Three to twelve months	Greater than twelve months	Total
30 September 2022	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash and cash equivalents	15,981	-	-	-	15,981
Other receivables and prepayments	-	-	185	-	185
Financial assets at fair value through profit or loss	11,828	60,122	125,801	1,732,787	1,930,538

Total financial assets	27,809	60,122	125,986	1,732,787	1,946,704
Financial liabilities					
Other payables and accrued expenses	-	(3,570)	-	-	(3,570)
Derivative financial instruments at fair value through profit or loss	-	-	(3,861)	-	(3,861)
Interest bearing loans and borrowings	-	(1,045)	(3,099)	(101,032)	(105,176)
Total financial liabilities	-	(4,615)	(6,960)	(101,032)	(112,607)
Net exposure	27,809	55,507	119,026	1,631,755	1,834,097

	Less than one month	One to three months	Three to twelve months	Greater than twelve months	Total
	£'000	£'000	£'000	£'000	£'000
30 September 2021					
Financial assets					
Cash and cash equivalents	7,470	-	-	-	7,470
Other receivables and prepayments	-	-	116	-	116
Financial assets at fair value through profit or loss	17,750	65,981	129,071	1,845,640	2,058,442
Total financial assets	25,220	65,981	129,187	1,845,640	2,066,028
Financial liabilities					
Other payables and accrued expenses	-	(3,079)	-	-	(3,079)
Derivative financial instruments at fair value through profit or loss	-	-	(20,851)	-	(20,851)
Interest bearing loans and borrowings	-	(843)	(2,540)	(170,061)	(173,444)
Total financial liabilities	-	(3,922)	(23,391)	(170,061)	(197,374)
Net exposure	25,220	62,059	105,796	1,675,579	1,868,654

19.7 Fair values of financial assets and financial liabilities

Basis of determining fair value

Financial assets

Loan notes

The Valuation Agent carries out quarterly valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the Directors. The subsequent NAV produced is reviewed and approved by the Directors on a quarterly basis. The basis for the Valuation Agent's valuations is described in note 19.3.

Financial liabilities

Derivative financial instruments

The valuation principles used are based on inputs from observable market data, being a commonly quoted electricity price index, which most closely reflects a Level 2 input. The fair value of the derivative financial instrument is derived from its mark-to-market ("MtM") valuation provided by Axpo Solutions AG on a quarterly basis. The MtM value is calculated based on the fixed leg of the commodity swap offset by the market price of the floating leg which is indexed to the 'Electricity N2EX UK Power Index Day Ahead'. The Investment Adviser monitors the exposure internally using its own valuation system. Further information on derivative financial instruments is given in note 18.

Fair value measurements

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels depending on whether their fair value is based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

The table below analyses all investments held by the Company by the level in the fair value hierarchy into which the fair value measurement is categorised:

		30 September 2022 £'000	30 September 2021 £'000
Financial assets at fair value through profit or loss			
Loan notes	Level 3	1,087,331	1,096,555
Financial liabilities at fair value through profit or loss			
Derivative financial instruments at fair value through profit or loss	Level 2	(3,861)	(20,851)

Discount rates between 6.08% and 10.38% (30 September 2021: 4.58% and 10.38%) were applied to the investments categorised as Level 3.

The Directors have classified financial instruments depending on whether or not there is a consistent data set comparable and observable transactions and discount rates. The Directors have classified all loan notes as Level 3. No transfers were made between levels in the year.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the year:

	30 September 2022 £'000	30 September 2021 £'000
Opening balance	1,096,555	1,031,106
Purchases of financial assets at fair value through profit or loss ¹	127,380	94,849
Repayments of financial assets at fair value through profit or loss ¹	(219,164)	(51,376)
Net realised gains on disposal of financial assets at fair value through profit or loss	5,494	-
Unrealised gains on financial assets at fair value through profit or loss	89,606	41,509
Unrealised losses on financial assets at fair value through profit or loss	(12,540)	(19,533)
Closing balance	1,087,331	1,096,555

1. Refer to note 11 for a reconciliation to the statement of cash flows.

For the Company's financial instruments categorised as Level 3, changing the discount rates used to value the underlying instruments alters the fair value. A change in the discount rate used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 19.3. Refer to note 11 for movements in financial assets at fair value through profit or loss throughout the year.

In determining the discount rates for calculating the fair value of financial assets at fair value through profit or loss, movements in Pound Sterling interest rates, comparable credit markets and observable yield on comparable instruments could give rise to changes in the discount rate.

