

Annual report and financial statements

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GCP Infrastructure Investments Ltd
14 December 2017

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GCP Infrastructure Investments Limited
("GCP Infra" or the "Company")
LEI 213800W64MNTSIV5Z47

Annual report and financial statements for the year ended 30 September 2017

The Directors of the Company are pleased to announce the Company's annual results for the year ended 30 September 2017. The full Annual Report and Accounts can be accessed via the Company's website www.graviscapital.com/funds/gcp-infra and will be posted to shareholders over the course of the next few weeks.

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Notes to Editors

About GCP Infra

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

GCP Infrastructure Investments Limited

HIGHLIGHTS

- Dividends of 7.6 pence per share paid for the year to 30 September 2017 (2016: 7.6 pence)
- Total shareholder return for the year of 2.6% and total return since IPO in 2010 of 97.8%
- Profit for the year of £46.7 million (2016: £54.4 million). The reduction from prior year is due to a lower net unrealised revaluation movement across the investment portfolio and lower prepayment fees. Earnings per share were also negatively impacted by having a material cash balance for a significant part of the year in anticipation of the delayed GIB transaction
- £160 million successfully raised through two significantly oversubscribed share issues
- Loans advanced totalling £227.1 million secured against UK renewable energy, social housing and PFI projects, with a further £65.9 million of investments made post year end
- Transactions completed during the year included a significant commitment to acquire loans with a value of up to c.£140 million over a c.two year period from August 2017 as part of the acquisition of the GIB by a Macquarie-led consortium, with c.£91 million advanced to 30 September 2017 and a further £0.5 million advanced post period end
- Third party professional valuation of the Company's partially inflation protected investment portfolio of £899.3 million
- Company NAV per ordinary share at 30 September 2017 of 110.57 pence (2016: 109.67 pence)
- Post year end the Company entered into an agreement with RBSI to increase its revolving credit facility by £15 million to £90 million, further to the £25 million increase negotiated during the year

INVESTMENT OBJECTIVES

The Company invests in UK infrastructure debt and/or similar assets to meet the following key objectives:

Dividend income	Diversification	Capital preservation
To provide shareholders with regular, sustainable, long-term dividends	To create a diversified portfolio of debt and similar assets secured against UK infrastructure projects	To preserve the capital value of its investment assets over the long term
The Company paid a dividend of 7.6 pence for the fifth consecutive year.	The Company has increased the number of investments in its portfolio from 43 at 30 September 2016 to 46 at year end. The investment portfolio is exposed to a wide variety of sectors in terms of project type and source of underlying cash flow.	The valuation of the Company's investment portfolio is in excess of the principal value outstanding. The increase in valuation has resulted in a NAV at 30 September 2017 of 110.57 pence per share. The ordinary shares have traded at a premium to their NAV since IPO in 2010.
7.6p	46	110.57p
Dividends paid in 2016/17	Number of investments	NAV per share
£46.7m	13.2%¹	126.40p
Profit for the year	Size of largest investment	Share price as at 29 September 2017

1. The size of the largest investment, (the Cardale PFI loan), 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 am pleased to present the annual report of GCP Infrastructure Investments Limited for the year ended 30 September 2017.

Over the period under review, the Company maintained its measured approach to growth whilst sustaining attractive dividend distributions from its underlying investment portfolio.

Dividends and returns

The Company paid dividends of 7.6 pence per share for the fifth consecutive year. Investor confidence in the Company's ability to deliver this regular and dependable income has resulted in a consistently strong demand for the Company's shares and a relatively stable share price performance during a period of wider market volatility. This has been particularly notable given the backdrop of the political uncertainty surrounding the UK's withdrawal from the European Union. The Company's share price at the year end was 126.40 pence per share, which represented a premium to net asset value of 14.3%.

