Replacement Annual Financial Report

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GCP Infrastructure Investments Ltd
14 December 2016

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GCP Infrastructure Investments Limited ("GCP Infrastructure" and/or the "Company")

Annual Report and Audited Consolidated Financial Statements for the year ended 30 September 2016.

The Directors of the Company are pleased to announce the Company's annual results for the year ended 30 September 2016. The full Annual Report and Accounts can be accessed via the Company's website at http://gcpuk.com/gcp-infrastructure-investments-ltd and will be posted to shareholders over the course of the next few weeks.

Contact details:

Gravis Capital Partners LLP +44 (0)20 7518 1490

Stephen Ellis

Rollo Wright

Dion Di Miceli

Stifel Nicolaus Europe Limited +44 (0)20 7710 7600

Mark Bloomfield

Neil Winward

Tunga Chigovanyika

Buchanan +44 (0)20 7466 5000

Charles Ryland

Robbie Ceiriog-Hughes

Victoria Watkins

Notes to Editors

About GCP Infrastructure

GCP Infrastructure 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. GCP Infrastructure is advised by Gravis Capital Partners LLP.

About us
GCP Infrastructure is the only UK listed fund focused primarily on investments in UK infrastructure debt.

The Company achieves its investment policy by investing substantially all its capital in debt secured against UK infrastructure projects primarily in the renewable energy and PFI sectors that generate long dated, public sector backed revenues. The company is currently exposed to a diversified portfolio of partially inflation protected investments.

The Company is a 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 and since then it has grown to a market capitalisation of just over £868.6 million as at 30 September 2016.

Highlights for the year
- Dividends of 7.6 pence per share paid for the year to 30 September 2016
- Total shareholder return for the year of 15.6% and total return since IPO in 2010 of 94.1%
- Profit for the year of £54.4 million up c.11.7% from £48.7 million in the previous year
- £95 million successfully raised through two significantly oversubscribed share issues with a further £90 million raised post year end
- New loans advanced totalling c.£92.8 million secured against UK renewable energy, social housing and PFI projects, with a further £53.6 million post year end
- Company NAV per ordinary share as at 30 September 2016 of 109.67 pence per share up 2.05% since 30 September 2015
- Third party valuation of the Company's investment portfolio at 30 September 2016 of £699.7 million

Investment objectives
The Company invests in UK infrastructure debt to meet the following key objectives:

Key performance highlights	Key performance highlights	Key performance highlights
To provide shareholders with regular, sustainable long-term dividends	To create a diversified portfolio of debt secured against UK infrastructure projects	To preserve the capital value of its investment assets over the long term
The Company has maintained or progressively increased its dividend for every period since inception and has paid	The Company has increased the number of investments in its portfolio from 40 to 43 as at 30 September 2016. The investment	The valuation of the Company's investments is in excess of the principal value outstanding. The increase in valuation has

a dividend of 7.6 pence for the previous four financial years.

portfolio is exposed to a wide variety of sectors in terms of project type and source of underlying cash flow.

resulted in a net asset value per share as at 30 September 2016 of 109.67 pence per share. The ordinary shares have traded at a premium to their net asset value since IPO.

Key performance highlights	Key performance highlights	Key performance highlights
7.6p	43	109.67p
Dividends paid in 2015/16	Number of investments	NAV per share
£54.4m	11.5%(1)	131.60p
Profit for the year	Size of largest investment	Share price as at 30 September 2016

(1) The size of the largest investment is calculated by reference to the percentage of total assets. The Cardale PFI loan is secured on a cross-collateralised basis against 14 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the total portfolio.

Chairman's statement

I'm pleased to report that the Company, entering its seventh year, has produced another period of measured growth, maintaining a high level of dividend distributions and enjoying a robust share price performance.

Dividends and returns

One of the Company's key objectives is to provide shareholders with regular, sustainable long-term dividends. For the fourth consecutive year the Company has paid dividends of 7.6 pence per share. This predictable and dependable income has resulted in a consistently strong demand for the Company's shares. The Company's share price has been resilient and stable in the midst of wider market upheaval, including the post-Brexit tremors, and has performed strongly over the last few months. The Company's share price at the year end was 131.60 pence per share, representing a premium to net asset value of 20%, producing a total shareholder return for the year of 15.6%.

Net asset valuation

The net asset value per share increased over the year from 107.47 to 109.67 pence per share. This was primarily driven by the accretive nature of shares issued at a premium to prevailing net asset values and investment valuation uplifts. Valuation discount rate reductions over the year, relating to mature renewable energy and PFI investments with operational track records, were driven by comparable market transactions and wider credit market conditions. Net valuation movements accounted for a 1.05% increase in the Company's net asset value at 30 September 2016.

Equity raisings and investments

During the year, the Company raised gross proceeds of £95 million through placings of 16.9 million and 64.4 million shares issued at 118.00 and 116.50 pence per share respectively. Both share issuances were oversubscribed, a continuing reflection of investors' support of and confidence in the investment strategy of the Company.

The Board believes that considered and conservative growth benefits shareholders through increased share liquidity, economies of scale, and further investment diversification.

The Company made loan investments totalling £92.8 million over the period with £53.6 million advanced post year end.

Investment portfolio

The Company's loan investments have performed well, accruing an average yield of c.9.0% throughout the year, with the operational and construction performance of most of the projects that support the Company's investment portfolio being materially in line with expectations. Two biomass projects have encountered operational and grid connection challenges, issues that have been reflected in valuation reductions, but the Board are instigating in both cases a clear plan to achieve much improved performance. The Company's investment portfolio is 26% exposed to PFI projects, 64% to renewable energy assets 9% to social housing transactions and 1% to asset finance.

Market outlook and investment focus

The Chancellor's Autumn Statement on 23 November 2016 was full of positive sentiment toward future UK infrastructure development, with infrastructure spending still seen as a key tool to boost economic growth. There seems to have been a policy shift towards smaller projects that, it is hoped, will have a more immediate impact on productivity. The Chancellor gave particular mention to areas such as road and rail improvements, ultra-fast fibre networks and social housing. Given the Government's commitment to announce a new PF2 pipeline early next year and the long-awaited second contracts for difference auction for renewable energy projects in April 2017, there is room for cautious optimism that a meaningful infrastructure development pipeline will emerge.

Over the last few years, the influx of capital seeking both debt and equity exposure to UK infrastructure has driven up prices in many of the Company's target investment sectors. This has resulted in valuation uplifts on some of the Company's existing assets, a reduction in available investment yields and a challenging investment environment.

However, most investors, institutional investors in particular, tend to be restricted to opportunities larger in size and profile. This has meant that the Company still remains well positioned to achieve attractive returns by investing in smaller infrastructure projects in areas that continue to be poorly served by the broad lending market. The Company has also found an increasing number of opportunities to lend at attractive rates against well-performing operational assets supported by legacy subsidy regimes as asset owners seek to refinance existing debt or lenders look to sell down positions. Particular areas of focus are social housing for vulnerable adults, small-scale PFI and established areas within the renewable energy sector.

With the Brexit decision now over six months behind us, the impact of the UK's decision to leave the EU remains difficult to quantify. In part, that is simply due to the enduring uncertainty that surrounds the withdrawal process and the nature of the UK's longer-term relationship with the rest of the EU. Key economic repercussions seem to be an increased likelihood of higher inflation and rising rates. The Company is well positioned to weather both eventualities with inflation protection across half of its investments, valuation discount rates at material premiums to the risk-free rate and a profile of principal repayments that, in a higher interest rate environment, would allow reinvestment at higher rates of return.

Principal risks and uncertainties

The principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk, operational risk, cyber-crime and regulatory, legal and compliance risk. The full details can be found below.

Mr Ian Reeves CBE
Chairman
13 December 2016

Strategic report

Investment objectives and policies

The Company's investment objectives are to provide its shareholders with regular, sustained, long-term distributions and to preserve the capital value of its investment assets over the long term, by generating exposure to subordinated PFI debt and/or similar assets.

The Company makes investments in subordinated debt instruments issued by infrastructure project companies, their owners or their lenders, and assets with a similar economic effect. The Company may also acquire (or acquire interests in) the senior debt of infrastructure project companies, or their owners.

The Company receives debt service payments in accordance with the terms of its investments. The debt service payments, comprising interest and principal payments are covered by expected cash flows generated by the underlying infrastructure project company.

The objective of the Company is to generate a diversified portfolio of subordinated debt infrastructure assets and related and/or similar assets and to maintain its portfolio so that not more than 10% in value of the Company's total assets from time to time consist of securities or loans relating to any one individual infrastructure asset (having regard to the 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 is subject to the investment restrictions described in the investment strategy.

Similarly, 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. PFI healthcare, 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 maintain strong relationships with all key stakeholders of the Company, including shareholders and borrowers; and
- to develop and increase the understanding of the investment strategy of the Company and infrastructure as an investment class.

Key policies

Distribution

The Company aims to provide its shareholders with regular, sustained, long-term distributions.

Capital raising and financing

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. This will enable the Company to achieve greater diversification of risk and to benefit from economies of scale in relation to the operational costs of the Company.

Leverage and gearing

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

Conflicts of interest

The Company has given its consent for the Investment Adviser to act as the investment manager to GCP Asset Backed Income Fund Limited (formerly Project Finance Investments Limited), a closed-ended investment company listed on the London Stock Exchange's Main Market. GCP Asset Backed Income Fund Limited is focused predominantly on debt investments secured against physical assets and/or contracted cash flows.

The Company has given its consent on the basis that where the Investment Adviser identifies an investment which, in its opinion acting reasonably and in good faith, falls within the Company's remit, the Company will have a right of first refusal ("ROFR").

Investment strategy

The Company achieves its investment objectives primarily by seeking exposure to debt (both senior and subordinated) secured against UK infrastructure projects with the following characteristics:

- pre-determined, very long-term, public sector backed revenues;
- no construction or property risk; and
- contracts where payments do not depend on the level of use of the project assets.

In accordance with the Company's prospectus, investments as described above must make up a minimum of 75% of the Company's total assets. The Company may also consider, in respect of up to an absolute maximum of 25% of its total assets (at the time the relevant investment is made), taking exposure to:

- projects that have not yet completed construction;
- projects in the regulated utilities sector; and
- projects with "demand" based concessions (i.e. where the payments received depend on the level of use of the project assets) or which have private sector sponsored concessions, 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
  - the stability of the resulting revenue.

As at 30 September 2016, the Company does not have any exposure to projects purely in the regulated utilities sector or projects with demand-based concessions.
The Company's exposure to projects that have not yet completed construction with reference to total portfolio value at 30 September 2016 was 10.1%. Approximately 6% of the debt service payable to the Company is expected to be serviced by cash flows arising from the sale of electricity.

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

Delivery of investment objectives through implementation of investment strategy

Investment objective	Implementation of investment strategy
Dividend income To provide shareholders with regular, sustainable long-term dividends	***PFI, social housing and renewable energy cash flows*** The Company's distributions are dependent primarily on the long-term cash flows generated by projects in the PFI, social housing and renewable energy sectors that are backed by the UK public sector, unitary charge payments in PFI transactions, lease payments in social housing deals and subsidy payments in renewable energy projects. ***Availability-based cash flows*** The Company's investments are typically secured against cash flows that are not dependent on the level of use of the underlying infrastructure asset, meaning that if the project is operating as expected, future cash flows are predictable and dependable. ***Investment in debt*** The Company only invests in debt. In all investments, there is equity that takes the first loss position in the event of project cash flow interruption or underperformance. Debt returns, by their nature, are more predictable than equity returns. ***Careful management of costs*** The Board pays careful attention to the management of costs associated with running the Company and follows comprehensive corporate governance procedures. ***Careful management of capital raising/spending*** 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. ***Delivery of investment objective*** The Company has maintained or progressively increased its dividend for every period since inception and has paid or declared a dividend of 7.6 pence for the previous four financial years. **7.6p** **£54.4m** Dividends paid in 2015/16 Profit for the year
Diversification To create a diversified portfolio of debt secured against UK infrastructure projects	***Exposure limits*** The investments of the Company are, as far as is reasonable in the context of a UK infrastructure portfolio, appropriately diversified by underlying project, borrower, facilities manager, asset type (e.g. PFI healthcare, PFI education, solar power, social housing, biomass etc.) and by revenue source (e.g. NHS Trusts, local authorities, FiT, ROCs etc.) ***Synergy with existing portfolio*** New investments are evaluated to ensure their addition would add balance and diversification to the existing portfolio of the Company with regards to credit risk, asset sector, investment term and income return. ***Regular monitoring*** The exposures within the Company's investment portfolio are constantly monitored to ensure any concentration of risk falls within acceptable parameters.

	Delivery of investment objective During the year, the Company has increased the number of investments in its portfolio from 40 to 43. The investment portfolio is exposed to a wide variety of sectors in terms of project type and source of underlying cash flow. **43** Number of investments **11.5%(1)** Size of largest investment
Capital preservation To preserve the capital value of its investment assets over the long term	***Inflation protection*** Wherever possible, the Company invests in projects with sufficient inflation linkage in the underlying cash flows to enable the Company's debt investments to be structured with inflation protection characteristics. This protects the capital value of the investments in the event of high inflation.
	Underlying project dependability The Company invests primarily in debt secured against projects that are relatively simple in terms of construction, operation, maintenance and technology, have competent and financially stable facilities managers and good operational histories.
	Extensive due diligence Where appropriate, the Investment Adviser will complement its analysis through the use of professional third party advisers, including technical advisers, financial and legal advisers and valuation and insurance experts. These advisers are engaged to conduct due diligence that is intended to provide an additional and independent review of key aspects and risks of a project, providing comfort as to the level of risk mitigation and the project's ongoing performance.
	Investment in debt The capital value of the Company's investments is insulated from underlying project underperformance by the equity finance that always ranks below such debt investments.
	Return premium over long-term interest rates The valuations of the Company's investments take into account, inter alia, long-term interest rates. The Company's investments yield significant premiums to such rates as swaps and gilts and as such create a buffer in the event of long-dated rate rises.
	Delivery of investment objective The valuation of the Company's investments is in excess of the principal value outstanding. The increase in valuation has resulted in a NAV per share of 109.67 pence. The ordinary shares have always traded at a premium to their net asset value. **109.67p** NAV per share **131.60p** Share price as at 30 September 2016

(1) The size of the largest investment is calculated by reference to the percentage of total assets. The Cardale PFI loan is secured on a cross-collateralised basis against 14 separate operational PFI projects, with no exposure to any individual project being in excess of 10% of the total portfolio.

UK infrastructure market

UK Infrastructure assets involving private sector investment typically generate revenues from long-term, public-sector backed contracts.

Social and economic infrastructure

The UK Government first introduced PFI structures in the mid-1990s as the primary method of procurement for social infrastructure projects. Over £60 billion of predominantly hospitals and schools were developed using private sector capital under PFI structures, with a new, if similar, model being introduced in 2012 in the form of PFI and PF2 structures which involve a private sector consortium entering into a contract with a central or local government entity (e.g. a local authority in the case of a school or an NHS Trust in the case of a hospital) to design, finance, build and operate an infrastructure asset. The contract term is typically between 25 and 30 years. During the operational phase of the contract, the public sector entity pays a predetermined fee for the use of the asset that is operated by the private sector consortium. The payment of such a fee is typically not dependent on the level of use of the infrastructure asset, but on whether the asset is available for use. As such, PFI and PF2 structures create long dated and predictable cash flows payable by central or local government entities.

Renewable energy infrastructure

In an effort to increase the proportion of energy produced in the UK from renewable resources like sunlight, wind and wood, the UK introduced a variety of incentives to stimulate private sector investment in renewable energy infrastructure. The subsidies (such as the FiT, RHI and ROCs) are typically payable over a 20 year period to owners of eligible renewable energy projects for the generation of energy using renewable sources. As such, renewable energy projects that receive subsidy payments generate long dated and predictable cash flows that are either implicitly or explicitly supported by the UK Government.

Social housing

Housing associations, or registered providers of social housing, are independent bodies established for the purpose of providing low-cost social housing for people in housing need on a not-for-profit basis. Housing associations are regulated in England by the Homes and Communities Agency and are classed by the Office for National Statistics as Public Non-Financial Corporations. There are now c.1,775 English housing associations that provide a wide range of housing, some managing large estates of housing for families, while others provide supported accommodation through specialist projects for people with mental or physical disabilities. The vast majority of the income of housing associations arises from the payments of rent by local authorities in the form of housing benefit. Housing associations typically either own the properties within their portfolios or enter into long-term (typically 20 to 50 year) fully repairing and insuring leases from private sector landlords in order to access suitable properties.