The Directors consider the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. Should the valuation approach change, causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly.

20. Related party disclosures

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors

The non-executive Directors of the Company are considered to be the key management personnel of the Company. Directors' remuneration including expenses for the year totalled £421,000 (30 September 2021: £374,000). At 30 September 2022, liabilities in respect of these services amounted to £42,000 (30 September 2021: £78,000). As part of the Directors' remuneration, a fee was paid to Andrew Didham totalling £9,000 (30 September 2021: £4,000) in relation to his attendance at Board and committee meetings in an observer capacity to provide for adequate handover of duties and allow Mr Didham to familiarise himself with the Company until he was appointed to the Board on 17 December 2021.

At 30 September 2022:

- Dawn Crichard indirectly held 75,261 ordinary shares in the Company, equivalent to 0.009% of the issued share capital (30 September 2021: 44,962 ordinary shares, 0.005% of the issued share capital);
- Steven Wilderspin indirectly held 15,000 ordinary shares in the Company, equivalent to 0.002% of the issued share capital (30 September 2021: 15,000 ordinary shares, 0.002% of the issued share capital); and
- Andrew Didham, together with his family members, indirectly held 73,165 ordinary shares in the Company, equivalent to 0.008% of the issued share capital (30 September 2021: 19,474 ordinary shares, 0.002% of the issued share capital, prior to joining the Board on 17 December 2021).

Andrew Didham is an executive vice chairman at Rothschild & Co and serves on the board of NM Rothschild & Sons, presently on a part time basis. Rothschild & Co is engaged by the Company to provide ongoing investor relations support. The Company and Rothschild & Co maintain procedures to ensure that Mr Didham has no involvement in either the decisions concerning the engagement of Rothschild & Co or the provision of investor relation services to the Company.

Investment Adviser

The Company is party to an Investment Advisory Agreement with the Investment Adviser, which was most recently amended and restated on 13 December 2017, pursuant to which the Company has appointed the Investment Adviser to provide advisory services relating to the management of assets on a day-to-day basis in accordance with its investment objectives and policies, subject to the overall supervision and direction of the Board of Directors. As a result of the responsibilities delegated under this agreement, the Company considers it to be a related party by virtue of being 'key management personnel'.

Under the terms of the Investment Advisory Agreement, the notice period of the termination of the Investment Adviser by the Company is 24 months. The remuneration of the Investment Adviser is set out below.

For its services to the Company, the Investment Adviser receives an annual fee at the rate of 0.9% (or such lesser amount as may be demanded by the Investment Adviser at its own absolute discretion) multiplied by the sum of:

- the NAV of the Company; less
- the value of the cash holdings of the Company pro rata to the period for which such cash holdings have been held.

The Investment Adviser is also entitled to claim for expenses arising in relation to the performance of certain duties and, at its discretion, 1% of the value of any transactions entered into by the Company (where possible, the Investment Adviser seeks to charge this fee to the borrower).

The Investment Adviser receives a fee of 0.25% of the aggregate gross proceeds from any issue of new shares in consideration for the provision of marketing and investor introduction services.

The Company's Investment Adviser is authorised as an AIFM by the FCA under the UK AIFM Regime. The Company has provided disclosures on its website incorporating the requirements of the UK AIFM Regime. The Investment Adviser receives an annual fee of £70,000 in relation to its role as the Company's AIFM, increased annually at the rate of the RPI. The fee paid to the Investment Adviser for the year was £74,000 (30 September 2021: £71,000).

During the year, the Company expensed £8,558,000 (30 September 2021: £7,951,000) in respect of investment advisory fees, marketing fees and transaction management and documentation services and £16,000 (30 September 2021: £5,000) in respect of expenses. At 30 September 2022, liabilities in respect of these services amounted to £2,234,000 (30 September 2021: £2,016,000).

The directors and employees of the Investment Adviser also sit on the boards of, and control, several SPVs through which the Company invests. The Company has delegated the day-to-day operations of these SPVs to the Investment Adviser through the Investment Advisory Agreement.

At 30 September 2022, the key management personnel of the Investment Adviser, together with their family members, directly or indirectly held 952,614 ordinary shares in the Company, equivalent to 0.108% of the issued share capital (30 September 2021: 785,501 ordinary shares, 0.089% of the issued share capital).

21. Reconciliation of NAV

This note reconciles the NAV reported in the financial statements to the NAV published via RNS on 20 October 2022.