Profitability

The Company generated a profit for the year of £46.7 million, a reduction of £7.7 million compared with the prior year. This was due to a lower net unrealised revaluation movement across the investment portfolio and lower prepayment fees, with an increase in the valuation of some PFI loans being partially offset by a downward revaluation of two of the Company's biomass assets. Earnings per share were also negatively impacted by having a material cash balance for part of the year in anticipation of the delayed GIB transaction. The GIB transaction was delayed due to a competing bidder launching High Court proceedings to request a judicial review of the bidding process.

Equity raisings and funding

During the year, the Company raised gross proceeds of £160 million through two oversubscribed equity capital raisings, a further reflection of investor 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 extended its revolving credit facility with RBSI from £50 million to £75 million to increase its ability to respond to investment opportunities as they arise, with £30 million drawn as at 30 September 2017. Post year end, the facility was increased by a further £15 million. Ahead of the facility's maturity in March 2018, the Board has begun exploring refinancing options.

New investments

The Company made investments totalling £227.1 million over the year. Of particular note was a significant commitment to acquire loans with a value of up to c.£140 million over a c.two year period from August 2017, as part of the acquisition of the GIB by a Macquarie-led consortium. The loans are secured against projects in waste to energy, onshore wind, hydro, landfill gas and building retrofit schemes, highlighting the ability of the Company to analyse and invest in projects in a diverse range of sectors. The investment was also a rare opportunity for the Company to get exposure to a large, diversified portfolio of assets with an attractive yield, whilst also confirming the Company's ability to compete for large scale secondary opportunities in the renewables sector. Other investments made during the period included loans secured against social housing and small scale anaerobic digestion projects. Since year end, the Company has made £65.9 million of investments including and investment of c.£53 million of onshore wind farms in the UK.

The investment portfolio

The Company's investment portfolio has performed materially in line with expectations, accruing an average yield of c.8.5%. During the period, the operational and construction performance of most of the projects that support the Company's investments was substantially as forecast with two exceptions. Two biomass projects, representing 5.6% of NAV at 30 September 2017, continued to encounter operational challenges, which have been reflected in further valuation reductions representing 0.7% of NAV. In both cases the Board is establishing detailed rehabilitation plans to improve performance. At 30 September 2017, the Company's investment portfolio was 23% exposed to PFI projects, 59% to renewable energy assets, 16% to social housing transactions with the remainder in energy efficiency and asset finance schemes. Approximately 60% of loans in the portfolio benefit from some form of exposure to inflation protection characteristics.

Net asset valuation

The NAV per share increased over the year from 109.67 to 110.57 pence per share. This was driven by the accretive nature of shares issued at a premium to prevailing net asset values offset by a reduction in the earnings per share resulting from the significant delay in the completion of the GIB transaction and the consequential cash drag. Net portfolio valuations remained broadly stable throughout the year, following the increase in the valuations on the PFI portfolio being offset by the reduction in the valuation of two biomass loans detailed above.

Market outlook

In the context of the significant infrastructure and renewable energy development of the last decade, recent government policy has been less supportive of new projects. PFI and PF2 are now seemingly largely out of favour across the political spectrum and the support mechanisms for core renewables sectors have either been withdrawn or materially reduced. The Government has recently channelled support for low carbon technologies through CfDs, although the next projects to receive such support will have to wait until 2019.

These policies were largely reinforced by the Chancellor in his November 2017 Autumn Statement. There was positive sounding commentary regarding train links, the development of five garden towns and the roll-out of electric vehicle charging infrastructure, but limited details about scale, timetable and the investment structures that would be available for private sector capital. As such it is expected that opportunities for primary investment in the Company's traditionally core sectors will continue to become more scarce.

It remains to be seen how the overall contribution of renewable sources to the UK's energy mix, which in the second quarter of 2017 stood at a record 30%, will develop over the next few years. It does seem that the UK is successfully weaning itself off fossil fuels, with 21 April 2017 marking the first day without coal power since the industrial revolution.

