

Investments totalling £6.46 million

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GCP Infrastructure Investments Ltd
11 December 2013

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("GCP" or "the Company")

Investments totalling £6.46 million
c.19 year loan notes yielding c.9.8%

GCP, the UK's only listed infrastructure fund focused primarily on investments in UK infrastructure debt, is pleased to announce that on 10 December 2013 the Master Fund completed a series of transactions subscribing for loan notes with a term of c.19 years and an aggregate value of £6.46 million (the "Notes"). The yield on the Notes will be c.9.8% per annum.

The Notes have been issued to the Master Fund by GCP Onshore Wind 2 Limited, a single purpose company, and the proceeds from the issue of the Notes are being used to make loans secured on a senior-ranking basis against three 500kW single turbine wind sites being developed in Scotland and Wales.

All payments of both principal and interest in relation to the Notes are expected to be serviced from income arising from the generation of electricity by the wind sites in the form of receipts under the Feed-in Tariff and from the sale of the electricity under a Power Purchase Agreement.

The acquisition of the Notes has been financed from available cash reserves.

Gravis Capital Partners LLP

Stephen Ellis	+44 (0)20 7518 1495
Rollo Wright	+44 (0)20 7518 1493

Oriel Securities

Neil Winward	+44 (0)20 7710 7600
Mark Bloomfield	

Cenkos Securities

Dion Di Miceli	+44 (0)20 7397 1921
Tom Scrivens	+44 (0)20 7397 1915

Buchanan

Charles Ryland	+44 (0)20 7466 5000
Sophie McNulty	

Notes to Editors

The Company

The Company is a closed-ended investment company that seeks to generate returns from senior and 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 Feed-in Tariff

The Feed-in Tariff scheme became available in the UK on 1st April 2010 and is provided through licensed electricity suppliers. Under the FIT scheme, generators of electricity from renewable or low carbon sources such as [solar electricity panels](#) or [wind turbines](#) (the "FIT Generators") are entitled to receive Tariff Payments from those licensed electricity suppliers defined as FIT Licensees.

Under the FIT section of the Standard Conditions of Electricity Supply Licence ("Standard Conditions"), FIT Licensees are either:

- "Mandatory FIT Licensees" - licensed electricity suppliers with more than 50,000 customers, or
- "Voluntary FIT Licensees" - smaller licensed electricity suppliers who elect to take part in the FIT scheme.

FIT Licensees play the main customer-facing role for the FIT scheme and they are required to take FIT Generators through the registration process and make FIT Payments.

FIT Payments fall into two categories, the Generation Tariff and the Export Tariff. The Generation Tariff is a set rate paid by the FIT Licensee for each unit (or kWh) of electricity generated, the set rate being dependent on the size and type of the installation. The wind turbines being funded by the Loan Notes are due to receive a Generation Tariff of 18.04p/kWh payable for a period of 20 years with the rate increasing annually at RPI from April 2014. The generator has opted out of the Export Tariff (currently 4.64p/kWh) in favour of a Power Purchase Agreement which produces higher returns and is expected to do so over time as wholesale electricity prices are above the Export Tariff.

As set out in the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010, a Levelisation Process provides for a system of Levelisation Payments between licensed electricity suppliers and the Gas and Electricity Markets Authority (the "Authority", the UK Government body established by the Utilities Act 2000 to regulate the gas and electricity industries in the UK). The Authority has powers under the Competition Act 1998, the Utilities Act 2000, the Electricity Act 1989 and the Gas Act 1986. The Levelisation Payments act so that if an electricity supplier is not making payments of FIT in proportion to its share of the UK electricity supply market it is required to make payments to the Levelisation Fund and similarly a supplier who is making payments of FIT in excess of its proportionate share of the UK electricity supply market will receive payments of FIT from the Levelisation Fund.

The Office of Gas and Electricity Markets ("Ofgem") supports the Authority in its role. Ofgem's key role is to maintain the Central FIT Register, which is a database of accredited installations. In addition, Ofgem administers the levelisation process and accredits small scale generators (installations with a capacity greater than 50kW) or micro and small scale anaerobic digestion installations. Ofgem is also responsible for ensuring suppliers comply with the FIT scheme requirements.

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