	Total £'000	Per share pence
NAV at 30 September 2022 as published on 20 October 2022	998,057	112.80
NAV at 30 September 2022 as per the financial statements	998,057	112.80
	Total £'000	Per share pence
NAV at 30 September 2021 as published on 19 October 2021	916,799	103.92
NAV at 30 September 2021 as per the financial statements	916,799	103.92

22. Contingent liabilities

At 30 September 2022, there were £nil contingent liabilities (30 September 2021: £nil).

23. Subsequent events after the report date

The Company declared, on 26 October 2022, a fourth interim dividend of 1.75 pence per ordinary share, amounting to £15.5 million, which was paid on 6 December 2022 to ordinary shareholders who were recorded on the register at the close of business on 4 November 2022.

Ian Reeves CBE retired from the Board on 31 October 2022.

Alex Yew joined as a non-executive Director on 1 November 2022. He indirectly holds 10,000 ordinary shares in the Company, purchased prior to his appointment to the Board, equivalent to 0.001% of the issued share capital.

Since the year end, nine advances totalling £12.6 million were made under existing facilities. The Company also received repayments totalling £1.5 million in respect of seven investments.

Post year end, the Company drew down an aggregate amount of £55.0 million on the revolving credit facility, resulting in a total drawn amount of £154.0 million.

24. Ultimate controlling party

It is the view of the Directors that there is no ultimate controlling party.

25. Non-consolidated SPVs

The following SPVs have not been consolidated in these financial statements due to the Company meeting the criteria of an investment entity and therefore, applying the exemption to consolidation under IFRS 10, it has measured its financial interests in these SPVs at fair value through profit or loss.

Refer to note 11 for the details of contractual arrangements between the Company and the SPVs and to the risk disclosures in note 19 for details of events or conditions that could expose the Company to losses.

During the year and prior year, the Company did not provide financial support to the unconsolidated SPVs.

All of the below non-consolidated SPVs are incorporated and domiciled in the United Kingdom.

SPV company name	Ownership interest in loan notes	Classification ¹
GCP Cardale PFI Limited	100%	Subsidiary
FHW Dalmore (Salford Pendleton Housing) plc	13.6%	Associate
GCP Asset Finance 1 Limited	100%	Subsidiary
GCP Biomass 1 Limited	100%	Subsidiary
GCP Biomass 2 Limited	100%	Subsidiary
GCP Biomass 3 Limited	100%	Subsidiary
GCP Biomass 4 Limited	100%	Subsidiary
GCP Bridge Holdings Ltd	100%	Subsidiary
GCP Education 1 Limited	100%	Subsidiary
GCP Green Energy 1 Limited	100%	Subsidiary
GCP Healthcare 1 Limited	100%	Subsidiary
GCP Onshore Wind 3 Limited	100%	Subsidiary
GCP Programme Funding 1 Limited	100%	Subsidiary
GCP RHI Boiler 1 Limited	100%	Subsidiary
GCP Rooftop Solar 5 Limited	100%	Subsidiary
GCP Rooftop Solar 6 plc	38.8%	Associate
GCP Rooftop Solar Finance plc	31.5%	Associate
GCP Social Housing 1 Limited	100%	Subsidiary
Gravis Asset Holdings Limited	100%	Subsidiary
Gravis Solar 1 Limited	100%	Subsidiary
Gravis Solar 2 Limited	100%	Subsidiary
GCP Geothermal Funding 1 Limited	100%	Subsidiary

1. Refer to note 11 for further details.

Alternative Performance Measures

The Board and the Investment Adviser assess the Company's performance using a variety of measures that are not defined under IFRS and are therefore classed as APMs.

Where possible, reconciliations to IFRS are presented from the APMs to the most appropriate measure prepared in accordance with IFRS. All items listed below are IFRS financial statement line items unless otherwise stated.

APMs should be read in conjunction with the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, which are presented in the financial statements section of this report. The APMs may not be directly comparable with measures used by other companies.

Adjusted earnings cover

Ratio of the Company's adjusted net earnings¹ per share to the dividend per share. This metric seeks to show the Company's right to receive future net cash flows by way of interest income from the portfolio of investments, by removing: (i) the effect of pull-to-par; (ii) any upward or downward revaluations of investments, which are functions of accounting for financial assets at fair value under IFRS 9, and that do not contribute to the Company's ability to generate cash flows.