John McDonnell, the Shadow Chancellor, stated at the Labour conference in September 2017 that a Labour government would "bring existing PFI contracts back in-house". Given the lack of details as to what this would precisely entail legally, commercially and on what scale, we believe it is difficult to draw useful conclusions as to a theoretical impact of such a policy on the Company. In any event, the Board takes comfort from the fact that the Company invests in debt rather than potentially more vulnerable equity, and has a diversified portfolio that is only 23% exposed to PFI assets.

The sustained period of low interest rates in the UK continues to drive demand for infrastructure assets from investors seeking dependable and predictable income. Despite the scarcity of new infrastructure projects within the Company's target markets and the ongoing competition for existing assets, the Board is encouraged by the success enjoyed by the Company in securing £227.1 million of new investments during the year. The Investment Adviser has enjoyed considerable success over the years targeting opportunities with smaller funding requirements that are typically off-radar for large-scale institutional lenders. This has now been supplemented by its success in securing a substantial investment in the GIB portfolio of renewable energy projects noted above. In social housing, the emergence of several specialist investors almost exclusively focusing on supported living will place a greater emphasis on utilising relationships with existing counterparties, which are expected to deliver a continued, albeit reduced, pipeline of activity.

Whilst competition for infrastructure assets may present challenges for portfolio growth, continued demand for those assets remains positive for their capital values. The Company continues to deliver on its objectives of providing regular, sustained distributions and preserving capital value for its shareholders through a period of market and political turbulence, an encouraging endorsement of its long-term strategy.

Principal risks and uncertainties

The principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk and other risks. Full details can be found below.

Ian Reeves CBE

Chairman
13 December 2017

STRATEGIC OVERVIEW

Investment objectives and policies

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

The Company makes investments in senior and subordinated debt instruments issued by infrastructure project companies, their owners or their lenders, and assets with a similar economic effect.

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 establish 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 seeks to provide its shareholders with regular, sustained, long-term dividend income. The Company has previously offered a scrip dividend alternative and anticipates that it will continue to do so.

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, 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.

Investment strategy

The Company achieves its investment objectives primarily by taking on debt exposure (on a senior and subordinated basis) to UK infrastructure projects with the following characteristics:

- pre-determined, very long-term, public sector backed revenues;
- no construction or property risks; and
- contracts where payments do not depend on the level of use of the project which are "availability based" (i.e. the payments under the contracts 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.

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

Delivery of investment objectives through implementation of investment strategy

Investment objective

DIVIDEND INCOME

To provide shareholders with regular, sustainable long-term dividends

Implementation of investment strategy

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 normally invests in debt where 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 objectives

The Company has maintained or progressively increased its dividend for every period since inception and has paid a dividend of 7.6 pence for the fifth consecutive year.

7.6p Dividends paid in 2016/17

£46.7m Profit for the year

Investment objective

DIVERSIFICATION

To create a diversified portfolio of debt secured against UK infrastructure projects

Implementation of investment strategy

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 objectives

During the year, the Company has increased the number of investments in its portfolio from 43 to 46. The investment portfolio is exposed to a wide variety of sectors in terms of project type and source of underlying cash flow.

46 Number of investments

13.2%¹ Size of largest investment

1. The size of the largest investment, (the Cardale PFI loan), 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.

Investment objective

CAPITAL PRESERVATION

To preserve the capital value of its investment assets over the long term

Implementation of investment strategy

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 partially 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 investment portfolio is in excess of the principal value outstanding. The increase in valuation has resulted in a NAV per share of 110.57 pence. The ordinary shares have always traded at a premium to their net asset value.

110.57p NAV per share

126.40p Share price as at 29 September 2017

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-1990's 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, ROCs and CfDs) 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. There are now c.1,800 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. 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 (as shown below).

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 Company has seen a limited pipeline of primary deals but attractive opportunities in the secondary market.