Long-dated infrastructure debt finance

Given the high capital cost and long-dated cash flows generated by infrastructure assets, they are generally most efficiently financed by long-dated debt. Such loans are made to a single purpose, ring-fenced company that owns the underlying asset.

Loan documentation ensures key structural benefits for the lenders, including tight control of project cash flows and assets, high transparency and an exposure limited solely to an identified asset with pre-defined risks.

Typical infrastructure project structure

UK infrastructure assets involving private sector investment are often constructed and (to a greater or lesser extent) maintained by a private sector entity or consortium acting through a single purpose company known as the project company. Such companies typically generate their primary source of revenue from long-term contracts with public sector or public sector backed counterparties and are thus generally considered to be relatively dependable and predictable. The project company also enters into various contracts in order to deliver, inter alia, the construction and operations and maintenance of the project.

Illustrative priority of payments with typical infrastructure project structure

Total revenues, often contracted to rise in line with RPI or another inflation index, will typically be used to service (in order of priority) the cost of operating and/or maintaining the asset to the required standard, senior debt, subordinated debt (if any), and finally to provide a return to the equity holders.

Market outlook

The Chancellor's Autumn Statement re-affirmed the Government's support for private sector investment in UK infrastructure.

UK infrastructure sector overview

The Company's investment strategy is to make debt investments secured primarily against UK infrastructure projects that generate pre-determined, long-term, public sector backed revenues. This is reflected in the Company's existing exposure to PFI, renewable energy and social housing assets, all sectors with appropriately predictable operational and cash flow characteristics.

Over the last few years, these sectors have become better known and better understood by an ever-expanding universe of equity and debt investors, from pension funds to

private individuals participating through investment companies. Investors have been attracted by the low volatility and income-generative nature of the sectors in a market environment of ever decreasing income returns, particularly the case in the credit markets where yields are currently experiencing sustained and historic lows.

The influx of capital into UK infrastructure has not generally been matched by levels of procurement of new projects and this demand and supply imbalance has resulted in a contraction of investment yields in many sectors to which the Company has existing exposure. This has resulted in both valuation increases on existing investments as well as a challenging market to unearth debt investments of sufficient quality that produce yields within the Company's target range.

It is, as yet unclear whether investors will view Brexit as having a materially negative impact on the attraction of UK infrastructure. Any reservations that investors currently have seem to derive from the general uncertainty rather than asset-specific concerns and only time will tell whether Brexit will have a longer-term impact on pricing. There will, no doubt, be some investors that have their own reasons for withdrawing from the market, one likely example being the European Investment Bank whose primary mandate is investing in EU countries.

Target market updates and investment focus

PFI/PF2

The secondary PFI market has been relatively quiet over the year, with only a small number of portfolios coming to the market through traditional auction processes. The Chancellor's Autumn Statement reaffirmed the Government's support for private sector investment in UK infrastructure. The explicit focus seems to be shifting from health and education projects to smaller scale transport, social housing and technology projects, although the exact role of private sector investment remains unclear. The Government has committed to announce in early 2017 a new PF2 pipeline with the wider infrastructure industry hopeful to reverse a decade-long trend of falling procurement levels.

The Company has not made large investments in PFI or PF2 projects for a number of years but exciting, small-scale opportunities continue to emerge. The Company has formed strong relationships with developers seeking subordinated debt funding and is confident that recent levels of investment activity can be maintained.

Renewable energy

The UK renewable energy market has experienced enormous growth over the last few years.

The growth has been largely fuelled by subsidy regimes, the most significant of which have been the FiT and ROCs. The estimated budget for these two subsidies for 2016 is c. £5.8 billion. However, subsidy payments for new projects have been falling for a number of years, most significantly following the election of the new Government in May 2015. This was largely anticipated given the level of historic investment.

Projects will only be eligible for subsidy payments under the ROCs regime if completed before March 2017 (with asset-specific grace periods of up to 18 months) and current FiT levels have been reduced to such a level as to make development in many sectors uneconomic. The Government's support for future renewable energy projects (under the Electricity Market Reform) has now shifted towards the CfD's model. CfDs are private law contracts between a low carbon electricity generator and the Low Carbon Contracts Company ("LCCC"), a government-owned company.

In November 2016, after a two-year auction hiatus, the Department for Business, Energy and Industrial Strategy provided long-awaited clarity to the renewables sector by releasing further details on a second CfDs. allocation round to be held in April 2017. Onshore wind and solar were not included as eligible technologies with a move to offshore wind.

Given the Company's experience in a wide range of technologies, the Investment Adviser remains confident of finding investment opportunities either from the current stock of developed assets or from projects eligible under future subsidy regimes.

Social housing

The Company has specifically targeted the financing of the supported living sector of the social housing market, primarily because this sector tends to be available in relatively small lot sizes, and hence is less competitive than the general needs social housing arena. The provision for the additional costs of supported living as compared to general needs housing has recently been amended, and from 2019/20 will be met by ring-fenced funding from central Government to the local authorities.

There remains a substantial shortfall in the provision of specialist supported living units in England, and, quite apart from the obvious social advantages of giving those in need of support as much independence as is possible, there are demonstrable economic benefits too. As a result, it is hoped that there will be an accelerating provision of such units in coming years, and the Company is well positioned to assist in its financing.

To date, the Company has financed the development or acquisition of supported living units through the investment of senior ranking debt. Each of these units benefits from a long dated (typically 35 years) fully repairing and insuring lease with an English housing association.

BEPS

Following the publication of the outputs from the G20 Organisation of Economic Co-operation and Development ("OECD") BEPS project in October 2015 and their endorsement by G20 leaders in November 2015, the UK Government has set out plans for taking forward this work. The Government has announced that new rules on interest deductibility will be introduced from April 2017 in line with the recommendations set out in the OECD report and taking into account the responses to their initial consultation that closed in January 2016.

The Investment Adviser does not believe that such new rules are a material risk to the Company, primarily as the Company is a single company and it makes arm's length loans to third parties on wholly commercial terms. As such, it is neither a multinational corporation nor engaged in artificial arrangements and as a result the Investment Adviser does not believe the Company is an intended target of the OECD's BEPS measures.

Furthermore, the Government recently announced that it will widen provisions to protect "public benefit infrastructure projects" from the BEPS legislation.

The Investment Adviser will continue to monitor further Government announcements regarding BEPS to ensure the correct positioning of the Company in the future.

Review of the year

The Company raised a total of £95 million, made eleven investments totalling £92.8 million and delivered a total shareholder return of 15.6%.

Financial performance and dividends paid

The Company has delivered another year of strong results with profit of £54.4 million generated from the Company's investment portfolio. Total income has increased from £56.3 million to £63.6 million following the deployment of £92.8 million into a variety of renewable energy, PFI and social housing projects. Finance costs of £1.3 million were incurred in respect of the Company's continued use of a revolving credit facility with RBSI (the "Facility"). The Company declared a dividend of 1.9 pence per ordinary share for each of the four quarters during the year.

Cash generation

The Company received debt service payments of £105 million during the year, comprising £51 million of interest and £54 million of loan principal payments (including prepayments of £6.4 million from GCP Onshore Wind 2 Limited and refinancing of GCP Rooftop Solar 6 of £34.8 million). The Company paid dividends of £46.1 million during the year.

The Company fully drew down and partially repaid the Facility with RBSI during the year, with £26.5 million being drawn at the year end. The Company raised £95 million of equity capital and made advances of £92.8 million during the year. Total cash reserves at the year end were £52.0 million.

NAV and share price performance

The net assets of the Company have grown from £619.5 million at 30 September 2015 to £723.8 million at 30 September 2016 as a result of £95 million of equity capital raised and the upward valuation of a number of the Company's renewable and PFI assets, offset by the reduction in the valuation of two biomass assets. The Company's NAV per share has increased from 107.47 pence at the prior year end to 109.67 pence at 30 September 2016 due to the accretive nature of the share issuances and investment revaluations.

The Company has delivered a total shareholder return of 15.6% over the past twelve months and 94.1% since IPO. The Company has continued to trade at a significant premium to NAV, with an average of 12.9% for the year and 20% at the year end. The share price hit an all time peak of 133.20 pence on 21 September 2016. The 52 week low of 114.50 pence coincided with the shares going ex dividend, following the December 2015 dividend announcement on 22 January 2016.

Credit facility

The Company has continued over the year to make periodic use of the Facility with RBSI. The Facility has enabled the Company to raise and deploy capital more efficiently. All

amounts drawn under the Facility have been used in accordance with the Company's investment policy. Post year end, the Company repaid in full the Facility on 7 December 2016.

Capital raised

The Company raised a total of £95 million during the year through two significantly oversubscribed capital raises under placing programmes. The Company raised £20 million on 7 December 2015, at a placing price per new ordinary share of 118.00 pence and £75 million on 8 July 2016, at a placing price per new ordinary share of 116.50 pence.

In the period since the year end, on 29 November 2016 the Company raised a further £90 million. The placing price was 123.50 pence per share.

Further details on the share movements are disclosed in note 17.

Key investment highlights

The Company made eleven advances during the year totalling £92.8 million; four new loans and seven extensions to existing facilities. The Company refinanced a £59.7 million loan and used the proceeds to partially repay £32 million of its Facility with RBSI, retaining a subordinated investment of £23.9 million. The Company's GCP Onshore Wind 2 loan was also redeemed in full on 8 March 2016. As the repayment was unscheduled, the amount repaid of £6.4 million included a redemption fee which has positively impacted income for the year.

The Company made six advances totalling £53.6 million post year end.

Advances made during the year

Investment	Loan		Project
GCP Rooftop Solar 5 Limited[1]	Amount	£3.1 million	Portfolios of domestic solar panel installations in England installed by A Shade Greener Limited.
	Term	21 years	
	Security	Subordinated	
	Status	Operational	
GCP Biomass 4 Limited[1]	Amount	£3.9 million	Construction of a waste to energy biomass facility in Widnes, England.
	Term	16 years	
	Security	Subordinated	
	Status	Construction	
GCP Social Housing 1 Limited[1] A notes	Amount	£0.3 million	Portfolio of housing units for occupation by adults with learning difficulties.
	Term	35 years	
	Security	Senior	
	Status	Operational	
GCP Social Housing 1 Limited[1] B notes	Amount	£5.8 million	Portfolio of housing units for occupation by adults with learning difficulties.
	Term	40 years	
	Security	Senior	
	Status	Operational	
GCP Social Housing 1 Limited[1] C notes	Amount	£4.6 million	Funding for construction and renovation of housing units for occupation by adults with learning difficulties.
	Term	1 year	
	Security	Senior	
	Status	Operational	
GCP Social Housing 1 Limited[1] D notes	Amount	£32.7 million	Portfolio of housing units for occupation by adults with learning difficulties.
	Term	35 years	
	Security	Senior	
	Status	Operational	
GCP Biomass 5 Limited B notes	Amount	£12.5 million	Construction of food waste anaerobic digestion facility in Wales.
	Term	15 years	
	Security	Senior	
	Status	Construction	
GCP Biomass 5 Limited C notes	Amount	£12.8 million	Construction of food waste anaerobic digestion facility in England.
	Term	15 years	
	Security	Senior	
	Status	Construction	
GCP Asset Finance 1 Limited C notes	Amount	£11.1 million	Construction of a number of availability based accommodation PPP assets in Scotland under the NPD procurement model.
	Term	27 years	
	Security	Subordinated	
	Status	Construction	
GCP Biomass 1 Limited[1] C notes	Amount	£1.0 million	Construction of a waste to energy biomass facility in Londonderry, Northern Ireland.
	Term	16 years	
	Security	Subordinated	
	Status	Construction	
GCP Asset Finance 1 Limited D notes	Amount	£5.0 million	Asset finance for the construction of an energy centre within an NHS hospital.
	Term	14 years	
	Security	Senior	
	Status	Construction	
		Investments totalling £92.8 million	

Prepayments

Investment	Loan		Project
GCP Onshore Wind 2 Limited	Amount	£6.4 million	Three 500kW single turbine wind sites in England and Wales.
	Term	12 years	
	Security	Senior	
	Status	Operational	
		Investments totalling £6.4 million	

Advances made post year end

Investment	Loan		Project
GCP Programme Funding 1 Limited Series 1 notes	Amount	£44.2 million	Portfolio of housing units for occupation by adults with learning or physical difficulties.
	Term	35 years	
	Security	Senior	
	Status	Operational	
GCP Programme Funding 1 Limited Series 2 notes	Amount	£1.0 million	Funding for construction and renovation of housing units for occupation by adults with learning difficulties.
	Term	2 years	
	Security	Senior	
	Status	Construction	
GCP Asset Finance 1 Limited C notes	Amount	£0.3 million	Construction of an availability based accommodation PPP asset in Scotland under the NPD procurement model.
	Term	27 years	
	Security	Subordinated	
	Status	Construction	

GCP Healthcare 1 Limited C notes	Amount Term Security Status	£0.3 million 27 years Subordinated Construction	Construction of an NHS LIFT asset in Hull.
GCP Social Housing 1 Limited B notes	Amount Term Security Status	£1.9 million 40 years Senior Operational	Purchase of an additional housing unit for occupation by adults with learning or physical difficulties.
GCP Social Housing 1 Limited D notes	Amount Term Security Status	£5.9 million 35 years Senior Operational	Purchase of additional housing units for occupation by adults with learning or physical difficulties.
		Investments totalling £53.6 million	

(1) Further drawings under, or extensions to, existing facilities.
(2) In addition, during the period £5 million of GCP Social Housing 1 Limited C notes were refinanced by the issuance of £5 million of GCP Social Housing 1 Limited B notes.

Investment portfolio
The Company is exposed to a portfolio of 43 infrastructure loans valued at £699.7 million with an average annualised yield of 8.8% and an average life across the portfolio of 15 years.

Portfolio overview
The valuation of the Company's investments at 30 September 2016 was £699.7 million. The Company made four new investments and seven extensions to existing facilities during the year. The Company also refinanced one loan and received an early prepayment on an existing facility, taking the number of investments to 43 at the year end. Post year end the Company made a further six advances.

As at 30 September 2016, the principal value of the Company's investments was £644.9 million with a weight-adjusted average annualised yield of 8.8% and an average life across the portfolio of 15 years.

A full list of the Company's portfolio can be found on the Company's website at www.gcpuk.com/gcp-infrastructure-investments-ltd.

Key exposures
Top ten investments

Loan	Cash flow type	Project type	% of total assets
Cardale PFI Investments Limited	Unitary charge	Various UK PFI	11.5%
GCP Biomass 1 Limited	ROCs	Anaerobic digestion	5.6%
GCP Green Energy Limited	ROCs	Onshore wind	4.9%
GCP Biomass 5 Limited	FiT	Anaerobic digestion	4.9%
GCP Social Housing 1 Limited D notes	Lease payment	Social housing	4.7%
GCP Rooftop Solar 4 Limited	FiT	Rooftop solar	4.6%
GCP Healthcare 1 Limited	Unitary charge	Various UK PFI	4.4%
GCP Rooftop Solar 5 Limited	FiT	Rooftop solar	3.7%
GCP Rooftop Solar 6 Limited	FiT	Rooftop solar	3.6%
GCP Biomass 4 Limited	ROCs	Biomass	3.1%

Top ten project counterparties

E.ON Energy Limited (Ofgem)	24.6%
Ofgem	19.0%
Power NI (Ofgem)	8.5%
Bespoke Supported Tenancies	6.2%
Centrica (Ofgem)	3.4%
Viridian Energy Supply Limited (Ofgem)	3.0%
Co-op Group (Ofgem)	3.0%
Smartest Energy Limited (Ofgem)	2.6%
Inclusion	2.6%
Aberdeen City Council	2.3%

Top ten facilities managers

A Shade Greener Maintenance Limited	23.8%
Agrivert Group	8.9%
Fairhome	6.2%
Agrikomp (UK) Limited	6.0%
Burmeister & Wain Scandinavian Contractor A/S	5.9%
Vestas Northern Europe A/S	5.3%
Grosvenor Facilities Management	4.1%
Senvion	3.0%
Smarter Energy Solutions Limited	2.6%
Inclusion	2.6%

Case study
Cardale PFI Investments Limited

Loan	Cardale PFI Investments Limited
Loan valuation	£86.4 million
Weighted average life	17 years
Security	Secured on a subordinated basis
Sector	Various UK PFI

Project status	Operational
Cash flow	Unitary charge

Project information
The Company has made a loan, secured against a portfolio of operational healthcare and accommodation PFI projects:

- **Runwell** - a 96 bed forensic and low security mental health facility in Wickford, Essex;
- **Lanchester Road** - a mental health facility for Tees, Esk and Wear Valleys NHS Trust;
- **Stanley** - a primary healthcare facility for children and young persons for County Durham Primary Care Trust;
- **Braintree** - a community hospital at the St Michael's site in Braintree for mid Essex Primary Care Trust;
- **North Yorkshire Schools** - four primary schools in North Yorkshire;
- **Amber Valley** - three leisure facilities on three sites, Alfreton Leisure Centre, Ripley Leisure Centre and William Gregg VC Leisure Centre;
- **Rotherham** - four leisure facilities being Aston-Cum-Aughton Leisure Centre, Maltby Service Centre, Rotherham Leisure Centre and Wath Upon Dearne Leisure Centre;
- **Wolverhampton** - Bowman's Harbour Leisure Centre that is backed by Wolverhampton City Council;
- **Kirklees** - three special needs schools in the Borough of Kirklees; and
- **Slough Schools** - three schools in the Borough of Slough.