	30 Sep 2022 Pence	30 Sep 2021 Pence
Adjusted earnings per share ¹	8.3	7.9
Dividend per share	7.0	7.0
Times covered	1.2	1.1

Adjusted earnings per share

The Company's adjusted net earnings¹ divided by the weighted average number of shares.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Adjusted net earnings ¹	73,254	69,506
Weighted average number of shares	883,394,897	880,705,368
Adjusted earnings per share (pence)	8.33	7.90

Adjusted loan interest capitalised

In respect of a period, a measure of loan interest capitalised adjusted for amounts subsequently paid as part of repayments.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Capitalised (planned)	15,421	14,676
Capitalised (unscheduled)	6,979	11,390

Loan interest capitalised	22,400	26,066
Capitalised amounts subsequently settled as part of repayments	(13,408)	(10,270)
Adjusted loan interest capitalised	8,992	15,796

Adjusted loan interest received

In respect of a period, a measure of loan interest received adjusted for loan interest capitalised and subsequently paid as part of repayments or disposal proceeds.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Loan interest received	52,079	49,282
Capitalised amounts settled as part of final repayment or disposal proceeds	9,727	-
Capitalised amounts subsequently settled as part of repayments	13,408	10,270
Adjusted loan interest received	75,214	59,552

Adjusted net earnings

In respect of a period, a measure of loan interest accrued¹ by the portfolio less total expenses and finance costs. This metric is used in the calculation of adjusted earnings cover¹.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Total profit and comprehensive income/loss	140,319	62,356
Less: income/gains on financial assets at fair value through profit or loss	(157,039)	(97,324)
Less: gains on derivative financial instruments at fair value through profit or loss	(386)	-
Add: losses on derivative financial instruments at fair value through profit or loss	-	20,851
Add: loan interest accrued ¹	90,360	83,623
Adjusted net earnings	73,254	69,506

Aggregate downward revaluations since IPO (annualised)

A measure of the Company's ability to preserve the capital value of its investments over the long term. It is calculated as total aggregate downward revaluations divided by total invested capital since IPO expressed as a time weighted annual percentage.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Total aggregate downward revaluations since IPO	(37,254)	(83,715)
Total invested capital since IPO	1,713,053	1,593,115
Percentage (annualised)	(0.18)	(0.47)

Average NAV

The average of the twelve net asset valuations calculated monthly over the financial year.

Cash earnings cover

Ratio of total net cash received per share to the dividend per share.

	30 Sep 2022 Pence	30 Sep 2021 Pence
Total net cash received per share ¹	6.72	5.12
Dividend per share	7.0	7.15 ²
Times covered	0.96	0.72

Discount

The price at which the shares of the Company trade below the NAV per share.

Dividend yield

A measure of the quantum of dividends paid to shareholders relative to the market value per share. It is calculated by dividing the dividend per share for the year by the share price at the year end.

Earnings cover

Ratio of the Company's earnings per share to the dividend per share.

	30 Sep 2022 Pence	30 Sep 2021 Pence
Earnings per share	15.9	7.1
Dividend per share	7.0	7.0
Times covered	2.3	1.0

Interest cover

The ratio of total loan interest income to finance costs expressed as a percentage.

Loan interest accrued

The measure of the value of interest accruing on a loan in respect of a period, calculated based on the contractual interest rate stated in the loan documentation.

Loan interest accrued differs from net income/gains on financial assets at fair value through profit or loss, as recognised under IFRS 9, as it does not include:

- the impact of realised and unrealised gains and losses on financial assets at fair value through profit or loss;
- the impact of 'pull-to-par' in the unwinding of discount rate adjustments over time (where the weighted average discount rate used to value financial assets differs from the interest rate stated in the loan documentation);
- the impact of cash flows from loan interest received;
- the impact of loan interest capitalised; and
- the impact of loan principal indexation applied.

This metric is used in the calculation of adjusted net earnings¹.

Loan to value

A measure of the indebtedness of the Company at the year end, expressed as interest bearing loans and borrowings as a percentage of net assets.

NAV total return

A measure showing how the NAV per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders, expressed as a percentage.

It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend. This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Ongoing charges

Ongoing charges is a measure of the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

This is a standard performance metric across the investment industry and allows comparability across the sector; it is calculated in accordance with the AIC's recommended methodology.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Ongoing charges		
Investment Adviser	8,558	7,951
Directors' fees	421	374
Administration expenses	3,471	2,359
Total expenses	12,450	10,684
Non-recurring expenses	(1,283)	(482)
Total	11,167	10,202
Average NAV ¹	974,319	901,031
Ongoing charges ratio	1.1%	1.1%

Premium

The price at which the shares of the Company trade above the NAV per share.