UK infrastructure sector overview

The political outlook in the UK remains uncertain 18 months on from the UK vote to leave the EU. The impact of Brexit continues to be difficult to quantify amidst the backdrop of greater domestic political tension, and despite Parliament's decision to trigger Article 50 in March this year, no coherent strategy for a future relationship with the EU has emerged. The enormous complexity that surrounds the withdrawal process means the next twelve months will be critical in determining investor confidence in the UK, and more specifically the health of the its public finances, which in turn will directly impact on the appetite and capacity to deliver investment in public infrastructure. The immediate economic repercussions of the decision to leave have been a weakened currency resulting in a spike in inflation and an increase in interest rates from the Bank of England. With inflation protection embedded within a material portion of the portfolio and valuation discount rates in maturing sectors at material premiums to risk-free rates, the Company is well positioned to weather these eventualities.

Despite this uncertainty, investors from all over the world retain confidence in the UK as an attractive credit and investment destination. In the context of historic low interest rates, the low-volatility, relatively dependable and income-generating nature of UK infrastructure investments have proved increasingly attractive to a diverse range of investors spanning the debt and equity space. This has resulted in increasing prices and falling returns in many of the Company's target markets.

Historically the Company has been able to differentiate itself by focusing on opportunities with smaller developers, notably in renewables, that were otherwise unable to gain traction with the bank lending or institutional market. This enabled the Company to deliver growth through significant primary investment, aided by the prevalence of the PFI procurement model for small social infrastructure assets, and widespread government support for renewables.

The Company has also recently enjoyed increasing success in targeting large scale well-performing operational assets supported by legacy subsidy regimes, as asset owners seek to refinance existing debt or investors have continued to look to sell down positions. These types of opportunities have now become a key focus for the Company to deliver growth.

TARGET MARKET UPDATES AND INVESTMENT FOCUS

PF1/PF2

Both the primary and secondary PFI market has continued to be quiet over the year as a general political consensus has emerged opposing the extended roll out of PF2. In particular, the procurement pipeline of new assets has stuttered. The Conservative Government is focused on delivering Brexit and lacks the necessary parliamentary majority to extend PF2. In his Autumn budget in November 2017, the Chancellor was noticeably less specific about the timing, scale and structure of private sector infrastructure investment opportunities than a year ago. The Labour opposition has specifically pledged to abandon PF2 entirely with the Shadow Chancellor going further by suggesting at the Labour conference in September 2017 that they would "bring existing PFI contracts back in-house". What the implications of this latter comment are for existing investors in PFI assets is very difficult to gauge given the lack of policy specifics. The churn in operational assets has declined as fewer projects roll out of construction. The investor base of the majority of operational social infrastructure assets is dominated by long-term investors, and so further disposals of these assets are likely to be limited to where such investors target a strategic adjustment in asset or geographical allocation or an outright exit.

The Company has not made material investments in PFI or PF2 projects for several years, but a number of small-scale PPP opportunities in Scotland have emerged through the strong relationships formed with the limited number of developers operating in this space seeking subordinated debt funding.

Renewable energy

The large growth seen in this sector over the last decade was fuelled by Government subsidy regimes, the most significant of which have been the FiT and ROCs. These subsidies have now either been removed entirely for large-scale projects (greater than 5MW), or reduced to levels that render small-scale projects uneconomical. This has resulted in a material reduction in primary opportunities for the Company.

To maintain its support for future renewable energy projects (under the Electricity Market Reform) the Government has shifted towards a pricing model involving CfDs, which effectively provide for a real terms floor in the value of wholesale energy exported.

Several notable CfDs were awarded during the year, including for the 3.2GW Hinkley Point C nuclear power and the 2.4GW combined Hornsea 2 and Mary offshore wind farms. The latter largely surprised the market and confirmed the dramatic reduction in the cost of producing offshore wind energy resulting from increased technological innovation and growing investor sentiment.

The CfD support mechanism is geared towards larger generation assets which due to both the Company's size and target returns have typically not been a core focus. Additionally, onshore wind and solar are not supported by the CfD mechanism. Going forward, the Government now expects these assets to be delivered on an unsubsidised basis.