Fit with investment strategy
Under a PFI contract, a private sector entity constructs and operates an infrastructure asset in return for a, typically, 25 to 30 year cash flow (the unitary charge) payable by an NHS Trust or a local authority.

PFI projects can thus generate long-dated, public sector backed cash flows in the form of unitary charge cash flows.

Case study
GCP Biomass 1 Limited

Loan	GCP Biomass 1 Limited
Loan valuation	£41.9 million
Weighted average life	13 years
Security	Secured on a senior basis
Sector	Anaerobic digestion
Project status	Construction/operational
Cash flow	Construction 8.3% NIROCs 71.5% PPA 20.2%

Project information
The Company has made a series of loans secured against a portfolio of 500kWh, on-farm anaerobic digestion plants primarily in Northern Ireland. The plants are being constructed and operated by Agrikomp GmbH.

Anaerobic digestion is a process by which naturally occurring micro‑organisms digest biomass (organic material) releasing a methane-rich gas (biogas) that can be used to generate renewable heat and power. The biomass used in the on-farm plants is slurry and crops. The remaining material (digestate) is rich in nutrients and can be used as a fertiliser for agricultural land.

Fit with investment strategy
The ROCs scheme for anaerobic digestion plants provides a tariff for each MWh of electricity generated. The tariff is ROCs (or NIROCs), which are issued by the Gas and Electricity Markets Authority. The tariff is payable for 20 years increasing in line with RPI.

Anaerobic digestion plants can thus generate long-dated, public sector backed cash flows in the form of ROCs or NIROCs.

Case study
GCP Green Energy 1 Limited

Loan	GCP Green Energy 1 Limited
Loan valuation	£36.8 million
Weighted average life	11 years
Security	Secured on a senior basis
Sector	Commercial solar/onshore wind
Project status	Operational
Cash flow	ROCs/FiT/PPA

Project information
The Company has made a series of loans against a portfolio of operational wind and solar assets owned by Good Energy Group, comprising two wind farms and five solar parks:

- **Hampole Wind Farm** - a four turbine, 8.2MW wind farm located near Doncaster;
- **Creathorne Farm Solar Park** - a 1.8MW located in Cornwall, near the town of Bude;
- **Woolbridge Solar Park** - a 5MW solar park set over 34 acres, located near the town of Wool, in Dorset;
- **Rookwood Solar Park** - a 4.9MW solar park is located in Wiltshire, 7km South West of Swindon;
- **Crossroads Solar Park** - a 5MW solar park is located near Alderholt in Dorset;
- **Lower end Solar Park** - a 4.9MW site over 25 acres in Marston, Wiltshire; and
- **Carloggas Solar Park** - a 8.4MW of solar panels spread over 50 acres, near St Austell in Cornwall.

Fit with investment strategy
The assets all receive government subsidies, either in the form of the FiT scheme or ROCs.

Assets under construction
At 30 September 2016, 10.1% of the Company's loan investments are exposed to projects under construction. All construction assets where relevant are timed within remaining government subsidy periods. The assets under construction are progressing in line with expectations (as shown below) or have been completed.

GCP Biomass 1 Limited	Funding has been advanced for a portfolio of 500kW plants. Eleven are fully constructed with ten connected to the grid, one is due for connection in Q4 2016.
GCP Biomass 4 Limited	The construction of a 20.2MWe wood fuelled biomass combined heat and power plant in Widnes, Merseyside is due for completion in Q1 2017.
GCP Biomass 5 Limited B notes	The construction of a plant in Stormy Downs, Wales; owned and operated by Agrivert Group. Works have progressed in line with expectations and the plant is fully connected and generating power.

GCP Biomass 5 Limited C notes	The construction finance of a plant in Hertfordshire; owned and operated by Agrivert Group. Works have progressed in line with expectations and the plant is fully connected and generating power.
GCP Asset Finance Limited C notes	The construction of Scottish PFI projects funded under the non-profit distributing programme. The projects are in the initial construction phases and works are progressing in line with expectations.
GCP Asset Finance Limited D notes	The construction of key back-up generators at a hospital in Ipswich, Suffolk. Construction of the asset is expected to be completed in or by early March 2017. Works are progressing in line with expectations.
GCP Social Housing 1 Limited C notes	Renovation of a portfolio of supported living accommodation located around the UK. Works are progressing in line with expectations.

Asset performance

The PFI and social housing projects that support the Company's investments have experienced no material operational or construction issues.

Whilst the operational and construction performance of most renewable energy projects against which the Company has made loans has been materially as expected, a number of macro-economic and policy factors have negatively impacted forecasted net cash flows. The removal of the Climate Change Levy exemption, lower than anticipated power prices and the continuing low inflation environment have all reduced the predicted income generated. However, it is the current expectation of the Investment Adviser that the cash flows expected to arise to the Company from such projects in the form of debt service payments will not be materially affected.

With regard to asset-specific issues, the cash flows generated by two biomass projects have been lower than expected primarily due to delays in grid connection, slower than predicted operational ramp up and power capacity concerns.

The Investment Adviser and its technical adviser have worked closely throughout the period to consider alternative actions available to address the underperformance of the plants. The Board has conducted an ongoing evaluation of the likely cost of remedial capital works and resulting future performance and cash flow generation. As a result, the valuation of one of the loans was reduced by 0.35% of the Company's NAV in November 2015 and further by 0.44% of the Company's NAV in March 2016. The valuation of the other loan was reduced by 0.60% of the Company's NAV in September 2016. The Board are instigating clear plans to make improvements to each of these loans.

Investment valuation

The Valuation Agent, Mazars LLP, carries out a fair market valuation of the Company's investments on behalf of the Board on a quarterly basis (prior to 31 March 2016, this was performed on a monthly basis). The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. A fair value for each asset acquired by the Company is calculated by applying a discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each asset.

The weighted average discount rate at 30 September 2016 was 7.93%, a decrease of 39 basis points from 8.32% as at 30 September 2015. The valuation of investments is sensitive to changes in discount rates applied. Sensitivity analysis detailing the impact of a change in discount rates is given in note 19.

In the year, there has been a tightening of yields available on operational renewables and secondary PFI assets, and in November 2015, March 2016, and September 2016 certain assets in the portfolio were revalued upwards. The aggregate of these valuations was an increase of 2.45% of the Company's NAV as at 30 September 2016.

The Valuation Agent, in order to reflect the ongoing performance issues with two of the Company's biomass assets, revalued downwards one biomass loan in November 2015 and March 2016 and a further biomass loan in September 2016. The aggregate impact of these valuation movements was 1.40% reduction in the Company's NAV for the year to 30 September 2016.
The valuation of the portfolio as at 30 September 2016 was £699.7 million, compared to a valuation of £657.7 million at 30 September 2015.

Principal risks and uncertainties

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

Risk management

Role of the Board

The Board has the ultimate responsibility for risk management and internal control within the Company. The Board recognises the existence of inherent risks within the Company's operation and that effective risk management is critical to the success of the organisation. When setting the risk management strategy, the Board also determines the nature and extent of the principal risks they are willing to take to achieve the Company's strategic objectives.

The Board, with the assistance of the Audit Committee, undertakes a formal risk review twice a year to assess the effectiveness of the Company's risk management process and internal control systems. The review covers the operational, compliance and financial risks facing the Company. During the course of such review, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be of a material nature.

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

- the Board and Investment Committee have agreed clearly defined investment criteria, which specifies levels of authority and exposure limits;
- the Board notes the rules of the UK FCA on the promotion of non-mainstream pooled investments and has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010;
- the Investment Adviser and Administrator prepare forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the contractual agreements with the Investment Adviser and other third party service providers, and their adherence to them, are regularly reviewed;
- the services and controls at the Investment Adviser and at other third party suppliers are reviewed at least annually. The Audit Committee receives and reviews assurance reports on the controls of the Depositary and Custodian undertaken by professional service providers; and
- the Investment Adviser's Compliance Officer continually reviews the Investment Adviser's operations.

Role of the AIFM

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

The AIFM'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 risk and uncertainties

The principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk, operational risk, cyber-crime and regulatory, legal and compliance risk. 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 to the financial statements.

The principal risks and uncertainties identified by the Board can be found below.

Risk	How the risk is managed
Execution	
Sufficiency of due diligence The Investment Adviser's due diligence may not reveal all the facts relevant in connection with an investment and may not highlight issues that could affect the investment's performance. If the investment underperforms, the interest and principal received on investments may be lower than envisaged.	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.

Availability of suitable investments and reinvestment risk There is no guarantee that the Company will be able to make suitable investments with risk and return characteristics that fit within the investment strategy of the Company, or that suitable investments that can be identified will be made in a timely manner. This is a risk when raising capital and when reinvesting principal returned to the Company under existing loan agreements. If the Company cannot invest capital in suitable assets in a timely 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, to be fully invested, the Company's overall returns may be adversely affected.	The Investment Adviser is constantly in touch with the market seeking new deals and builds a specifically identified investment pipeline before the Board seeks to raise additional finance in an attempt to ensure that capital is deployed in a timely fashion.
Portfolio	
Change in laws, regulation and/or policy Any change in the laws, regulations and/or government policy, in particular relating to the PFI and renewable energy markets, may have an adverse effect on the performance of the Company's investment portfolio and the returns achieved by the Company.	Any changes in laws, regulation and/or policy are monitored by the Board on an ongoing basis. 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 any future changes in policy are more likely to have prospective rather than retrospective effect.
Performance of sub-contractors The performance of the Company's investments is typically, to a considerable degree, dependent on the performance of sub-contractors, most notably facilities managers and operation and maintenance contractors. If a key sub-contractor has to be replaced due to the insolvency of that sub-contractor or for any other reason, the replacement sub-contractor may charge a higher price for the relevant services than previously paid. The resulting increase in the costs may result in the Company receiving lower interest and principal payments than envisaged.	The competence and financial strength of contractors, as well as the terms of contractors engagements, is a key focus of investment due diligence. The Board and the Investment Adviser monitors the Company's exposure to any given sub-contractor, and ensures that the risk of underperformance is mitigated by diversification.
Operational or construction issues The investments which the Company holds are exposed to construction and/or operational risks and may not perform as expected. In the event of material operational or construction issues, the interest and principal payments received by the Company may be lower than expected.	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 any unforeseen events. The Company's construction exposure is limited to 25% of its total assets. The Board and the Investment Adviser monitors this limit and the status of any project in the construction phase on an ongoing basis. The Board ensures that the Company has security over the assets against which it is lending, so in an instance of borrower default it can enforce security over the assets.
Technology risk Some of the projects that the Company invests in utilise relatively new or developing technologies. There may be issues in relation to those technologies that become apparent only in the future. Such issues may give rise to additional costs or may otherwise result in the financial performance of the relevant investment being poorer than is anticipated. This may adversely affect the value of and returns generated by the Company's investments.	The Investment Committee of the Board and the Investment Adviser ensures that due diligence is carried out by technical experts to advise on specific project risks including technology risk.
Lifecycle and maintenance costs From time to time components of a project may need to be replaced or undergo a major refurbishment. Over the life of a project the cost of such replacements or refurbishments may be higher than projected. In such circumstances the cash flow available to service the Company's debt may be reduced to an extent where the interest and principal payments received by the Company is less than forecast.	Project lifecycle and maintenance timings and costs are typically based on manufacturers' data and warranties and advice received from specialist consultants. Updated lifecycle cost projections are received on a regular basis and with appropriate provisions made which are monitored on an ongoing basis by the Investment Adviser.
Insurance All the projects that the Company is exposed to are required under the loan documentation to have appropriate insurance in place. There is a risk that a project encounters issues resulting in a loss that is uninsured, either because it is not covered by the insurance that is in place or because no insurance is in place. This could mean the Company loses all or part of the value of its investment.	The Investment Adviser requires confirmations and evidence from all borrowers that the insurance required by the relevant loan documentation is in place.
Project company owner The owners of the Project companies to which the Company lends money are responsible for the underlying asset performance. There is a risk that these equity owners do not have the experience, track record, ability or financial resources to satisfactorily fulfil their required role.	The Investment Adviser and the Investment Committee of the Board ensure that equity owners have appropriate expertise and financial standing to own, construct and operate the underlying project by carrying out the appropriate due diligence.
Financial	
Assumptions 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 price, feedstock cost, asset productivity, lifecycle and insurance cost. There can be no assurance that these assumptions will turn out to be accurate, and actual data could have an adverse impact on the performance of the Company's investments.	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.
Valuation The value of the investments made by the Company will change from time to time according to a variety of factors, including movements and expected movements in interest rates and inflation and general market pricing of similar investments. Such changes will impact the value of the Company's investment portfolio.	The Company's infrastructure investments are generally low volatility investments with stable pre determined, very long term, public-sector backed revenues. Approximately half of the Company's investment portfolio has some form of inflation protection mechanism that will result in increased returns in the event of high inflation. The Company's investments are valued 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 material premium that offers protection in the event of rate rises.
Interest rate The Company has a floating rate revolving credit facility and as such the financial performance of the Company will be adversely affected in the event that interest rates rise.	The Facility is in place to fund potential investments in the near term and to avoid holding material amounts of uninvested cash awaiting investment. The Facility is a short term measure and the loan to value (borrowings as % of net assets) at year end was 3.7%.
Other	
Regulatory, legal and compliance risk The Company may not achieve full compliance with all applicable legislation leading to reputational or financial consequences.	The Board monitors compliance information provided by the Administrator, Company Secretary, Investment Adviser and legal counsel and monitors ongoing compliance developments in the Channel Islands and Europe along with regulatory developments in the UK as well as listing rules and FCA marketing rules. The Company has a comprehensive compliance monitoring programme to ensure full compliance with legislation/regulation relevant to the Company's operations.
Operational risk Operational risk arises from inadequate or failed internal processes, people, and systems, or from external causes (deliberate, accidental or natural). Events may be manifested as direct financial losses or result in damage to reputation causing longer-term financial consequences.	The Company has no employees but has sufficient policies and procedures in place to ensure operational risk is mitigated.

Cyber-attack risk Inadequate systems, policies and procedures in place to prevent against cyber-attack, which may manifest as financial losses, theft of intellectual property or damage to the Company's reputation as a consequence.	The Company has no dedicated IT systems and it relies on those of its service providers. The Board monitors reports and compliance information provided by the Administrator, Company Secretary, Investment Adviser and legal counsel and monitors ongoing compliance developments in the Channel Islands and Europe to ensure the risk is mitigated.
Reliance on Investment Adviser The Company is heavily reliant on the Investment Adviser to implement the Company's strategy and investment policy to deliver its objectives. There is a risk that the Company may not be able to find an appropriate replacement investment adviser should the engagement with the Investment Adviser be terminated.	The Investment Adviser has industry and asset knowledge of specific use and importance to the Company. The Company has entered into a contractual engagement with the Investment Adviser. The Board maintains an awareness of other advisers that could replace the Investment Adviser if required.
Brexit vote There is a risk that the uncertainty caused by the Brexit vote could result in adverse conditions for the Company and an increase in the risks mentioned above, most particularly "Change in laws, regulation and/or policy", "Valuation" and "Interest rate".	The Chancellor stated in the November 2016 Autumn Statement that the UK government remains committed to UK infrastructure development and as such the risk of governmental policy changes would appear unchanged. Although long dated interest rates fell post the vote they have bounced back and there appears an increased risk of rising interest rates and high inflation. The Company mitigates against these risks as detailed above.

Going concern

The Directors have assessed 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 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 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 below and in particular the risk and impact of changes in government policy that could materially affect the cash flows of the underlying projects that support the Company's investments. 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 required by the going concern provision. The Board have conducted this review for a period covering the next five years as over this period. it believes the risk of changes in government policy that would result in retrospective adjustments to such 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 sensitivity analysis undertaken considered the impact of a significant proportion of the portfolio not yielding, which is a plausible consequence of a number of the principal risks materialising, either in isolation or in parallel. The sensitivity analysis was based on a number of assumptions, including that the Company's 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 that 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.