Total expenses paid

In respect of the year, the cash outflows from the Company in order to settle operating costs. This metric is used in the calculation of total net cash received.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Total expenses per statement of comprehensive income	12,450	10,684
Adjustment for expense accruals	(357)	(122)
Total expenses paid	12,093	10,806

Total net cash received

In respect of a period, the cash inflows from investments, comprising adjusted loan interest received¹ less total expenses paid and finance costs paid. This metric is used in the calculation of cash earnings cover¹.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Adjusted loan interest received ¹	75,214	59,552
Total expenses paid ¹	(12,093)	(10,806)
Finance costs paid	(3,985)	(3,568)
Total net cash received	59,136	45,178

Total net cash received per share

The Company's total net cash received¹ divided by the weighted average number of shares.

	30 Sep 2022 £'000	30 Sep 2021 £'000
Total net cash received ¹	59,136	45,178
Weighted average number of shares	883,394,897	880,705,368
Total net cash received per share (pence)	6.72	5.12

Total shareholder return

A measure of the performance of a Company's shares over time. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Weighted average annualised yield

The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage. It is calculated including borrower company leverage but before any Company level leverage.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

1. APM - refer to relevant APM above for further information.
2. Includes 2020 fourth interim dividend of 1.9 pence per share paid in the 2021 financial year.

Glossary of key terms

Adjusted earnings cover
Refer to APMs section above

Adjusted loan interest capitalised
Refer to APMs section above

Adjusted loan interest received
Refer to APMs section above

Adjusted net earnings
Refer to APMs section above

Aggregate downward revaluations since IPO (annualised)
Refer to APMs section above

AGM
The Annual General Meeting of the Company

AIC
Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIF
Alternative Investment Fund

AIFM
Alternative Investment Fund Manager

APMs
Alternative performance measures

Average life
The weighted average term of the loans in the investment portfolio

BNYM
Bank of New York Mellon

Borrower
Owners of the Project Companies to which the Company advances loans

BPA-free
Bisphenol A free

Capture price
The actual electricity price achieved by a generator in the market

Cash earnings cover
Refer to APMs section above

CBE
Commander of the Most Excellent Order of the British Empire

CBFs
Community Benefit Funds

CBI
Confederation of British Industry

CfD
Contract-for-difference

CIF Law
Collective Investment Funds (Jersey) Law 1988

C shares
A share class issued by the Company from time to time. Conversion shares are used to raise new funds without penalising existing shareholders. The funds raised are ring-fenced from the rest of the Company until they are substantially invested

Deferred shares
Redeemable deferred shares of £0.01 each in the capital of the Company arising from C share conversion

Discount
Refer to APMs section above

Dividend cover
Earnings (under IFRS, adjusted or cash) for the year compared to the dividend for the year

Dividend yield
Refer to APMs section above

Earnings cover
Refer to APMs section above

EEA
European Economic Area

EPC
Energy performance certificate

ESG
Environmental, social and governance

EU
European Union

FCA
Financial Conduct Authority

FIT
Feed-in tariff

FRC
Financial Reporting Council

FTE
Full-time equivalent

FY21
Full year 2021

FY22
Full year 2022

GB market
UK electricity market

GCP Asset Backed
GCP Asset Backed Income Fund Limited

GHG Protocol
Greenhouse gas protocol

GRESB
Global Real Estate Sustainability Benchmark

GWh
Gigawatt hours

IFRS
International Financial Reporting Standards

IPO
Initial public offering

IRR
Internal rate of return

ISDA
International Swaps and Derivatives Association

ISSB
International Sustainability Standards

ISO
International Organisation for Standardisation

Jersey Company Law
The Companies (Jersey) Law 1991 (as amended)

JFSC
Jersey Financial Services Commission

KPIs
Key performance indicators

KPMG
KPMG Channel Islands Limited

LIBOR
London Interbank offered rate

Loan interest accrued
Refer to APMs section above

Loan to value
Refer to APMs section above

LSE
London Stock Exchange

MEES
Minimum Energy Efficiency Standards

MW
Megawatt

NAV
Net asset value

NAV total return
Refer to APMs section above

OBR
The Office for Budget Responsibility

Official List
The Official List of the FCA

Ongoing charges ratio
Refer to APMs section above

Ordinary shares

The ordinary share capital of the Company

PFI
Private finance initiative

PF2
Private Finance 2

PPA
Power purchase agreement

PPP
Public-private partnership

PPS
Pence per share

Premium
Refer to APMs section above

Project Company
A special purpose company which owns and operates an asset

Public sector backed
All revenues arising from UK central Government or local authorities or from entities themselves substantially funded by UK central Government or local authorities, obligations of NHS Trusts, UK registered social landlords and universities and revenues arising from other Government-sponsored or administered initiatives for encouraging the usage of renewable or clean energy in the UK