With the exception of a handful of new build small-scale anaerobic digestion projects, the Company's focus in the renewables sector has now shifted towards the secondary

market. A key example of this was the Company's participation in the sale of the GIB, in which loans were advanced against a variety of construction phase and operational renewable and energy efficiency assets. Following on from this, the active pipeline for similar secondary investment opportunities in operational onshore wind and solar assets has grown, assisted by the Company's capacity for larger individual deal sizes and its relationship with the developers and advisers active in this segment of the market.

Social housing

Over the last three years, the Company has specifically targeted lending in the supported living sub-sector of the social housing market, primarily because opportunities have emerged in relatively small lot sizes that have until recently been less competitive than the general social housing arena. In response to the growing demand for investment in both supported housing and social housing more generally, several specialist funds have launched during the year which have introduced in excess of £1 billion of additional capital to this sector.

The delivery model for supported living currently involves supplementary funding provided from central Government exempt from the wider caps in place for housing benefit through the universal credit system. From 2019/20 onwards this additional funding is expected to be met through a ring-fenced pot devolved to local authorities. Whilst the finer details of this policy remain subject to extended consultation, the Government has committed to the principle of maintaining the current level of funding that is provided through the existing model, in acknowledgment of the economic and social benefits of increased delivery of specialist social housing.

To date, the Company has invested in the sector through the provision of senior ranking secured debt against a combination of existing and new housing stock. Each of these units benefits from a long-dated (typically 35 years) fully repairing and insuring lease with a registered provider of social housing. It is expected that the heightened competition in this sector will narrow the Company's focus to very small individual projects with existing borrowers, limited to the delivery of new stock with registered providers with specialised geographic focus.

BEPS

After industry consultation, HMRC updated their guidance around BEPS legislation and the deduction of corporate interest expense. The guidance contained a number of reliefs for infrastructure assets under the PIE, which includes exemptions for legacy PFI/PPP projects, and greater detail on the accounting application has been provided for projects not otherwise covered by the PIE. The new UK rules were passed into law on 16 November 2017 under the Finance (No.2) Act 2017-2019, with the UK corporate interest restriction legislation being effective from 1 April 2017.

The Company does not believe that the application of the new rules presents a material risk, primarily as the Company is not UK resident and is not part of a worldwide group with a net UK interest expense in excess of £2 million per year, which is the threshold for the UK corporate interest restriction rules to apply.

REVIEW OF THE YEAR

The Company raised a total of £160 million, made 15 investments totalling £227.1 million and delivered a total shareholder return of 2.6%.

Financial performance and dividends paid

The Company has delivered another year of robust results with a profit of £46.7 million generated from the Company's investment portfolio. Total profit has decreased from £54.4 million in the prior year due to a lower net unrealised revaluation movement across the investment portfolio and lower prepayment fees.

The Company also held a material cash balance for part of the year in anticipation of the delayed GIB transaction, and the impact of the delay in completing this beneficial transaction led to the Company suffering cash-drag and a consequent reduction in the earnings per share for the year.

The Company paid a dividend of 1.9 pence per ordinary share for each of the four quarters during the year.

Ongoing charges

The Company's ongoing charges ratio, calculated in accordance with the AIC methodology was 1.1% at the year end.

Cash generation

The Company received debt service payments of £79.8 million during the year, comprising £44.3 million interest payments and £35.5 million loan principal payments (including prepayments of £8.8 million from GCP Onshore Wind 1 Limited). The Company paid dividends of £55.4 million during the year.

NAV and share price performance

The net assets of the Company have grown from £723.8 million at 30 September 2016 to £874.6 million at 30 September 2017 as a result of £160 million of equity capital raised and the upward valuation of a number of the Company's PFI assets offset by the reduction in the valuation of two biomass assets. The Company's NAV per share has increased from 109.67 pence at the prior year end to 110.57 pence at 30 September 2017 due to the accretive nature of the share issuances and net investment revaluations.

The Company has delivered a total shareholder return of 2.6% over the past twelve months and 97.8% since IPO. The Company has continued to trade at a significant premium to NAV, with an average of 15.6% for the year and 14.9% at the year end. The share price at 29 September 2017 was 126.40 pence per share.

