

Investment totalling £12.2 million

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GCP Infrastructure Investments Ltd
21 July 2014

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(the "Company")

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Investment totalling £12.2 million
c.15 year loan note yielding 9.5%

GCP, the only listed fund focused on investments in UK infrastructure debt, is pleased to announce the completion on 18 July 2014 of a transaction subscribing for loan notes with a term of c.15 years and an aggregate value of £12.2 million (the "Notes"). The yield on the Notes is c.9.5% per annum.

The Notes will be issued by GCP Biomass 3 Limited, a single purpose company, and the proceeds from the issue of the Notes will be used to make a senior loan secured against the cash flows arising from two operational gas to grid anaerobic digestion schemes in England.

All payments of both principal and interest in relation to the Notes are expected to be serviced from income arising under the UK Government's Renewable Heat Incentive Scheme and from the sale of gas.

The acquisition of the Notes has been financed from available cash reserves. Following this investment c. £35m (44%) of the C Share capital raised in March 2014 will have been invested.

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Notes to Editors

The Company

The Company is a closed-ended London Stock Exchange-listed investment company that seeks to generate returns from senior and subordinated infrastructure debt and related and/or similar assets. The Company is advised by Gravis Capital Partners LLP.

The Projects

The projects consist of two biomethane to grid anaerobic digestion plants located in different parts of England. Both plants are in the latter stages of commissioning and benefit from payments for the gas generated under the UK Government's Renewable Heat Incentive Scheme at a generation tariff of 2.20p per therm. In addition, both projects are able to sell the gas generated and exported to the national grid to the market under a separate gas sales agreement.

The Renewable Heat Incentive

The Renewable Heat Incentive (RHI) is a Government environmental programme introduced in November 2011 that provides financial incentives to increase the uptake of renewable heat. Broadly speaking it provides a subsidy, payable for 20 years, to eligible, non-domestic renewable heat generators and producers of biomethane based in Great Britain. Ofgem is responsible for implementing and administering the scheme on behalf of the Department of Energy and Climate Change.

By providing a long-term financial incentive, the objective of the RHI is to significantly increase the proportion of heat generated from renewable sources. By driving change in a heat sector currently dominated by fossil fuel technologies, the RHI can help the UK meet EU targets to reduce carbon emissions and improve energy security. In addition there's also the wider potential of developing 'green jobs'.

Currently, the Renewable Heat Incentive is open to parties in the non-domestic sector which includes industrial, commercial, public sector and not-for-profit organisations with eligible installations and to producers of biomethane. In the context of the scheme, a non-domestic installation is a renewable heat unit that supplies large-scale industrial heating right down to small community heating projects. This includes for example small businesses, hospitals and schools, as well as district heating schemes for example where one boiler serves multiple homes.

This information is provided by RNS
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