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 and the stress testing based assessment of 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 their assessment.

Mr Ian Reeves CBE
Chairman
13 December 2016

Board of Directors

Ian Reeves CBE, CCMI, FCInstCES, FRSA, FINSTD
Chairman - 72
Ian Reeves CBE, a UK resident, is an entrepreneur, international businessman and adviser. He is Senior Partner of Synaps Partners LLP and visiting Professor of Infrastructure Investment and Construction at Manchester Business School, The University of Manchester. He was made a Commander of the Most Excellent Order of the British Empire (CBE) in 2003 for his services to business and charity. Ian has served as a Director since 15 June 2010.

Clive Spears ACIB, MCISI
Deputy Chairman - 63
Clive Spears, a Jersey resident, is a career qualified corporate banker, with 32 years' experience with the Royal Bank of Scotland Group of which the last 18 years were spent in Jersey until retirement in 2003. Relevant experience has spanned corporate finance, treasury products, global custody and trust and fund administration. Additional experience in audit and compliance has also accrued during the period. Clive serves on the board of an AIM listed company, EPE Special Opportunities plc and on the board of a main market listed investment trust; Invesco Perpetual Enhanced Income Fund Ltd. Clive has served as a Director since 7 February 2014.

David Pirouet FCA
Audit Committee Chairman - 62
David Pirouet, a Jersey resident, is a qualified accountant. He was an audit and assurance partner for 20 years with PwC until he retired in June 2009. He specialised in the financial services sector, in particular in the alternative investment management area. Since retiring from PwC, Mr Pirouet serves on the board of another listed company, the AIM listed Ludgate Environmental Fund Limited and on various privately held investment entities. David has served as a Director since 15 June 2010.

Julia Chapman
Non-executive Director - 51
Julia Chapman, a Jersey resident, is a solicitor qualified in England & Wales and Jersey with over 25 years' experience in the investment fund and capital markets sector. Having trained with Simmons & Simmons in London, Julia moved to Jersey to work for Mourant du Feu & Jeune (now Mourant Ozannes) and became a partner in 1999. Julia was then appointed general counsel to Mourant International Finance Administration (the firm's fund administration division) with responsibility for legal, risk and compliance oversight of third-party administration services to alternative investment funds. Ms Chapman serves on the board of a main market listed company, Henderson Far East Income Limited. Julia was appointed as a Director on 1 October 2015.

Paul De Gruchy
Non-executive Director - 44
Paul De Gruchy, a UK resident since August 2016, is a qualified Jersey Advocate with 20 years' experience in financial services law. For the last nine years he has been Head of Legal for BNP Paribas in the UK offshore area. He has extensive experience in the financial services sector, in particular in the area of offshore funds. He has held senior positions at the Jersey Economic Development Department where he was the Director responsible for finance industry development and the Jersey Financial Services Commission (the regulator of the Company). Paul is a graduate of Queens' College, Cambridge. Paul has served as a Director since 7 February 2014.

Michael Gray FCIBS
Non-executive Director - 50
Michael Gray is a Jersey resident, a qualified corporate banker and corporate treasurer. Michael was most recently the Regional Managing Director, Corporate Banking for RBS International, based in Jersey but with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles including that of an auditor for four years and has extensive

general management and lending experience across a number of industries. Michael was appointed as a Director on 1 October 2015.

The Investment Adviser
Stephen Ellis
Partner
Stephen Ellis has overall responsibility for the provision of investment advice to the Company.

Stephen graduated from Oxford University in 1980 and after a short service commission with the British Army he spent a 16 year career in investment banking, principally in tax-based finance, securitisation and debt origination. Stephen formed the Investment Adviser in 2008 after five years as a Director at DTZ Corporate Finance, where he had responsibility for all UK infrastructure financing, in particular in the healthcare and education sectors.

Rollo Wright
Partner
Rollo Wright is responsible for asset acquisition. He is also responsible for monitoring and reporting on the ongoing performance of the Company.

Rollo graduated with a degree in Mathematics from Oxford University before qualifying as a chartered accountant with Arthur Andersen. He moved to the capital markets division of Commerzbank Securities where he focused on the origination of pan-European corporate debt, specifically convertible bonds. He joined the structured finance team at DTZ Corporate Finance in 2004 and specialised in advising on the sale and financing of healthcare and education projects, as well as the structuring of residential property-backed transactions.
Nick Parker
Partner
Nick Parker is responsible for asset sourcing and acquisition, and the negotiation and documentation of the Company's financing and hedging arrangements.

Nick holds a degree in Economics from Cambridge University. After ten years in investment banking, focused on rate structured products and asset-backed securities, he became a Director of Structured Finance at DTZ where he advised on the financing of long-dated cash flows underlying property and infrastructure assets, particularly in respect of their documentation and hedging.

Ronan Kierans
Partner
Ronan Kierans is responsible for asset sourcing and acquisition. His role involves identifying suitable assets, and carrying out and reporting on acquisition due diligence, including financial modelling and insurance, legal and built asset due diligence.

Ronan qualified as a chartered accountant with KPMG Dublin and subsequently worked in corporate finance with KPMG and DTZ Corporate Finance. At KPMG, Ronan worked on a number of corporate tax and M&A transactions. During his time at DTZ Corporate Finance, Ronan worked in the fund structuring team, specialising in the structuring of, and asset acquisition for, European property funds. In 2007, Ronan moved to the Infrastructure team at DTZ, where he primarily worked on healthcare projects.

Dion Di Miceli
Head of Investment Companies
Dion Di Miceli has responsibility for liaising with the client boards, investors and advisers and leading product development alongside the fund managers. A member of the Chartered Institute for Securities & Investment since 2005, Dion qualified as a Chartered Accountant with Arthur Anderson LLP in 2002 and subsequently spent four years in the Investment Funds practice at Ernst & Young LLP. He joined the Investment Companies team at Cenkos Securities plc in 2007 where, as senior corporate adviser, he worked with investment company boards and their managers advising on and structuring a board range of transactions covering IPOs, secondary issuance, mergers and corporate reconstructions. Dion joined the Investment Adviser in February 2016.

Ben Perkins
Analyst
Ben Perkins is responsible for asset sourcing and acquisitions, and the reporting and monitoring of the ongoing performance of the Company.

Ben graduated from Warwick University with a degree in Mechanical Engineering. He then spent five years at John Laing where he was involved in originating and monitoring a variety of infrastructure assets, whilst also obtaining the CFA qualification. He then moved to Hadrian's Wall Capital, specialising in infrastructure debt structuring, before joining the Investment Adviser in 2013.

Corporate governance statement
I am pleased to present the Company's corporate governance statement of the year ended 30 September 2016.

Corporate Governance Code
The Disclosure Rules of the UKLA require certain listed companies to disclose how they have applied the principles and complied with the provisions of the Corporate Governance Code to which the issuer is subject. The Board has considered the principles and recommendations of the AIC Code. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code issued by the FRC, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules. The Board considers that reporting against the principles and recommendations of the AIC Code, (and by reference to the AIC Guide), will provide better information to shareholders. A copy of the AIC Code and the AIC guide can be viewed at www.theaic.co.uk.

Statement of compliance with the AIC Code and Guide
The Board recognises the importance of a strong corporate governance culture that meets the requirements of the Listing Rules of the UKLA. The Board has put in place a framework for corporate governance which it believes is appropriate for the Company. All Directors contribute to Board discussions and debates. The Board believes in providing as much transparency for shareholders as is reasonably possible. It should be noted that most of the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below:

- the role of the Chief Executive: for the reasons set out in the AIC Guide, and as explained in the UK Code the Board considers that the post of Chief Executive is not relevant for the Company, being an externally managed investment company;

- the appointment of a Senior Independent Director: the Nomination Committee has discussed whether it would be in the best interests of the Company to recommend to the Board the appointment of a Senior Independent Director and have agreed that at the present time the Board has an appropriate balance of skills and experience and as such, an appointment is not considered necessary. However, the Nomination Committee has agreed to keep the matter under regular review;

- Executive Directors' remuneration: as the Board has no executive Directors, it is not required to comply with the principles of the AIC Code in respect of executive Directors' remuneration and does not have a Remuneration Committee. A full Remuneration Report is included below;

- Internal Audit function: the Company delegates the majority of its operations to third parties and has no employees. The majority of these third parties have their own internal audit function and the Board has therefore determined that there is no need for the Company to have its own internal audit function but this is reviewed on an annual basis. The Directors consider semi-annually the principal risks relating to the operations of the Company. Such a review includes the consideration of whether the Company's third parties have adequate internal controls in place; and

- the Chairman of the Company, Mr Ian Reeves CBE is also a member of the Audit Committee. The Board believes it is appropriate for Mr Reeves CBE to be a member of the committee as he is considered to be independent and there are no conflicts of interest.

For the reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board's responsibilities and processes
The Board is responsible to shareholders for the overall management of the Company, and may exercise all the powers of the Company subject to the relevant statutes, the Company's Articles of Association and any directions given by special resolution of the shareholders. The Articles of Association empower the Board to offer, allot, grant options over or otherwise deal with or dispose of the Company's shares as the Board may decide. The Law authorises the Company to make market purchases of its own shares if the purchase has first been authorised by a resolution of the Company.

At the Annual General Meeting on 12 February 2016, the shareholders renewed the Board's authority to allot ordinary shares and to repurchase ordinary shares on behalf of the Company subject to certain limits. Details of the authorities which the Board will be seeking at the 2017 Annual General Meeting are set out in the 2017 Notice of Annual General Meeting.

At each quarterly meeting of the Board, the Directors follow a formal agenda which includes a review of the Company's investments and associated matters such as gearing, asset allocation, principal risks, marketing and investor relations and economic and industrial issues. The Board is also active in ensuring any regulatory developments which may affect the operations of the Company are considered. The Board regularly considers the Company's investment objective and strategy. In July 2016, a strategy day was held and it was attended by all Directors. The discussions focused on general market conditions and future investment opportunities for the Company.

In order to enable the Directors to discharge their responsibilities effectively, they have full and timely access to all relevant information.

Matters reserved for the Board
The Board has approved a formal schedule of matters reserved for the Board.

The schedule is available upon request from the Company Secretary.

Composition of the Board
The Board consists of six Directors, all of whom are non‑executive and are considered to be independent.

Each of the Directors has signed letters of appointment which set out the terms and conditions of their appointment. These letters are available for inspection at the Company's registered office. No Director has any contract or arrangement in place between themselves and the Company. Further details as to the terms of appointment of the Directors are set out in the remuneration report below.

Overview of Board and employees
Appointments to the Board continue to be based on merit, regardless of gender, ethnic group or background. The Board comprises five male Directors and one female Director. The Company has no other employees.

Diversity is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring an effective Board and a successful Company.

Appointment and re‑election of Directors
Under the provisions of the Company's Articles, the Directors retire by rotation with one-third of the Directors submitting themselves for election at each Annual General Meeting. The Board recognises that as a FTSE 250 Company and in accordance with corporate governance best practice as set out in the AIC Code, all Directors should put themselves forward for re-election every year.

The Board's policy regarding tenure of service is that any decisions regarding tenure should balance the need to maintain continuity, knowledge, experience and independence, against the need to periodically refresh the Board composition in order to have the appropriate mix of skills, experience, age and length of service. The Board does not consider that the length of service of a Director should just be determined on length of service but should be considered on an individual basis. Therefore, if a Director has served more than nine years, the Board will consider the issue of independence carefully on an annual basis as part of the Board self‑evaluation process and will disclose its conclusions in the Directors report.

Directors' independence
The Board has reviewed the independence of each Director in accordance with the guidance set out under Principle 2 of the AIC Code and the corresponding AIC Guide. The Board acknowledges that Paul De Gruchy has an indirect holding of 453,825 ordinary shares in the Company and that Clive Spears has a holding of 25,000 ordinary shares in the Company, as at 30 September 2016. The Board has discussed the interests in the Company held by Mr De Gruchy and Mr Spears and it is satisfied that it does not materially impact their ability to exercise independent judgement on the Board. Accordingly, the Board considers all Directors on the Board to be independent.

Performance evaluation
The Directors participated in a formal external evaluation process in 2014 which was conducted by independent external consultants, Thomas & Dessain. The Company intends to carry out an external review every three years with the next review due to take place in 2017.

During the year, the Directors carried out an internal evaluation process of the Board's and committees' performance. The evaluation process included the completion of two separate questionnaires by the Directors. The areas under review included an assessment of the Chairman, Board and committee process and effectiveness, overall strategy, corporate governance, investment management, communications with the shareholders, training requirements and personal development. A report summarising the conclusions was presented to and discussed by the Board. This evaluation report concluded that the Chairman, the Board, the Committees and each of the individual Directors are performing well.

Additionally, the Board undertakes annual anti-money laundering training and the Jersey resident Directors undertake the required hours of continuing professional development in accordance with their profession and Jersey regulations including training on areas relating to the Company's activities such as specialist renewable sectors.

The Board attempts to ensure that it has the appropriate balance of skills, experience, knowledge and independence in order to remain effective. Biographical details of the Directors are shown above.

Board operation
The Board holds formal meetings on a quarterly basis and additional ad-hoc meetings are held when necessary. Attendance at the quarterly Board and committee meetings is displayed in the table under the heading "Meetings".

The principal matters considered by the Board during the year (in addition to matters formally reserved to the Board) included:

- the Company's strategic model, related KPIs and annual budget;
- regular reports from the Board's committees;
- the Annual report and financial statements and half-yearly report;
- the Company's dividend policy; and
- organisational capability and succession planning.

Committees
The structure includes an Audit Committee, an Investment Committee, a Management Engagement Committee and a Nomination Committee.
Audit Committee
The membership and activities of the Audit Committee are described in its report below.

Investment Committee
At 30 September 2016, the Investment Committee is comprised of three Directors, namely Mr Clive Spears (Chairman), Mr Paul De Gruchy and Ms Julia Chapman. Ms Chapman was appointed to the committee with effect from 1 October 2015.

The Board has agreed terms of reference for the committee which includes meeting to consider each new investment proposal received from the Investment Adviser and advisory reports and recommendations. The committee met six times during the year. The committee is also responsible for ensuring key conditions precedent are complied with for each deal and for sign-off on the release of capital advances.

Management Engagement Committee
The Management Engagement Committee comprises all Directors of the Company in view of the wide remit of the committee. The Board has agreed terms of reference for the committee, which meets at least once a year to consider the performance of the Investment Adviser and other third party service providers, the terms of their engagement and to consider their continued appointment. The committee met once during the last financial year for an interrogative workshop and follow-up session. It was recommended that Gravis Capital Partners LLP be retained as Investment Adviser in addition to the continued engagement of the third party service providers whom the committee independently evaluated.

Nomination Committee
The Nomination Committee comprises Mr Ian Reeves CBE, Mr Clive Spears and Mr David Pirouet.

Further details relating to the function of the committee can be found below.

The Company does not have a Remuneration Committee; the Board fulfils the role of the Remuneration Committee as it was agreed that the size and nature the Board does not warrant the establishment of a separate committee.

The terms of reference for each of the committees are available upon request from the Company Secretary.

Meetings
The number of meetings of the Board and committees held during the year and the attendance of individual Directors are shown below:

		Number of meetings attended					
Meeting	Number of meetings held	Ian Reeves CBE	Clive Spears	David Pirouet	Paul De Gruchy	Julia Chapman	Michael Gray
Quarterly Board meeting	4	4	4	4	3	4	4
Audit Committee	4	2	-	4	-	-	4
Nomination Committee	1	1	1	1	-	-	--
Management Engagement Committee	1	1	1	1	1	1	1
Investment Committee	7	-	7	-	7	5	-
Total number of meetings attended	-	8	13	10	11	10	9

20 additional Board meetings were held during the year. These meetings were in respect of share issuances, capital raisings and regulatory/procedural matters such as the adoption of revised procedures following the implementation of the Market Abuse Regulation.

Conflicts of interest
The Directors have declared any conflicts or potential conflicts of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board and whenever changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

It is the responsibility of each individual Director to avoid a conflict arising. In the event that a conflict of interest arises, the Director(s) must request authorisation from the Board as soon as they become aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they believe this is appropriate in the circumstances.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Dialogue with shareholders
The Board recognises the importance of maintaining a purposeful relationship with shareholders. The Company, through its Directors, Investment Adviser and Broker, engages in ongoing communication with its shareholders. The Board encourages shareholders to attend and vote at general meetings of the Company in order that they may discuss governance and strategy and to understand shareholders' issues and concerns. The Chairman of the Board and the Chair of each of the committees attend general meetings of the Company to answer any questions posed by the shareholders and met with a number of key shareholders in October 2015.