Dividend policy

During the year, the Audit & Risk committee and the Board reviewed the dividend policy regarding dividends payable on shares issued in the respective quarterly period (where these are funded partly from share premium) and has amended the dividend policy, as explained in note 9.

Credit facility

The Company has continued, over the year, to make periodic use of the Facility with RBSI with £30 million being drawn at the year end. The Facility has enabled the Company to continue 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 entered into an agreement to increase the Facility by £15 million to £90 million.

Capital raised

The Company raised a total of £160 million during the year through two significantly oversubscribed capital raises under placing programmes. The Company raised £90 million in December 2016, at a placing price per new ordinary share of 123.50 pence and £70 million in July 2017, at a placing price per new ordinary share of 124 pence.

Further details on share movements are disclosed in note 16.

Key investment highlights

The Company made 15 advances during the year totalling £227.1 million; five new loans and ten extensions to existing facilities¹. The Company also refinanced one loan and received two prepayments in the year, in line with expectations. The Company made six advances totalling £65.9 million post year end.

ADVANCES MADE DURING THE YEAR					
Investment	Project	Term	Security	Status	Amount
GCP Bridge Holdings Limited	Developments across multiple sectors including waste to energy, onshore wind, hydro, landfill gas and building retrofit schemes.	25 years	Senior	Operational/ construction	£91.1 million
GCP Programme Funding 1 Limited Series 1 notes	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	35 years	Senior	Operational	£50 million
Cardale PFI Investments Limited¹	Portfolio of availability based accommodation PFI assets in the UK.	27 years	Senior	Operational	£26.1 million
GCP Programme Funding 1 Limited Series 3 notes	Three on-farm anaerobic digestion plants in Scotland	16 years	Senior	Construction	£20.1 million
GCP Social Housing 1 Limited B notes¹	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	40 years	Senior	Operational	£13.5 million
GCP Programme Funding 1 Limited Series 4 notes	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	35 years	Senior	Operational	£9.7 million
GCP Social Housing 1 Limited D notes¹	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	35 years	Senior	Operational	£6.5 million
GCP Asset Finance 1 Limited C notes¹	Construction of a number of availability based accommodation PPP assets in Scotland under the NPD procurement model.	27 years	Subordinated	Construction	£3.5 million
GCP Biomass 3 Limited¹	Two gas to grid anaerobic digestion schemes in England.	15 years	Senior	Construction	£2.7 million
GCP Biomass 4 Limited¹	20.2MWe wood fuelled combined heat and power plant under construction in	16 years	Subordinated	Construction	£1.5 million

	England.				
GCP Programme Funding 1 Limited Series 2 notes	Funding for construction and renovation of housing units for occupation by adults with learning difficulties.	2 years	Senior	Construction	£1 million
GCP Biomass 5 Limited B notes¹	Construction of a food waste anaerobic digestion facility in Wales.	15 years	Senior	Construction	£0.5 million
GCP Biomass 5 Limited C notes¹	Construction of a food waste anaerobic digestion facility in Wales.	15 years	Senior	Construction	£0.5 million
GCP Healthcare 1 Limited¹	Various operational PFI healthcare and LIFT projects.	27 years	Subordinated	Operational	£0.3 million
GCP Rooftop Solar 6 Limited¹	Portfolio of domestic solar panel installations in England installed by A Shade Greener Limited	20 years	Senior	Operational	£0.1 million
Investments totalling	£227.1 million				

1. Further drawings under, or extensions to, existing facilities.

PREPAYMENTS		
Investment	Project	Amount
GCP Onshore Wind 1 Limited A notes	A single site, two turbine, 6.8MW wind farm in England.	£4.7 million
GCP Onshore Wind 1 Limited B notes	A single site, two turbine, 4MW wind farm in England.	£4.1 million
Investments totalling	£8.8 million	

