

Investment Commitment

RNS Number : 5649P
GCP Infrastructure Investments Ltd
05 October 2011

GCP Infrastructure Investments Limited

(the "Company")

Headline: Investment Commitment

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The Company is a closed-ended investment company that seeks to generate returns from subordinated infrastructure debt and related and/or similar assets (the "Target Assets"). The Company achieves this by investing substantially all of its capital in GCP Infrastructure Fund Limited (the "Master Fund"), an open-ended investment company that holds the Target Assets. The Company is the majority shareholder of the Master Fund. The Company and the Master Fund are advised by Gravis Capital Partners LLP (the "Investment Adviser").

The Board of Directors of the Company is pleased to announce that on 4 October 2011 the Master Fund authorized the execution of binding documentation under which it is committed to advance a series of loans in an aggregate size of up to c. £15 million (the "Loans"). The Loans will be secured on a senior basis against the cashflows arising under the UK Government's Feed-In Tariff ("FIT") scheme from a portfolio of up to c. 1,500 domestic solar panel installations in England (the "Transaction").

The Loans are expected to have a term of c.23.5 years and to generate a return within the target range of the Master Fund whilst benefitting from an element of inflation protection. The drawdown of the Loans is expected to take place at a rate of c. £5 million per month commencing in mid- October 2011 against a schedule of completed installations. The installations will be effected by A Shade Greener Limited ("ASG"), and the installed equipment will be owned by a single purpose affiliate of ASG (the "Borrower"). The Master Fund will make the Loans to Infrastructure Intermediaries No. 2 Limited, a single purpose vehicle established by the Investment Adviser for the purposes of the Transaction, which will onlend the proceeds of the Loans to the Borrower.

The Company announced on 27 May 2011 that the Master Fund was substantially fully invested. The initial funding for the commitment described above will come primarily from significant recent and ongoing inflows into the Master Fund from entities investing directly in the Master Fund.

Following the signing of the Transaction, and the continuing build-up in the pipeline of opportunities available to the Master Fund, which has accelerated since the summer, the Board of Directors of the Company is actively considering appropriate ways to fund an expansion of the Master Fund including a capital raise by the Company through the issue of C shares. In addition, the Company understands that the Master Fund is looking to put in place debt facilities to provide further funding at the Master Fund level.

Stephen Ellis, managing partner of the Investment Adviser, commented

"Following an extensive analysis of the opportunities available under the UK Government's FIT scheme and of the capabilities of the companies active in the supply, installation and maintenance of solar panels in the UK, we are delighted to be closing this transaction with ASG. In our view the FIT scheme (particularly as it applies to domestic solar panel installations) offers all of the most attractive elements of PFI/PPP in that cashflows are long term, predictable, public sector-backed and inflation-linked, while generating a very wide spread of risks at the underlying asset level."

Notes to editors:

A Shade Greener Limited is a privately-owned group based in Tankersley, South Yorkshire. ASG developed the free solar panel business model in England, whereby ASG installs solar panels on residential property at no charge to the relevant household; the household is then able to use as much of the energy output of the panels as they are able, while ASG is paid over a 25 year term under the FIT scheme. ASG is the leading supplier and installer of free solar panels in the UK with an estimated 15% market share nationwide. See <http://www.ashadegreener.co.uk/>.

The Feed-In Tariff scheme was introduced by the UK Government with effect from April 2010 to encourage the use of energy in the UK from renewable sources (including solar electricity panels). The scheme guarantees to electricity producers a fixed price for electricity produced from renewable sources for a term of 25 years, inflating at RPI.

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End of Announcement

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