The Company's annual and interim reports are dispatched to shareholders by post and are also available to download from the Company's website at www.gcpuk.com/gcp-infrastructure-investments-ltd. This information is supplemented by the quarterly calculation and publication of the NAV of the Company's shares on the London Stock Exchange and the publication of a quarterly factsheet by the Investment Adviser.

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 various sections of the Strategic report provide further information.

Communication of up-to-date information is provided through the Company's website at www.gcpuk.com/gcp-infrastructure-investments-ltd

Internal controls and risk management review
The Directors acknowledge that they have overall responsibility for ensuring that there are in place systems of internal control, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board reviews the effectiveness of its risk management systems and all financial performance and results notifications together with the Investment Adviser. Non-financial internal controls include the systems of operational and compliance controls maintained by the Administrator and the Investment Adviser in relation to the Company's business as well as the management of key risks as referred to in the Strategic report. A more detailed overview of the risks that have been assessed are detailed above. There were no matters arising from this review that required further investigation and no significant failings or weakness were identified.

Responsibility for accounting and company secretarial services has been contractually delegated to the Administrator. The Administrator has established its own system of internal controls in relation to these matters, details of which have been reviewed by the Board as part of the semi-annual risk assessment.

Internal control assessment process
The Board conducts a risk assessment on a semi-annual basis. The review covers the operation, compliance and financial risks facing the Company. The Directors confirm that by means of the procedures set out above, and in accordance with the UK Code and the AIC Code and Guide, they have established a continuing process for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. The Board, through the Audit Committee, has identified risk management controls in the following key areas:

- investment objective and portfolio;
- investment strategy;
- operational risks (particularly in relation to the preparation of financial information);
- compliance with laws and regulations; and
- reliance on third party service providers and financial risks.

In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk associated controls of the Company; and
- the extent to which the third parties operate the relevant controls.

This process has been in place throughout and subsequent to the accounting year under review.

Market Abuse Regulation
Following the implementation of the EU Market Abuse Regulation ("MAR") on 3 July 2016, the Board formally adopted revised procedures in relation to the management, identification and disclosure of inside information and share dealing in accordance with MAR.

AIFMD
The Company is classed as an externally managed AIF under the Directive. The Board appointed the Investment Adviser as the authorised AIFM to the Company and Capita Trust Company (Jersey) Limited as the Company's Depositary under the Directive on 22 July 2014.

AIFM remuneration
With effect from 22 July 2014, the Company's Investment Adviser was authorised as an AIFM by the Financial Conduct Authority under the AIFMD regulations. The Company has provided disclosures on its website, www.gcpuk.com/gcp-infrastructure-investments-ltd, incorporating the requirements of the AIFMD regulations.

The total annual fee paid to the Investment Adviser by the Company is disclosed in note 20 to the financial statements.

Annual General Meeting
The Annual General Meeting of the Company will be held on 10 February 2017 at 12 Castle Street, St Helier, Jersey JE2 3RT.

By order of the Board

Mr Ian Reeves CBE
Chairman
13 December 2016

Audit Committee report
Summary
I am pleased to present the Audit Committee report for the year ended 30 September 2016.

Revised versions of the UK Code and the AIC Code and Guide were published in April 2016 and June 2016 respectively with the amended provisions having a specific impact on Audit Committee reporting. The Board has adopted the provisions set out in the revised UK Code and the AIC Code.

The Audit Committee operates within clearly defined terms of reference, a copy of which is available on request from the Company Secretary. The terms of reference require the Audit Committee to monitor the Company's financial reporting, internal controls and risk management and external audit process. In October 2016, the committee reviewed and recommended updates to its terms of reference to the Board.

The Audit Committee is responsible for making recommendations to the Board in respect of appointment, re‑appointment, and remuneration of the Auditor and the Auditor's plan for the year.

Composition
At 30 September 2016, the Audit Committee comprised three of the Company's Directors including the Chairman, Mr Pirouet, who is a Chartered Accountant and a former audit partner, Mr Reeves CBE and Mr Gray (who was appointed to the committee on 1 October 2015). Mr Spears stepped down from the committee at the conclusion of the Board meeting held on 17 December 2015.

The Board considers that the independence, experience and knowledge of each of the Audit Committee members is sufficient for discharging its responsibilities and in particular taking account of the financial, audit, banking and infrastructure experience of the members of the committee. The Audit Committee meets at least twice a year.

The Audit Committee has reviewed and evaluated its own performance as part of the Board's annual evaluation process, explained in the Nomination Committee report detailed below.

Financial reporting
The Audit Committee considered the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 with which it is complying voluntarily, in line with best practice reporting. The Audit Committee specifically reviewed the annual report and financial statements to conclude whether the financial reporting is fair, balanced, understandable, comprehensive and consistent with:

- prior year reporting; and
- how the Board assesses the performance of the Company's business during the financial year, as required for companies with a Premium Listing under the UK Code.

As part of this review, the Audit Committee considered if the annual report and financial statements provided the information necessary to shareholders to assess the Company's performance, strategy and business model and reviewed the description of the Company's key performance indicators.

The Audit Committee presented its conclusions to the Board and the Board concluded that it considered the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy.

In addition to the above matters, the Audit Committee's work was focused on the following areas:

- reviewing the effectiveness of the internal control environment of the Company and the Company's compliance with its regulatory requirements;
- reviewing and recommending to the Board significant accounting matters and accounting disclosures in the half yearly and annual financial statements of the Company including matters of judgement in relation to valuation;
- overseeing the Company's relations with its Auditor including assessing the conduct and effectiveness of the audit process and the Auditor's independence and objectivity, recommending the Auditor's reappointment and approving the Auditor's fees; and
- reviewing the Company's compliance with its regulatory obligations in Jersey.

The Auditor is invited to attend the Audit Committee meeting at which the Annual report is considered and at which they have the opportunity to meet with the Audit Committee without representatives of the Investment Adviser being present. The Audit Committee has direct access to the external Auditor and to the key senior staff of the Investment Adviser and reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company. All recommendations were accepted by the Board.

Significant issues considered
After discussions with both the Investment Adviser and the external Auditor, the Audit Committee determined that the key risk of material misstatement of the Company's financial statements related to the valuation of investments.

Valuation of investments
As outlined in note 19, the total carrying value of financial assets at fair value at 30 September 2016 was £699.7 million (2015: £657.7 million). Market quotations are not available for these financial assets such that their valuation is undertaken using a discounted cash flow methodology. This requires a series of material judgements to be made as further explained in note 19.

The Audit Committee discussed the valuation process and methodology with the Investment Adviser in May, July, September and October 2016 as part of the review of the interim and annual report. The Valuation Agent carries out a valuation quarterly (up until 1 April 2016, this was carried out monthly) and provides a detailed valuation report to the Company.

In order to provide further assurance regarding the basis of valuation, the Company meets with the Valuation Agent at least once a year to discuss this as well as reviewing the formal reports from the Valuation Agent on a regular basis.

In August 2016, the Audit Committee met with the Auditor and reviewed and agreed the Auditor's audit plan. The Audit Committee also discussed the conclusion of the audit of the financial statements in December 2016 and in particular, discussed the audit approach and conclusion on the valuation of investments.

The discount rates adopted to determine the valuation are selected and recommended by the Valuation Agent. The discount rate is applied to the expected future cash flows for each investment's financial forecasts derived, adopting the assumptions explained above, to arrive at a valuation (discounted cash flow valuation). The resulting valuation is sensitive to the discount rate selected. The Valuation Agent is experienced and active in the area of valuing these investments and adopts discount rates reflecting their current and extensive experience of the market. The discount rate assumptions and the sensitivity of the valuation of the investments to this discount rate are disclosed in note 19.
In particular, the Audit Committee considered in detail the reductions of the discount rate applied to certain assets during the year. The Valuation Agent explained this was principally as a consequence of increased competition in the secondary market for infrastructure and renewable assets, which had been seen during bidding and general market activity. This was also corroborated by the Investment Adviser. The Audit Committee also considered in detail the revised discount rates applied to the two loans subject to impairment.

The Audit Committee discussed the material estimates and judgements and also compared this to feedback from the Investment Adviser. The Audit Committee was satisfied that the range of discount rates were appropriate for the valuation carried out by the Valuation Agent.

The Auditor explained the results of their audit and that on the basis of their audit work there were no adjustments proposed that were material in the context of the financial statements as a whole.

External audit
Audit fees for the year amounted to £52,000 (2015: £55,000) and audit related non-audit fees amounting to £15,000 (2015: £37,000).

As explained in last year's annual report, following an audit tender process in September 2015 and a recommendation put to the Annual General Meeting on 12 February 2016, KPMG was appointed as the Auditor. Mr Steven Stormonth is the Executive Director from KPMG responsible for the audit.

Following the Company's entry into the FTSE 250 index, the Board concluded that it would be in the best interests of the Company to ask the Auditor to review the Company's half year accounts from 31 March 2016 onwards. In January 2016, the Board agreed to adopt a policy whereby the Auditor would not be requested to perform any non-audit services other than the half-year review.

During the year, the Company was notified that the FRC's Audit Quality Review Team ("AQRT") would carry out a review of the Company's previous Auditor EY's working papers in relation to their audit of the Company's financial statements for the year ended 30 September 2015. Each year, the AQRT routinely selects a number of audits carried out by the large audit firms, including EY, with a view to inspecting the audits of all FTSE 350 companies over a five year cycle. The selection of EY's audit of the Company for the year ended 30 September 2015 was part of this routine inspection programme in the 2015/16 cycle. The Company has received a copy of the AQRT's report following this review and their findings which related to the audit process. The actions required have been discussed with the Company's former Auditor EY and the Company's new Auditor, KPMG in August 2016. The Audit Committee reviewed the effectiveness of the Audit process during the year, considering performance, objectivity, independence and relevant experience with KPMG during the year. Following this review, the Audit Committee has recommended the re-appointment of KPMG as the Company's Auditor at the Annual General Meeting.

Mr David Pirouet FCA
Chairman of the Audit Committee
13 December 2016

Nomination Committee report
The Nomination Committee comprises Mr Ian Reeves CBE, Mr Clive Spears and Mr David Pirouet. The function of this committee is to consider appointments to the Board and its individual committees in the context of the requirements of the Company and to make recommendations to the Board with regard to any changes to maintain a balanced and effective Board. The Nomination Committee is also obliged to consider succession planning for Directors with particular attention paid to the challenges and opportunities facing the Company. Board diversity, including gender, is taken into account when evaluating the skills, knowledge and experience desirable to fill vacancies on the Board as and when they arise. The committee would like to emphasise that all appointments to the Board are based on merit with the most appropriate candidate, who is the best fit for the Company, being nominated for appointment. The committee believes the Directors provide, individually and collectively, the necessary breadth of skills and experience to manage the Company.

As Ian Reeves CBE is Chairman of the Nomination Committee and the Company, he will not chair at any meeting when dealing with the appointment of a successor to the Company's chairmanship.

The Company engaged an independent external search consultant, Thomas & Dessain to assist with the appointment of Ms Chapman and Mr Gray who were appointed to the Board on 1 October 2015. The committee considered the desired expertise and background to complement the skills already on the Board. The committee considered a shortlist of potential candidates provided by Thomas & Dessain and interviews were then held leading to the new appointments.

The Nomination Committee met in October 2016 to review the results of the performance evaluation of the Board. The evaluation process involved an analysis of the Chairman's performance, Board performance and that of its committees and individual Directors. The Deputy Chairman also met with the Chairman to discuss the Directors' comments on the Chairman's performance evaluation. The results of the evaluation process were reported to, and discussed by, the Nomination Committee and subsequently by the Board. The evaluation considered the overall composition of the Board including plans for succession over time and the delivery of Directors' performance appraisals. At this meeting, the committee noted that each of the Directors had expressed an intention to continue in office for the foreseeable future. The committee also agreed that Mr Spears would continue to assume the role of Deputy Chairman in the event of Mr Reeves' unavailability.

Based on the outcome of the Board performance evaluation process, the Nomination Committee agreed to recommend the re-appointment of Ian Reeves CBE as Chairman at the Annual General Meeting. The committee believes that Mr Reeves has continued to make valuable contributions to the Company and has exercised his judgement and expressed his opinions in an independent manner. Each of the Directors will also be offering themselves for re-election at the forthcoming Annual General Meeting on 10 February 2017.

In October 2016, the committee reviewed and recommended to the Board updates to its terms of reference. A copy is available upon request from the Company Secretary.

Mr Ian Reeves CBE
Chairman of the Nomination Committee
13 December 2016

Remuneration report
The Directors are pleased to present their report on remuneration for the year ended 30 September 2016. The report is made up of two sections; the Directors' policy report and the annual report on remuneration.

The annual report on remuneration provides details on remuneration in the year. The report will be subject to an advisory shareholder vote at the 2017 Annual General Meeting. Although it is not a requirement under Jersey Company Law to have the annual report on remuneration approved by shareholders, the Board believes that as a company whose shares are listed on the Main Market of the London Stock Exchange it is good practice to do so. Accordingly, a resolution to approve the annual report on remuneration will be proposed at the forthcoming Annual General Meeting.

This report is not subject to audit.

Directors' policy report
The Board considers that Directors' fees should reflect the time commitment required and the level of responsibility borne by Directors, and should be broadly comparable to those paid by similar companies. It is not considered appropriate that Directors' remuneration should be linked to individual performance and none of the Directors are eligible for

bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company.

In December 2014, the Board engaged an independent external consultant Thomas & Dessain to conduct a review of the Directors' remuneration and their recommendations were put forward at the 2015 Annual General Meeting. The cumulative cap on Directors' base remuneration is £370,000 as approved at the 2015 Annual General Meeting together with the following base remuneration fee caps:

	£
The Chairman	55,000
Chairman of Audit Committee	45,000
Chairman of Investment Committee	45,000
Director	40,000

All non-executive Directors, including the Chairman, serve under letters of appointment and either party can terminate on three months' written notice provided that any such notice shall not expire earlier than the first anniversary of the Director's appointment. Neither the Chairman nor the non-executive Directors have any right to compensation on the early termination of their appointment.

The following table provides a summary of the key elements of the remuneration package for non-executive Directors:

Element	Process	Operation
Fees	To compensate the Directors for their time commitment and level of responsibility borne.	Reviewed annually and set to be broadly comparable to similar companies, subject to an annual cap in accordance with the articles of association.

Annual remuneration report

The fees paid to the Directors in the year ended 30 September 2016 are set out in the table below:

2016	Directors' fees (base fee) £'000	Audit Committee fees £'000	Investment Committee fees £'000	Total expensed through income statement £'000	Special fee for placing programme charged directly to equity £'000	Total fees paid to Directors £'000
Ian Reeves CBE	**55**	**4**	**n/a**	**59**	**5**	**64**
David Pirouet	**45**	**10**	**n/a**	**55**	**5**	**60**
Clive Spears	**45**	**1**	**10**	**56**	**5**	**61**
Paul De Gruchy	**40**	**n/a**	**10**	**50**	**5**	**55**
Julia Chapman	**40**	**n/a**	**10**	**50**	**5**	**55**
Michael Gray	**40**	**4**	**n/a**	**44**	**5**	**49**
Total	**265**	**19**	**30**	**314**	**30**	**344**

The fees paid to the Directors in the year ended 30 September 2015 are set out in the table below:

2015	Directors' fees (base fee) £'000	Special fee for reorganisation and placing programme £'000	Audit Committee fees £'000	Investment Committee fees £'000	Total £'000
Ian Reeves CBE	55	5	4	n/a	64
David Pirouet	45	5	10	n/a	60
Trevor Hunt	30	5	n/a	7	42
Clive Spears	45	5	4	10	64
Paul De Gruchy	40	5	n/a	10	55
Julia Chapman	n/a	n/a	n/a	n/a	n/a
Michael Gray	n/a	n/a	n/a	n/a	n/a
Total	215	25	18	27	285

Directors' expenses for the year totalled £13,000 (30 September 2015: £13,000), no other remuneration or compensation was paid or payable by the Company during the year to any of the Directors.

Statement of Directors' shareholding and share interests

At the year end, Paul De Gruchy had a holding of 453,825 ordinary shares in the Company. Clive Spears had a holding of 25,000 ordinary shares in the Company. No other Directors held shares. As at 27 November 2016, Mr De Gruchy, together with his family members held an indirect interest of 460,411 ordinary shares in the Company following a scrip issue allotment of 6,586 shares and Mr Spears held 25,381 ordinary shares in the Company following a scrip issue allotment of 381 shares.