ADVANCES MADE POST YEAR END					
Investment	Project	Term	Security	Status	Amount
Gravis Asset Holdings Limited	Investments in five operational onshore wind farms located across the UK.	18 years	Senior	Operational	£53 million
GCP Programme Funding 1 Limited Series 4 notes¹	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	35 years	Senior	Operational	£6.4 million
GCP Social Housing 1 Limited B notes¹	Portfolio of social housing units for occupation by adults with learning or physical difficulties.	40 years	Senior	Operational	£2.5 million
GCP Asset Finance 1 Limited C notes¹	Scottish Hub Investment.	27 years	Subordinated	Construction	£2.3 million
GCP Biomass 3 Limited Class A notes¹	Redevelopment of two anaerobic digestion plants.	15 years	Senior	Construction	£1.2 million
GCP Bridge Holdings Limited A notes¹	Developments across multiple sectors including waste to energy, onshore wind, hydro, landfill gas and building retrofit schemes.	25 years	Senior	Operational/ construction	£0.5 million
Investments totalling	£65.9 million				

1. Further drawings under, or extensions to, existing facilities.

INVESTMENT PORTFOLIO

The Company is exposed to a portfolio of 46 infrastructure loans valued at £899.3 million with an average annualised yield of 8.5% and an average life of across the portfolio of 16 years.

Portfolio overview

The valuation of the Company's investments at 30 September 2017 was £899.3 million. The Company made five new investments and ten extensions to existing facilities during the year. The Company also refinanced one loan and received two early prepayments on existing facilities, taking the number of investments to 46 at the year end. Post year end the Company made a further six advances.

At 30 September 2017, the principal value of the Company's investments was £836.6 million with a weight-adjusted average annualised yield of 8.5% and an average life across the portfolio of 16 years.

At 30 September 2017, 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 2017 was c.14%. Approximately 12% of the debt service payable to the Company is expected to be serviced by cash flows arising from the sale of electricity or gate fees received for the processing of food waste.

A full list of the Company's portfolio can be found on the Company's website.

KEY EXPOSURES

TOP TEN INVESTMENTS

Loan	Cash flow type	Project type	% of total assets
Cardale PFI Investments Limited	Unitary charge	Various UK PFI	13.2%
GCP Bridge Holdings Limited	ROCs/FIT/lease payments/PPA's	Various UK PPP/renewables	10.1%
GCP Programme Funding 1 Limited Series 1 notes	Rental income	Social housing	5.9%
GCP Biomass 1 Limited	ROCs	Anaerobic digestion	4.9%
GCP Social Housing 1 Limited D notes	Lease payment	Accommodation	4.4%
GCP Biomass 5 Limited	FIT	Anaerobic digestion	4.0%
GCP Green Energy 1 Limited	ROCs/FIT	Commercial solar	4.0%
GCP Rooftop Solar 4 Limited	FIT	Rooftop solar	3.7%
GCP Social Housing 1 Limited B notes	Rental income	Social housing	3.1%
GCP Rooftop Solar 5 Limited	FIT	Rooftop solar	3.0%

Top ten project counterparties	% of total assets
Ofgem	22.7%
E.ON Energy Limited (Ofgem)	18.7%
Power NI (Ofgem)	7.0%
Centrica (Ofgem)	4.9%
Bespoke Supportive Tenancies	4.7%
First Priority Housing Association	4.4%
Viridian Energy Supply Limited (Ofgem)	2.3%
Smartest Energy Limited (Ofgem)	2.0%
Aberdeen City Council	1.8%
Salford City Council	1.5%

Top ten facilities managers	% of total assets
A Shade Greener Maintenance Limited	17.9%
Burmeister & Wain Scandinavian Contractor A/S	7.1%
Agrivert Limited	7.0%
Agrikomp (UK) Limited	4.9%
Bespoke Supportive Tenancies	4.7%
First Priority Housing Association	4.4%
Grosvenor Facilities Management	4.3%

MHW Treatment Limited	3.5%
Vestas Celtic Wind Technology Limited	2.6%
Natural Power Consultants	2.3%

Assets under construction

At 30 September 2017, 14% of the Company's 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 as described below or have been completed.