Pull-to-par
The effect on income recognised in future periods from the application of a new discount rate to an investment

RAB
Regulated Asset Base

RAG
Red, Amber, Green

RBSI
Royal Bank of Scotland International Limited

REGOs
Renewable Energy Guarantees of Origin

REMA
Review of Electricity Market Arrangements

Revolving credit facility
Credit facility with RBSI, AIB Group (UK) plc, Lloyds Group plc, Clydesdale Bank plc and Mizuho Bank (formerly with RBSI, AIB Group (UK) plc, Lloyds Group plc and Clydesdale Bank plc)

RHI
Renewable heat incentive

RNS
Regulatory News Service

ROCs
Renewable obligation certificates

Rothschild & Co
NM Rothschild and Sons Ltd

RP
Registered providers

RSH
Regulator of Social Housing

SASB
Sustainability Accounting Standards Board

SEM
Irish Single Electricity Market

Senior ranking security
Security that gives a loan priority over other debt owed by the issuer in terms of control and repayment in the event of default or issuer bankruptcy

SFDR
The Sustainable Finance Disclosure Regulation

SONIA
Sterling Overnight Interbank Average rate

SPV
Special purpose vehicle through which the Company invests

Strike price
A pre-agreed electricity price level agreed by a generator as part of a CfD, reflecting the return needed to make that technology financially viable

TCFD
Task Force on Climate-related Financial Disclosures

The Company
GCP Infrastructure Investments Limited

TNFD
Taskforce on Nature-related Financial Disclosures

Total expenses paid
Refer to APMs section above

Total net cash received
Refer to APMs section above

Total shareholder return

Refer to APMs section above

UK Code
UK Corporate Governance Code published in 2018

UK AIFM Regime
Together, The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds sourcebook forming part of the FCA Handbook, as amended from time to time

UK ETS
UK Emissions Trading Scheme

UN SDGs
United Nations Sustainable Development Goals

Weighted average annualised yield
Refer to APMs section above

Weighted average discount rate
A rate of return used in valuation to convert a series of future anticipated cash flows to present value under a discounted cash flow approach. It is calculated with reference to the relative size of each investment

Shareholder information

Key dates for 2023

February
Annual General Meeting

March
Company's half-year end
Payment of first interim dividend

May
Half-yearly results announced

June
Payment of second interim dividend

September
Company's year end
Payment of third interim dividend

December
Annual results announced
Payment of fourth interim dividend

Frequency of NAV publication

The Company's NAV is released to the LSE via RNS on a quarterly basis and is published on the Company's website.

Sources of further information

Copies of the Company's annual and half-yearly reports, stock exchange announcements, investor reports and further information on the Company can be obtained from the Company's website.

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Corporate information

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Corporate website: www.gcpinfra.com

Directors

Andrew Didham (appointed 17 December 2021 and Chairman effective from 20 June 2022)
Ian Reeves CBE (Chairman until 20 June 2022 and retired on 31 October 2022)
Julia Chapman (Senior Independent Director)
Michael Gray
Steven Wilderspin
Dawn Crichard
Paul De Gruchy (retired on 17 December 2021)

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Investment Adviser and AIFM
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St Helier
Jersey JE4 8NG

Royal Bank of Scotland International Limited
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St Helier
Jersey JE4 8PJ

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Jersey JE2 3RT

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Notes to the Editor

About GCP Infra

GCP Infra is a closed-ended investment company and FTSE-250 constituent whose shares are traded on the main market of the London Stock Exchange. Its objective is to provide shareholders with regular, sustained, long-term distributions and to preserve capital over the long term by generating exposure to UK infrastructure debt and related and/or similar assets.

The Company primarily targets investments in infrastructure projects with long term, public sector-backed, availability-based revenues. Where possible, investments are structured to benefit from partial inflation protection. GCP Infra is advised by Gravis Capital Management Limited.

GCP Infra has been awarded with the London Stock Exchange's Green Economy Mark in recognition of its

contribution to positive environmental outcomes.

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