Accordingly, the Board is satisfied that the interests in the Company, held by both Mr De Gruchy and Mr Spears, do not materially impact their ability to exercise independent judgement on the Board and considers all Directors on the Board to be independent.

Statement of voting at general meeting

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against any resolution at the Annual General Meeting, the Company will liaise with investors and agree on the actions it intends to take going forward.

At the last Annual General Meeting, 99.99% of shareholders voted for the resolution to approve the Directors' remuneration report.

Approach to remuneration

The principle adopted by the Board is that fees for future non-executive Directors should reflect the performance of the Company, as well as the responsibilities and time commitment required. The Board seeks to ensure that remuneration packages offered are designed to promote the long-term success of the Company. Any new Director would be paid on the same basis as the existing Directors' remuneration.

Company performance

In setting the Directors' remuneration, consideration is given to the size and long-term performance of the Company. The tables below highlight the comparative total shareholder return to ordinary shareholders since launch compared with the GBP Corporate Bond Index over the same period. The GBP Corporate Bond Index is used as a benchmark as the constituents are comparable in asset type with the Company's investment portfolio (being a portfolio of debt instruments). During the year, the total shareholder return for the Company was 15.6% compared with the GBP Corporate Bond Index which was 17.2%.

Cumulative performance to 30 September 2016

Period	Three months	Six months	One year	Three years	Four years	Since launch
GCP Infrastructure Investments Ltd	12.33%	15.41%	15.62%	49.16%	63.87%	94.09%
GBP Corporate Bond Index	6.45%	12.74%	17.17%	31.24%	34.37%	65.85%

Annual performance to 30 September 2016

Period	**Year ended 30 September 2016**	Year ended 30 September 2015	Year ended 30 September 2014	Year ended 30 September 2013

GCP Infrastructure Investments Ltd	**15.62%**	9.68%	17.62%	9.86%
GBP Corporate Bond Index	**17.17%**	3.86%	7.84%	2.38%

Relative importance of the spend on pay

The table below sets out Directors' fees for the Company in respect of the financial years ended 30 September 2016 and 30 September 2015, as a relative proportion of the Company's total expenses for the year:

	30 September 2016	30 September 2015
Percentage of expenses	**3.99%**	4.11%

Approval

This annual report on remuneration and the policy report were approved by the Board on 13 December 2016 and signed on its behalf by:

By order of the Board

Mr Ian Reeves CBE
Chairman
13 December 2016

Directors' report

The Directors are pleased to present their Annual report and the audited financial statements for the year ended 30 September 2016. The corporate governance statement set out above forms part of this report.

Principal activity and business review

The strategic report has been prepared by the Directors and should be read in conjunction with the Chairman's statement and forms part of the Annual report to shareholders.

Greenhouse gas emissions reporting

The Company funds renewable energy projects which seek to reduce the United Kingdom's greenhouse gas emissions. The Company has no employees or property, and it does not purchase electricity, heat, steam or cooling for its own use.

The Company outsources all services on a fee basis, and, as such it is not practical to attempt to measure or quantify emissions in respect of any outsourced energy use.

Dividends

The Directors have announced a fourth interim dividend of 1.9 pence per ordinary share which was paid on 25 November 2016 to ordinary shareholders on the register on 21 October 2016.

The Company offered a scrip dividend alternative under which shareholders elected to receive new ordinary shares in lieu of the cash dividend. The price of a new ordinary share to be issued under the scrip dividend alternative was calculated by taking the average of the Company's closing middle market quotations of an ordinary share for the five consecutive dealing days commencing on the ex-dividend date of 20 October 2016. A circular and form of election was sent to shareholders on 31 October 2016.

Share capital

During the year, the Company issued 83,544,335 ordinary shares of £0.01. Details of the movements in share capital during the year are set out in the statement of changes in equity below and in note 17.

At 30 September 2016, the Company's issued share capital comprised 660,025,921 ordinary shares of £0.01, none of which were held in treasury. At general meetings of the Company, every holder shall have one vote in respect of every ordinary share.

Significant voting rights

As at 30 September 2016, the Company had received notification of the following disclosable interests in the voting rights of the Company:

Name	Shares held	% of total voting rights
Rathbone Investment Management	39,571,190	6.00
Investec Wealth & Management	38,631,742	5.85
Insight Investment Management	38,274,939	5.80
Tredje AP Fonden	37,750,000	5.72
BMO Global Asset Management	33,718,823	5.11
Brewin Dolphin	33,193,735	5.03
Close Asset Management	31,931,606	4.84
West Yorkshire Pension Fund	26,344,860	3.99
Quilter Cheviot Investment Management	24,666,885	3.74

The following changes have been notified to the Company between 30 September 2016 and the date of this report:

Name	Shares held	% of total voting rights
Close Asset Management	33,085,066	5.01

The table of significant shareholders disclosed above forms part of note 2.3(b) in the financial statements.

Directors

The Directors in office as at 30 September 2016 are listed above.

Details as to the Directors' terms of appointment can be found in the corporate governance statement and the remuneration report as detailed above.

Directors' interests

At the year end, Paul De Gruchy had a holding of 453,825 ordinary shares in the Company. Clive Spears had a holding of 25,000 ordinary shares in the Company.

None of the Directors or any persons connected with them have had a material interest in the Company's transactions or agreements during the year.

None of the Directors or the Chairman sit on the Boards of any other Companies managed by the Investment Adviser and do not have any close family ties with any of the Company's advisers.

The Board has not delegated any of its decision-making powers to the Investment Adviser other than in relation to the administration of the SPVs and also in respect of holdings in the portfolio, the Company has delegated the exercise of its voting rights to the Investment Adviser, who has the discretion to manage the assets in accordance with the Company's investment objective and policy.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' and officers' liability insurance and indemnity agreements

The Company has purchased insurance to cover Directors' and officers' liability, as permitted by the Law.

Key service providers

Investment Adviser

Gravis Capital Partners LLP is the Investment Adviser and AIFM to the Company. The Investment Adviser was incorporated in England and Wales on 14 October 2007 under the Limited Liability Partnership Act 2000 (registered number OC332060) and is authorised and regulated by the Financial Conduct Authority (registration number 487393).

The partners of the Investment Adviser formed Gravis Capital Partners LLP in May 2008 with a view to developing a specialist infrastructure advisory boutique. This business model was amended in July 2009 to focus specifically on fund management, principally in the area of UK infrastructure.

The Investment Adviser provides advice to the Directors of the Company to enable them to make informed decisions for the Company's funding requirements (including advice and assistance in any equity/further fund raising process) and also borrowing/gearing requirements. The terms of appointment of the Investment Adviser and its fees payable are explained in note 20.

The Investment Adviser also provides advice which enables the Directors of the Company to identify potential investments, monitor the performance of existing assets and the financial and infrastructure markets generally.

The partners of the Investment Adviser have a long track record of working within the UK infrastructure market, particularly with regard to debt advisory work.

The partners of the Investment Adviser have advised extensively on debt structures in a wide variety of infrastructure sectors, including a wide variety of renewable energy sectors, healthcare, education, court buildings, specialised offices, registered social landlord accommodation and transport. They have primarily advised project companies or their owners.

The personnel primarily responsible for delivering investment advice to the Company on behalf of the Investment Adviser are detailed above.

The Company is party to an Investment Advisory Agreement under which the Investment Adviser provides advisory services relating to the Company's assets on a day-to-day basis in accordance with the investment objectives and policies agreed by the Company and under the overall supervision and direction of the Board of Directors.

The Investment Advisory Agreement was amended in January 2014 to reflect a change in methodology for the calculation of fees and the provision of AIFM services to the Company. An increase in the fees payable for the provision of AIFM services was agreed by the Board in October 2014. AIFM services provided by the Investment Adviser to the Company are as follows:

- monitoring of investment policy, investment strategies and performance;
- risk management;
- liquidity risk and leverage management;
- ensuring the valuation of the Company's assets is performed with due impartiality and with due skill, care and diligence;
- ensuring marketing safeguards are in place;
- identification and management of conflicts of interest; and
- supervision of service providers.

The Investment Advisory Agreement was further amended and restated in November 2015 in order to ensure that the key person provisions of that agreement remain up to date. Under the terms of the Investment Advisory Agreement, the notice period of the termination of the appointment of the Investment Adviser by the Company is twelve months. The remuneration of the Investment Adviser is set out in note 20 to the financial statements.

The Company has noted the publication of a prospectus on 29 September 2015 by the GCP Asset Backed Income Fund Limited (formerly Project Finance Investments Limited), a fund for which the Investment Manager is Gravis Capital Partners LLP, which is also the Investment Adviser to the Company. The Directors further note that the GCP Asset Backed Income Fund Limited will seek to make investments in a portfolio of project finance loans across multiple sectors. Under its Investment Advisory Agreement, the Company's prior consent is required for the Investment Adviser to act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Company's investments or engage in any activity which may compete in the same or substantially similar investment area as the Company.

The Company has given its consent for the Investment Adviser to act as the investment manager of the GCP Asset Backed Income Fund Limited, on the basis that the Investment Adviser has agreed with the Company that where it identifies an investment which, in its opinion acting reasonably and in good faith, falls within the Company's remit, the Company will have ROFR.

The Directors believe that the Company's investment objectives, and the pipeline of opportunities available to it, will not be adversely affected, and that the ROFR Agreement protects the Company's interests in the event of any conflict. The Investment Advisory Agreement continues to contain other clauses specifying minimum time commitments from key Investment Adviser personnel and general provisions for dealing with conflicts of interest.

Administrator and Company Secretary
Fund accounting, administration services and company secretarial services are provided to the Company by Capita Financial Administrators (Jersey) Limited pursuant to an Agreement dated 31 January 2014. The fee for the provision of these services during the year was £582,000 (2015: £531,000). The Agreement with Capita Financial Administrators (Jersey) Limited continues until terminated by either party on giving not less than six months' written notice.

Depositary
Depositary services are provided to the Company by Capita Trust Company (Jersey) Limited pursuant to an agreement dated 21 July 2014. The fee for the provision of these services during the year was £198,000 (2015: £170,000). The agreement with Capita Trust Company (Jersey) Limited continues until terminated by either party on giving not less than six months' written notice.

Registrar
Registrar services are provided to the Company by Capita Registrars (Jersey) Limited pursuant to an agreement dated 28 June 2010. The fee for the provision of these services during the year was £125,000 (2015: £75,000). The agreement with Capita Registrars (Jersey) Limited continues until terminated by either party on giving not less than six months' written notice.
The Directors undertake an annual review of the effectiveness of all third-party service providers. Following this review, it is the Directors' opinion that the continuing appointment of the Investment Adviser, the Administrator and the Company Secretary, the Depositary and the Registrar, is in the best interests of the Company and its shareholders.

Political donations
The Company made no donations to political parties or organisations during the year and no political expenditure was incurred.

Annual general meetings
The Company's Annual report and financial statements for the year ended 30 September 2016 will be tabled for approval at the Company's 2017 Annual General Meeting. The Annual General Meeting will be held on 10 February 2017 at 12 Castle Street, St Helier, Jersey JE2 3RT.

Share repurchases
No shares have been bought back in the year. The latest authority to purchase ordinary shares for cancellation was granted to the Directors on 12 February 2016 and expires on the date of the next Annual General Meeting. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting on 10 February 2017.

Treasury shares
The Law allows companies to hold shares acquired by market purchase as treasury shares, rather than having to cancel the shares. Up to 10% of the issued shares may be held in treasury and may be subsequently cancelled or sold for cash in the market. This gives the Company the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

Disclosure of information to the Auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

External audit

Following an external audit tender process in October 2015, the Board recommended that KPMG be appointed as Auditor and a resolution to appoint them was approved at the Annual General Meeting in February 2016. KPMG has expressed its willingness to continue in office as an Auditor of the Company and resolutions for its appointment and for the Directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Financial risk management
Information about the Company's financial risk management objectives is set out in note 19 of the financial statements.

Non‑mainstream pooled investments
The Board notes the rules of the UK Financial Conduct Authority on the promotion of non‑mainstream pooled investments, effective from 1 January 2014. The Board confirms that it conducts the Company's affairs, and intends to continue to conduct its affairs, so that the Company's shares will be "excluded securities" under the Financial Conduct Authority's new rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for the approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom. Therefore, the Company's shares will not amount to non‑mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the Financial Conduct Authority's restriction on the promotion of non-mainstream pooled investments.

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indication where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

By order of the Board

Mr David Pirouet FCA
Director
13 December 2016

Statement of Directors' responsibilities
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 the Law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

Under 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 Companies (Jersey) Law 1991. They 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[1].

Directors' responsibility statement
In accordance with the FCA's Disclosure and Transparency Rules, each of the Directors, whose names are set out above, confirms that to the best of his or her knowledge that:

- the financial statements have been prepared in accordance with IFRS as adopted by the European Union, and 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.

By order of the Board

Mr Ian Reeves CBE
Chairman
13 December 2016

1. Where financial statements are published on the Company's website.

Independent Auditor's report
To the members of GCP Infrastructure Investments Limited

Opinions and conclusions arising from our audit
Opinion on financial statements
We have audited the financial statements of GCP Infrastructure Investments Limited (the "Company") for the year ended 30 September 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its total profit and comprehensive income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

Our assessment of risks of material misstatement
The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of financial assets at fair value through profit and loss ("Investments") (£699,682,000 or 93% of total assets)
Refer to the Audit Committee report, note 2.2 Significant accounting judgements and estimates, note 11 Financial assets at fair value through profit or loss and note 19.3 Financial instruments.

The risk:
93% of the Company's total assets are represented by the fair value of a portfolio of unquoted infrastructure debt investments domiciled in the United Kingdom (the "Investments"). The Company's determination of the fair value of the Investments involves using a discounted cash flow methodology, where the inputs and assumptions such as

amounts and timings of cash flows, the calculation of appropriate discount rates and the selection of appropriate values surrounding uncertain future events are subjective. As a result, there is a risk that the Company selects inputs and assumptions that may not be appropriate. This may result in a materially different fair value being attributed to the Investments.

Our response:
Our audit procedures with respect to the valuation of Investments included, but were not limited to, the following:

- we tested the design and implementation of controls adopted by the Company over the review, challenge and subsequent approval of the fair value of the Investments;
- we evaluated the competence 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;
- we engaged our own valuation specialist, who used market and investment specific knowledge to support our challenge of the inputs and assumptions used by the Company in determining the discount rates applied in arriving at the fair value of a sample of the Investments; and
- we performed substantive procedures in relation to the Company's determination of fair value on a sample of the Investments, which included:
  - comparing the long-term forecasted cash flows included in the discounted cash flow models to the terms of the original agreements such as the repayment profile, repayment premium, loan term and the coupon;
  - compared the to date financial performance of the Investments against forecasted cash flows for the same period in the context of determining the accuracy of cash flow forecasts included in the discounted cash flow models; and
  - testing the mathematical accuracy of the discounted cash flow models.

We considered the adequacy of the Company's disclosures in note 19.3 in respect of the fair value of Investments, specifically the estimates and judgements made by the Company in arriving at that fair value. We also reviewed the disclosure of the degree of sensitivity of a 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 is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

Materiality for the financial statements as a whole was set at £6,860,000. This has been calculated using a benchmark of the Company's total assets (of which it represents approximately 1%) which we believe is the most appropriate benchmark as total assets are considered to be one of the principal considerations for members of the Company in assessing the financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £343,000, in addition to other audit misstatements below that threshold that we believe 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.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather, we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Disclosures of principal risks
Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' viability statement concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company continuing in operation over the five years to 2021; or
- the disclosures in note 2.1 of the financial statements concerning the use of the going concern basis of accounting.

Matters on which we are required to report by exception
Under International Standards on Auditing (ISAs) (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and 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 members to assess the Company's performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies (Jersey) Law, 1991, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- 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.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the eleven provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities
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.

Respective responsibilities of Directors and Auditor
As explained more fully in the Statement of Directors' responsibilities set out above, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Mr Steven D Stormonth
For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors
Jersey, Channel Islands
13 December 2016

Statement of comprehensive income
For the year ended 30 September 2016

	Notes	**Year ended 30 September 2016 £'000**	Year ended 30 September 2015 £'000
Income			
Net income/gains on financial assets at fair value through profit or loss	3	**59,291**	54,818
Other income	3	**4,276**	1,486
Total income		**63,567**	56,304
Expense			
Investment advisory fees	20	**(5,754)**	(4,740)
Operating expenses	5	**(2,113)**	(2,182)
Total expense		**(7,867)**	(6,922)
Total operating profit before finance costs		**55,700**	49,382
Finance costs			
Finance expenses	6	**(1,342)**	(707)
Total profit and comprehensive income for the year		**54,358**	48,675
Basic and diluted earnings per share (pence)	10	**8.9776**	9.3032

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

Statement of financial position
As at 30 September 2016

	Notes	**As at 30 September 2016 £'000**	As at 30 September 2015 £'000
Assets			
Cash and cash equivalents	15	**52,057**	4,906
Other receivables and prepayments	12	**303**	49
Amounts held on security account	14	**-**	1,230
Financial assets at fair value through profit or loss	11 & 19	**699,682**	657,730
Total assets		**752,042**	663,915
Liabilities			
Other payables and accrued expenses	13	**(1,998)**	(2,018)
Amounts held on security account	14	**-**	(1,230)
Interest bearing loans and borrowings	16	**(26,208)**	(41,123)
Total liabilities		**(28,206)**	(44,371)
Net assets		**723,836**	619,544
Capital and reserves			
Share capital	17	**6,600**	5,765
Share premium	17	**694,406**	599,242
Capital redemption reserve	18	**101**	101
Retained earnings		**22,729**	14,436
Total capital and reserves		**723,836**	619,544
Ordinary shares in issue	17	**660,025,921**	576,481,586
NAV per ordinary share (pence per share)		**109.67**	107.47

Signed and authorised for issue on behalf of the Board of Directors

Mr Ian Reeves CBE — *Chairman*
Mr David Pirouet — *Director*
13 December 2016

Statement of changes in equity
For the year ended 30 September 2016

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2014		4,504	461,402	101	4,796	470,803
Total profit and comprehensive income		-	-	-	48,675	48,675
Equity shares issued	17	1,261	141,577	-	-	142,838
Share issue costs	17	-	(3,737)	-	-	(3,737)
Dividends	9	-	-	-	(39,035)	(39,035)
At 30 September 2015		5,765	599,242	101	14,436	619,544
Total profit and comprehensive income		**-**	**-**	**-**	**54,358**	**54,358**
Equity shares issued	17	**835**	**96,803**	**-**	**-**	**97,638**
Share issue costs	17	**-**	**(1,639)**	**-**	**-**	**(1,639)**
Dividends	9	**-**	**-**	**-**	**(46,065)**	**(46,065)**
At 30 September 2016		**6,600**	**694,406**	**101**	**22,729**	**723,836**

Statement of cash flows
For the year ended 30 September 2016

	Notes	**Year ended 30 September 2016 £'000**	Year ended 30 September 2015 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**55,700**	49,382
Purchase of financial assets		**(92,785)**	(224,453)
Repayment of financial assets		**19,253**	20,819
Proceeds from refinancing of financial assets		**34,804**	-
Unrealised income/gain on investments at fair value through profit or loss		**(3,224)**	(20,497)
Increase in other payables and accrued expenses		**105**	519
(Increase)/decrease in other receivables and prepayments		**(256)**	2

Net cash flow used in operating activities		**13,597**	(174,228)
Cash flows from financing activities			
Proceeds from issue of shares		**93,361**	136,264
Proceeds from interest bearing loans and borrowings		**76,900**	91,600
Repayment of interest bearing loans and borrowings		**(92,000)**	(50,000)
Dividends paid	9	**(43,426)**	(36,198)
Finance costs paid		**(1,281)**	(964)
Net cash flow generated from financing activities		**33,554**	140,702
Increase/(decrease) in cash and cash equivalents		**47,151**	(33,526)
Cash and cash equivalents at beginning of the year		**4,906**	38,432
Cash and cash equivalents at end of the year		**52,057**	4,906
Non-cash items			
Purchase of financial assets		**(4,941)**	-
Other non-cash items			
Decrease in amounts held on security account		**1,230**	(1,230)
Decrease in amounts held on security account payable		**(1,163)**	1,163
Decrease in interest held on security account payable		**(67)**	67
Net cash generated by operating activities includes:			
Investment income received		**51,126**	858
Deposit interest received		**20**	132

Notes to the financial statements

For the year ended 30 September 2016

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 the Law and the CIF Law. The Company merged with its former subsidiary, GCP Asset Holdings Limited on 30 September 2015.

The Company is a closed-ended investment company incorporated under the laws of Jersey and its ordinary shares are listed on the Main Market of the London Stock Exchange.

The Company makes infrastructure investments through acquiring (or acquiring interests in) debt instruments issued by infrastructure project companies (or by their existing lenders or holding vehicles) that are, or are expected to be, in receipt of public sector backed cash flows.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as they apply to the financial statements of the Company for the year as required by IFRS and as adopted by the EU.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

New standards, amendments and interpretations

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Company's accounting periods beginning after 1 October 2016 or later periods, but the Company has decided not to early adopt them. The following standards are the most relevant to the Company:

- Disclosure Initiative (Amendments to IAS 7) (effective for annual periods beginning on or after 1 January 2017): the objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes;
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018): the objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer; and
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018): the new financial instruments impairment requirements provide users with useful information about an entity's expected credit losses on financial instruments. These new requirements incorporate the classification and measurement requirements, the impairment requirements and the general hedge accounting requirements.

In addition to the above, there are no new IFRS or IFRIC interpretations that are effective that would be expected to have a material impact on the Company's financial statements.

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. Furthermore, the Directors are not aware of any material uncertainties that may cast significant 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 assessment, the Directors have undertaken a longer-term assessment of the Company, the results of which can be seen in the viability statement.

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. The valuation of financial investments requires a significant degree of judgement and is dependent on assumptions and estimates which are significant to the reported amounts recognised in the financial statements (see note 19).

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. As the investments in the SPVs are in the form of debt instruments, judgement has been involved in determining the unit of account for the measurement of these investments. This process requires a significant degree of judgement taking into account the complexity of the structure of the Company and extent of investment activities (see note 11).

2.3 (a) Functional and presentation currency

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

The primary objective of the Company is to generate returns in Pound Sterling, its capital-raising currency. The Company's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have adopted it as the Company's presentation currency. All values have been rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

2.3 (b) 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 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 2016	30 September 2015
	£'000	£'000
Channel Islands	**20**	128
United Kingdom	**63,547**	56,176
Total	**63,567**	56,304

Significant shareholders are disclosed in the Directors' report.

3. Operating income

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

	30 September 2016 £'000	30 September 2015 £'000
Cash and cash equivalents	**20**	128
Net movement in fair value of financial assets through profit or loss	**59,291**	54,818
Other income	**4,256**	1,358
Total	**63,567**	56,304

Until 30 September 2015, the Company's main income was derived from dividends paid by its former subsidiary, which was a company domiciled in the Channel Islands. The Company merged with its subsidiary on 30 September 2015. Subsequent to the merger, the Company's main income is derived from interest on loans to project companies held at fair value through profit or loss.

The table below analyses the operating income derived from the Company's financial assets and liabilities at fair value through profit or loss:

	30 September 2016 £'000	30 September 2015 £'000
Loan interest - cash	**51,126**	858
Loan interest - capitalised	**4,941**	-
Dividend income	**-**	58,971
Unrealised gain on investments at fair value through profit or loss	**16,519**	-
Unrealised loss on investments at fair value through profit or loss	**(13,295)**	(5,011)
Total	**59,291**	54,818

Unrealised losses on investment at fair value through profit or loss include downward revaluations of £9.4 million (driven by reduced forecast cash flows and an increase in valuation discount rates) of two of the Company's biomass assets. The Directors continue to monitor and manage these assets carefully; for further details refer to note 19.7.

Unrealised gains on investment at fair value through profit or loss includes upward revaluations of £16.7 million (driven by reductions in valuation discount rates) on a variety of operational PFI and renewable energy assets.

The remaining unrealised gains and losses on investments at fair value through profit and loss are attributable to the timing of interest received.

Accounting policy

Dividend income, which is in respect of dividends received from GCP Asset Holdings Limited prior to the merger on 30 September 2015 was recognised when the right to receive payment has been established. Interest revenue and interest expense other than interest 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 the net income/gains on financial assets at fair value through profit or loss.

Other income includes early repayment penalties and is recognised in the financial statements when the contractual provisions are met and the amounts become due.

4. Auditor's remuneration

	30 September 2016 £'000	30 September 2015 £'000
Audit fees	**52**	55
Non-audit fees	**15**	37
Total	**67**	92

5. Operating expenses

	30 September 2016 £'000	30 September 2015 £'000
Corporate administration	**792**	708
Legal and professional	**127**	410
Valuation agent fees	**303**	346
Directors' remuneration and expenses (also shown in note 7)	**327**	298
Advisory	**78**	100
Other	**486**	320
Total	**2,113**	2,182

Accounting policy

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

6. Finance expenses

	30 September 2016 £'000	30 September 2015 £'000
Finance expenses	**1,342**	707
Total	**1,342**	707

Accounting policy

Finance expenses in the statement of comprehensive income comprises of loan arrangement and commitment 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 2016 £'000	30 September 2015 £'000
Ian Reeves CBE	**59**	64
David Pirouet	**55**	60
Trevor Hunt	**-**	42
Clive Spears	**56**	64
Paul De Gruchy	**50**	55
Julia Chapman	**50**	-
Michael Gray	**44**	-
	314	285
Directors' expenses	**13**	13
Total	**327**	298

During the year, in addition to the amounts disclosed above an amount of £30,000 was paid to Directors as a fee for the placing programme. This amount was charged directly within issue costs to the statement of changes in equity.

Full details of the Directors' remuneration policy, including the special fee for the placing programme can be found in the Directors' remuneration report.

8. Taxation

Profits arising in the Company for the year ended 30 September 2016 are subject to tax at the standard rate of 0% (30 September 2015: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends

Dividends paid for the year ended 30 September 2016 were 7.60 pence per share (30 September 2015: 7.60 pence per share) as follows:

Declaration date	Dividend	Pence	**30 September 2016 £'000**	30 September 2015 £'000
Current year dividends				
30 September 2016	2016 interim dividend	1.90	**-**	-
30 June 2016	2016 interim dividend	1.90	**12,528**	-
31 March 2016	2016 interim dividend	1.90	**11,297**	-
31 December 2015	2015 interim dividend	1.90	**11,286**	-
		7.60		
Prior year dividends				
30 September 2015	2015 interim dividend	1.90	**10,954**	-
30 June 2015	2015 interim dividend	1.90	**-**	10,940
31 March 2015	2015 interim dividend	1.90	**-**	9,774
31 December 2014	2014 interim dividend	1.90	**-**	9,763
		7.60		
30 September 2014	2014 interim dividend	1.90	**-**	8,558
Dividends in statement of changes inequity			**46,065**	39,035
Dividends settled in shares			**(2,639)**	(2,837)
Dividends in cash flow statement			**43,426**	36,198

The Company announced a fourth interim dividend of 1.90 pence per ordinary share amounting to £12,540,493 which was paid on 25 November 2016 to ordinary shareholders on the register on 21 October 2016.

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. Dividends due to the Company's shareholders are recognised when they become payable.

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.

	Profit £'000	Weighted average number of ordinary shares	Pence per share
Year ended 30 September 2016			
Basic and diluted earnings per ordinary share	**54,358**	**605,482,290**	**8.9776**
Year ended 30 September 2015			
Basic and diluted earnings per ordinary share	48,675	523,206,327	9.3032

11. Financial assets at fair value through profit or loss

	30 September 2016 £'000	30 September 2015 £'000
Opening balance	**657,730**	389,036
Purchases of financial assets	**92,785**	224,453
Repayments of financial assets	**(19,253)**	(20,819)
Proceeds from refinancing of financial assets	**(34,804)**	-
Unrealised gain on investments at fair value through profit or loss	**16,519**	-
Unrealised loss on investments at fair value through profit or loss	**(13,295)**	(5,011)
Decrease in Intercompany loan	**-**	70,066
Decrease of other assets and liabilities of subsidiary	**-**	5
Closing balance	**699,682**	657,730

The Facility with RBSI is secured against the portfolio of assets held by the Company. (See note 16).

Accounting for subsidiaries

The Company's investments are made through a number of SPVs (see note 25) which are domiciled in the UK. The Company does not hold equity interests in these SPVs, the Investment Adviser holds a nominal equity position in each SPV and operates the SPVs on a day-to-day basis. The Company owns 100% of the loan notes issued by the SPVs with the exception of GCP Rooftop Solar 6 Limited (37.7%) and FHW Dalmore (Salford Pendleton Housing) Plc (13.2%).

During the year, the Directors made an assessment in regard to whether the Company controls the SPVs and whether the SPVs meet the definition of subsidiary companies in accordance with the definition of IFRS 10. The Directors have made an assessment on whether the Company as an investor controls the SPVs under each of the criteria within IFRS 10.

The Directors are of the opinion that the Company demonstrates all three of the criteria for all SPVs which therefore determines these SPVs to be considered subsidiary companies within the definition of IFRS 10 with the exception of GCP Rooftop Solar 6 Limited and Salford Pendleton Housing Limited which are considered to be associates as the Company has significant influence over the relevant activities of the SPV through similar arrangements.

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate the entities. 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; holds a portfolio of investments, predominantly in the form of loan securities which generates returns through interest income and capital appreciation; the Company reports to its investors via quarterly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at

fair value to the extent allowed by IFRS in the Company's annual reports.

Accounting policy
Holdings of 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 represent the fair value of the SPVs as any other net assets held in the SPVs at year end are immaterial. 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 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 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 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 2016	30 September 2015
	£'000	£'000
Interest receivable	**-**	1
Arrangement fees receivable	**227**	-
Other debtors	**-**	3
Prepayments	**76**	45
Total	**303**	49

Accounting policy
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts according to the original terms of the contract.

13. Other payables and accrued expenses

	30 September 2016	30 September 2015
	£'000	£'000
Investment advisory fees	**1,540**	1,381
Payables	**458**	637
Total	**1,998**	2,018

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

14. Amounts held on security account

	30 September 2016	30 September 2015
	£'000	£'000
Amounts held on security account payable	**-**	1,163
Interest payable on security account	**-**	67
Total	**-**	1,230

Until 11 June 2015, amounts held on security account related to a cash deposit of £1,230,482 belonging to GPFI Holdings Limited ("GPFI"). The cash was held in a segregated Company account as collateral to protect the Company against underperformance of the loans made to GPFI (the "GPFI Loans"). On 11 June 2015, GPFI Loans were refinanced by a loan to Cardale PFI Investments Limited (the "Cardale Loan"). Under the terms of the Cardale Loan, the amounts held on the security account could be distributed to GPFI but not released to the shareholders of GPFI until the Cardale Loan was fully repaid. The amounts held on security account were released to GPFI on 3 August 2016.

15. Cash and cash equivalents

	30 September 2016	30 September 2015
	£'000	£'000
Cash and cash equivalents	**52,057**	4,906
Total	**52,057**	4,906

Cash is held at a number of financial institutions to spread credit risk and cash awaiting investment is held on behalf of the Company at banks carrying a minimum rating of A-1, P-1 or F-1 from Standard & Poor's, Moody's or Fitch respectively, or in one or more similarly rated money market or short-dated gilt funds. RBSI are currently rated F-2. The Directors closely monitor this aspect but take comfort from the fact that this account is a collection account with balances swept daily to Lloyds Bank International Limited. Cash held by institutions at year end is shown in the table below:

	30 September 2016	30 September 2015
	£'000	£'000
RBSI Cash Management Account	**1,301**	1,598
Lloyds Money Market Call Account	**46,320**	3,308
BNY Mellon Account	**1**	-

RBSI Capital and Interest Account	**4,435**	-
Total	**52,057**	4,906

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 banks 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.

16. Interest bearing loans and borrowings

	30 September 2016	30 September 2015
	£'000	£'000
RBSI loan facility	**26,500**	41,600
Unamortised arrangement fees	**(292)**	(477)
Total	**26,208**	41,123

The table below analyses the movement for the period:

	30 September 2016	30 September 2015
	£'000	£'000
Opening balance	**41,600**	-
Proceeds from interest bearing loans and borrowings	**76,900**	91,600
Payments on Interest bearing loans and borrowings	**(92,000)**	(50,000)
Total	**26,500**	41,600

On 23 March 2015, the Company entered into a three-year £50 million revolving credit facility with RBSI. Interest on amounts drawn under the Facility is charged at LIBOR plus 2.25% per annum. A commitment fee is payable on undrawn amounts. The total costs incurred to establish the Facility of £754,000 (including the arrangement fee of £675,000) were offset against the amount drawn down. On 15 October 2015, £3.1 million was drawn down from the Facility with an additional £5.3 million drawn down on 28 October. The balance of the Facility was £50 million which the Company repaid on 15 April 2016. Additional drawdowns were made of £18 million on 15 April, £4 million on 5 May, £2 million on 25 May, £8 million on 2 June and £10 million on 29 June 2016. These drawdowns totalling £42 million were repaid on 15 July 2016. On 29 September, the Company drew down a further £26.5 million with a further £10 million drawn down on 22 November (post year end). These drawdowns totalled £36.5 million with the Company repaying the balance of £36.5 million of the Facility on 7 December 2016. The Facility with RBSI is secured against the portfolio of assets held by the Company. (See note 11).

For the purposes of the AIFMD, 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 AIFMD.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by AIFMD as at 30 September 2016, figures are as follows:

Leverage exposure	**Maximum limit**	**Actual exposure**
Gross method	**1.2**	**0.97**
Commitment method	**1.2**	**1.04**

The leverage figures above represent leverage calculated under the AIFMD methodology as follows:

	Gross	**Commitment**
	£'000	**£'000**
Investments at fair value through profit or loss	699,682	699,682
Cash and cash equivalents	-	52,057
Total exposure under AIFMD	**699,682**	**751,739**
Total shareholders' funds	723,836	723,836
Leverage	0.97	1.04

The Company's leverage limit under the AIFMD is 1.20 which equates to a gearing limit of 20%. The Company has maintained significant 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 Facility.

17. Authorised and issued share capital

	30 September 2016		30 September 2015	
Share capital	**Number of shares**	**£'000**	Number of shares	£'000
Ordinary shares issued and fully paid				
At 1 October	**576,481,586**	**5,765**	450,420,663	4,504
Equity shares issued through:				
Scrip dividends	**2,217,500**	**22**	2,418,923	24
Placing programme	**81,326,835**	**813**	123,642,000	1,237
Total	**660,025,921**	**6,600**	576,481,586	5,765

The 83,544,335 shares issued in the year represent 81,326,835 ordinary shares issued under the placing programme and 2,217,500 ordinary shares issued under the scrip dividend alternative. These are further analysed below.

The Company is authorised to issue 800 million ordinary shares, 150 million C shares and 150 million deferred shares, each having a par value of one pence per share.

Share premium	**30 September 2016** **£'000**	30 September 2015 £'000
Premium on ordinary shares issued and fully paid		
Opening balance	**599,242**	461,402
Premium on equity shares issued through:		
Scrip dividends	**2,616**	2,813
Placing programme	**94,187**	138,764
Share issue costs	**(1,639)**	(3,737)
Total	**694,406**	599,242

Share capital is the nominal amount of the Company's ordinary shares in issue. Share premium relates to amounts subscribed for share capital in excess of nominal value less associated issue costs of the subscription.

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.

Date	Number of shares issued	Description	Period

25 November 2015	572,610	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 July 2015 to 30 September 2015
10 December 2015	16,949,153	Ordinary shares issued by way of a fundraising of £20 million by way of placing programme	N/A
25 February 2016	596,219	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 October 2015 to 31 December 2015
27 May 2016	399,016	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 January 2016 to 31 March 2016
12 July 2016	64,377,682	Ordinary shares issued by way of a fundraising of £75 million by way of two placing programmes	N/A
26 August 2016	649,655	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 April 2016 to 30 June 2016
Total	**83,544,335**		

As at 30 September 2016, the Company's issued share capital comprised 660,025,921 ordinary shares, none of which were held in treasury.

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.

18. Capital redemption reserve

	30 September 2016	30 September 2015
	£'000	£'000
At 1 October	**101**	101
Transfer to capital redemption reserve	**-**	-
At 30 September	**101**	101

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

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.

	30 September 2016	30 September 2015
	£'000	£'000
Financial assets		
Cash and cash equivalents	**52,057**	4,906
Other receivables and prepayments	**303**	49
Amounts held on security	**-**	1,230
Loans and receivables	**52,360**	6,185
Financial assets held at fair value through profit or loss	**699,682**	657,730
Total	**752,042**	663,915
Financial liabilities		
Other payables and accrued expenses	**(1,998)**	(2,018)
Amounts held on security	**-**	(1,230)
Interest bearing loans and borrowings	**(26,208)**	(41,123)
Financial liabilities measured at amortised cost	**(28,206)**	(44,371)

Refer to notes 11, 12, 13, 14, 15, 16 and 19 for accounting policies in respect of the financial instruments above.

19.1 Capital management

The Company is wholly funded from equity balances, comprising issued ordinary share capital, as detailed in note 17 and retained earnings, as well as a revolving credit facility, as detailed in note 16.
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. 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 as at such time any such borrowings are drawn down. At the year end, borrowings amounted to 3.7% of NAV (2015: 6.6%).

19.2 Financial risk management objectives

The Company has an investment policy and strategy, as summarised in its prospectus dated 18 April 2016, 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.

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 asset's 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 considers the movements in comparable credit markets and publicly available information around each project in assessing the expected future cash flows from each investment.

The valuation principles used are based on a discounted cash flow methodology. 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.

The Valuation Agent determines the discount rate 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.

The valuations are reviewed by the Investment Adviser and the subsequent NAV is reviewed and approved by the Directors on a quarterly basis (previously approved on a monthly basis prior to 1 April 2016).

The table below shows how changes in discount rate affect the changes in the valuation of financial assets at fair value. 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 2016

Change in discount rate	**0.50%**	**0.25%**	**0.00%**	**(0.25%)**	**(0.50%)**
Value of financial assets at fair value (£'000)	**674,953**	**687,120**	**699,682**	**712,656**	**726,059**
Change in value of financial assets at fair value (£'000)	**(24,729)**	**(12,562)**	**-**	**12,974**	**26,377**

As at 30 September 2016, the discount rates used in the valuation of financial assets ranged from 6.75% to 10.30%.

30 September 2015

Change in discount rate	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	635,706	646,554	657,730	669,248	681,122
Change in value of financial assets at fair value (£'000)	(22,023)	(11,176)	-	11,518	23,392

As at 30 September 2015, the discount rates used in the valuation of financial assets ranged from 6.5% to 10.5%.

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.

Future cash flows

The Company primarily invests 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 hedged against movement in interest rates where appropriate, through the use of interest rate swaps.

Borrowings

During the year, the Company made use of its Facility with RBSI, which was used to finance investments made by the Company. Details of the RBSI Facility are given in note 16.

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.

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 £752 million (2015: £664 million) being the balance of total assets less prepayments. As explained in note 15, 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 F-1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds.

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 uses detailed cash flow forecasts to assess the continued credit worthiness 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 portion 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 on an ongoing basis, and period end 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 as at the year end. The Investment Adviser also monitors the concentration of risk based upon the nature of each underlying project.

The concentration of credit risk associated with counterparties is deemed to be low. The counterparties are typically public sector entities which generate pre-determined, long term, public sector backed revenues in the form of subsidy payments (FiT and ROCs payments) for renewables transactions or unitary charge payments for PFI transactions. In the view of the Investment Adviser and Board, the UK Government has both the ability and willingness to satisfy its obligations to these public sector entities.

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 held by the Company are held 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.

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.

Changes in credit risk affect the discount rate. The sensitivity of the fair value of the financial assets at fair value through profit or loss is disclosed below.

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.

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 or redeem its shares 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 2016 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.

The cash flows are on an undiscounted basis.

30 September 2016	**Less than one month £'000**	**One to three months £'000**	**Three to twelve months £'000**	**Greater than twelve months £'000**	**Total £'000**
Financial assets					
Cash and cash equivalents	**52,057**	**-**	**-**	**-**	**52,057**
Other receivables and prepayments	**-**	**-**	**303**	**-**	**303**
Financial assets at fair value through profit or loss	**14,998**	**9,074**	**48,164**	**1,373,897**	**1,446,133**
Total financial assets	**67,055**	**9,074**	**48,467**	**1,373,897**	**1,498,493**
Financial liabilities					
Other payables and accrued expenses	**-**	**1,998**	**-**	**-**	**1,998**
Interest bearing loans and borrowings	**-**	**26,208**	**-**	**-**	**26,208**
Total financial liabilities	**-**	**28,206**	**-**	**-**	**28,206**
Net exposure	**67,055**	**(19,132)**	**48,467**	**1,373,897**	**1,470,287**

30 September 2015	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	4,906	-	-	-	4,906
Other receivables and prepayments	-	-	49	-	49
Amount held on security	-	-	-	1,230	1,230
Financial assets at fair value through profit or loss	5,164	33,319	46,863	1,242,288	1,327,634
Total financial assets	10,070	33,319	46,912	1,243,518	1,333,819
Financial liabilities					
Other payables and accrued expenses	-	2,018	-	-	2,018
Amounts held on security	-	-	-	1,230	1,230
Interest bearing loans and borrowings	-	41,123	-	-	41,123
Total financial liabilities	-	43,141	-	1,230	44,371
Net exposure	10,070	(9,822)	46,912	1,242,288	1,289,448

19.7 Fair values of financial assets

Basis of determining fair value

The Valuation Agent carries out quarterly fair valuations of the financial assets of the Company. These valuations are reviewed by the Investment Adviser and the subsequent NAV is reviewed and approved by the Directors on a quarterly basis (prior to 1 April 2016, the NAV was approved monthly). The basis for the Valuation Agent's valuations is described in note 19.3.

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 one 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 table below summarises all securities held by the Company based on the fair valuation technique adopted:

	Fair value hierarchy	**30 September 2016 £'000**	30 September 2015 £'000
Financial assets at fair value through profit or loss			
Loan notes - PFI and renewables excluding biomass	Level 2	**520,296**	492,299
Loan notes - biomass	Level 3	**179,386**	165,431

The Directors have classified the financial instruments as Level 2 or Level 3 depending on whether or not there is a consistent data set of comparable and observable market transactions. Due to the limited number of comparable and observable market transactions in the biomass sector, the Directors have classified the Company's investments in biomass projects as Level 3. Discount rates of 9.7% and 9.84% were applied to the two investments secured against underperforming biomass projects with impaired expected future cash flows.

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 2016 £'000	30 September 2015 £'000
Opening balance	**165,431**	389,036
Purchases	**29,827**	224,453
Repayments	**(7,125)**	(20,819)
Unrealised gain on investments at fair value through profit or loss	**1,081**	-
Unrealised loss on investments at fair value through profit or loss	**(9,828)**	(5,011)
Decrease in intercompany loan	**-**	70,066
Merger of subsidiary	**-**	(657,725)
Introduction of loan notes through merger	**-**	165,431
Closing balance	**179,386**	165,431

Prior to the merger on 30 September 2015, the investment in the subsidiary was considered to be Level 3.

For the Company's financial instruments categorised as Level 3, changing the discount rate 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 following effect on profit before tax:

30 September 2016					
Change in discount rate	**0.50%**	**0.25%**	**0.00%**	**(0.25%)**	**(0.50%)**
Valuation of financial assets at fair value (£'000)	**173,882**	**176,600**	**179,386**	**182,245**	**185,176**
Change in valuation of financial assets at fair value (£'000)	**(5,504)**	**(2,786)**	**-**	**2,858**	**5,789**

In determining the discount rate for calculating the fair value of financial assets at fair value through profit or loss, movements to Pound Sterling interest rates, comparable credit markets and the 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. In particular the Directors are

satisfied that significant inputs into the discount rate, other than in respect of biomass investments as noted above, are market observable. 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. During the period there were no transfers of investments between levels therefore, no further disclosure is considered necessary by the Directors.

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 £327,000 (30 September 2015: £298,000). As at 30 September 2016, liabilities in respect of these services amounted to £67,000 (30 September 2015: £47,000).

From 30 September 2015 to 31 March 2016, Mr Paul De Gruchy held an indirect interest in the Company via GCP Infrastructure OEIC Limited. He held a direct interest of 284,309.45 ordinary accumulation shares and an indirect interest in 396,461.30 ordinary accumulation shares of GCP Infrastructure OEIC Limited. Following GCP Infrastructure OEIC Limited's decision to wind up its affairs, these holdings were redeemed on 31 March 2016. As at 30 September 2016, Mr De Gruchy, together with his family members held 453,825 ordinary shares in the Company.

On 25 July 2016, Mr Clive Spears became a shareholder of the Company. As at 30 September 2016, Mr Spears held 25,000 ordinary shares.

Investment Adviser
The Company is party to an Investment Advisory Agreement with the Investment Adviser, amended and restated in November 2015, pursuant to which the Company has appointed the Investment Adviser to provide advisory services relating to the 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 Investment Advisory Agreement the Company considers it to be a related party by virtue of being "key management personnel".

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).

During the year, the Company expensed £5,754,000 (30 September 2015: £4,740,000) in respect of investment advisory fees and expenses. As at 30 September 2016, liabilities in respect of these services amounted to £1,540,000 (30 September 2015: £1,381,000).

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

The voting partners of the Investment Adviser hold directly or indirectly, and together with their family members, 2,478,351 ordinary shares in the Company.

The non-voting partners of the Investment Adviser hold directly or indirectly, and together with their family members, 2,473,440 ordinary shares in the Company.

21. Reconciliation of NAV
There is no difference between the NAV published on 7 October 2016 which was calculated in the accordance with the terms of the prospectus and the net asset value reported in the financial statements.

22. Contingent liabilities
At 30 September 2016, there were no contingent liabilities (30 September 2015: £nil).

23. Subsequent events after the report date
On 10 October 2016, the Company announced that it has committed to subscribe for two loan notes of up to £60 million in aggregate, the proceeds of which will be used to finance supported living units for occupation by adults with learning or physical difficulties. The first loan note, for up to £50 million, of which £44.2 million has been subscribed by the Company post year end, has an expected term of c.35 years. The second loan note, for up to £10 million of which £1 million has been subscribed by the Company post year end, has a term of up to two years. The loan notes were issued by GCP Programme Funding 1 Limited and these were secured on a senior basis against the underlying physical properties.

On 18 November 2016, the Company announced the placing of ordinary shares targeting gross proceeds of c.£60 million. The placing was successfully closed on 28 November 2016 raising gross proceeds of £90 million. The issue price was 123.50 pence per ordinary share. The Company has 37.2 million ordinary shares remaining under the Placing Programme.

A further four advances totalling £8.4 million have been advanced to project companies under existing loan facilities since the year end.

Post year end, the Company has repaid the Facility in full on 7 December 2016. (see note 16).

As at 27 November 2016, Mr Paul De Gruchy, together with his family members held an indirect interest of 460,411 ordinary shares in the Company following a scrip issue allotment of 6,586 shares.

As at 27 November 2016, Mr Clive Spears held 25,381 ordinary shares in the Company following a scrip issue allotment of 381 shares.

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, as a result of applying IFRS 10 and
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The Company as an investment entity has measured these SPVs at fair value through profit or loss.

All of the below non-consolidated SPVs are incorporated and domiciled in the United Kingdom.

SPV Company Name	Ownership interest in loan notes
GCP Asset Finance 1 Limited	100%
GCP Biomass 1 Limited	100%
GCP Biomass 2 Limited	100%
GCP Biomass 3 Limited	100%
GCP Biomass 4 Limited	100%
GCP Biomass 5 Limited	100%
GCP Cardale PFI Limited (formerly GCP Programme Funding Limited)	100%
GCP Commercial Solar 1 Limited	100%
GCP Education 1 Limited	100%
GCP Green Energy 1 Limited	100%
GCP Healthcare 1 Limited	100%

GCP Hydro 1 Limited	100%
GCP Onshore Wind 1 Limited	100%
GCP Onshore Wind 3 Limited	100%
GCP RH1 Boiler 1 Limited	100%
GCP Rooftop Solar 1 Limited	100%
GCP Rooftop Solar 2 Limited	100%
GCP Rooftop Solar 3 Limited	100%
GCP Rooftop Solar 4 Limited	100%
GCP Rooftop Solar 5 Limited	100%
GCP Rooftop Solar 6 Limited[1]	37.7%
GCP Social Housing 1 Limited	100%
GCP Programme Funding 1 Limited	100%
FHW Dalmore (Salford Pendleton Housing) Plc[1]	13.2%

1. The Company owns the entirety of the subordinated loan note class issued by those SPVs.

Forward-looking statements

The contents of this announcement include statements that are, or may be deemed to be "forward looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should". They include the statements regarding the target aggregate dividend. By their nature, forward looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's actual results and performance may differ materially from the impression created by the forward-looking statements. The Company undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules). No statement in this announcement is intended to be a profit forecast.

Annual General Meetings

It is anticipated that the Company's next AGM will be held on 10 February 2017, at which the Annual Report and consolidated financial statements for the year ended 30 September 2016 will be tabled for approval. The Notice of Meeting will be delivered to shareholders in due course.

National Storage Mechanism

A copy of the Annual Report and Financial Statements will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: www.hemscott.com/nsm.do

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.

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