GCP Asset Finance 1 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 Biomass 3 Limited	The redevelopment of two gas to grid anaerobic digestion plants that have had historic performance issues.
GCP Biomass 4 Limited	The construction of a 20.2MWe wood-fuelled biomass combined heat and power plant in Widnes, Merseyside which is substantially complete pending contractual handover in Q4 2017.
GCP Bridge Holdings Limited	Two assets in this portfolio are under construction, a wind farm and an energy from waste plant which are due to be completed in Q4 2017 and Q3 2019 respectively. Works are progressing in line with expectations.
GCP Programme Funding 1 Limited Series 2 notes	The construction or redevelopment of supported living accommodation. Expected to be completed in H1 2018. Works are progressing in line with expectations.
GCP Programme Funding 1 Limited Series 3 notes	The construction of three on-farm anaerobic digestion plants in Scotland. These plants will be operated by Qila Energy and are due to be completed in 2018.
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

Over the last few years several macro-economic factors have adversely affected the cash flows generated by renewable energy projects that underpin a number of the Company's loans. Persisting low power prices and inflation, the removal of the Climate Change Levy exemption and triads have all negatively affected underlying cash flows. The recent spike in inflation in the last twelve months will serve, in the future, to partially offset some of these downward factors.

From an operational and construction perspective, the majority of the infrastructure projects that support the Company's investment portfolio are performing materially in line with expectations. The current cash flow and future forecast cash flow in each case is such that the Company expects to receive documented debt service payments in full, with two exceptions. It is expected that the cash flow receivable by the Company under two loans secured against biomass projects will be lower than initially forecast at deal completion. This has had a downward valuation impact of 0.7% of NAV at 30 September 2017.

In the first case, delays in grid connection and slower than expected operational ramp up resulted in a valuation reduction in previous periods. During the last year, the Company, in consultation with the Investment Adviser, has appointed technical advisers to run the assets with the result that production has stabilised at satisfactory levels. Projected cash flows have however been further reduced following increases in forecast business rates and operational costs resulting in a further valuation reduction of 0.2% of NAV.

In the second case, the Company and the Investment Adviser have been implementing a number of measures to evaluate and carry out all necessary remedial capital works to bring two biomass sites up to the required standard. A valuation reduction of 0.5% of NAV was incurred during the year to reflect the uncertainty arising from this review.

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. 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 2017 was 7.81%, a decrease of 12 basis points from 7.93% at 30 September 2016. 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 18.

In the year, there has been a tightening of yields available for secondary PFI assets, and in September 2017 certain assets in the portfolio were revalued upwards. The aggregate of these revaluations was an increase of 0.5% of the Company's NAV at 30 September 2017.

The Valuation Agent revalued downwards two biomass loans (as noted previously) in September 2017. The aggregate impact of these revaluation movements was a 0.7% reduction in the Company's NAV at 30 September 2017.

The valuation of the portfolio at 30 September 2017 was £899.3 million, compared to a valuation of £699.7 million at 30 September 2016.

RISK MANAGEMENT

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.

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 & Risk Committee, undertakes a formal risk review twice a year to assess the effectiveness of the Company's risk management process and internal control systems. 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 & Risk Committee receives and reviews assurance reports on the controls of Link Asset Services which includes 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 risks and uncertainties

The principal risks faced by the Company include (but are not limited to) execution risk, portfolio risk, financial risk and other risks¹.

RISK 1: EXECUTION RISK

RISK	IMPACT	HOW THE RISK IS MANAGED
Sufficiency of due diligence		
Investment due diligence may not reveal all the facts relevant in connection with an investment and may not highlight issues that may be lower than envisaged, negatively impacting the performance of the Company.	If an investment underperforms, the interest and principal received on the investment may be lower than envisaged, negatively impacting the performance of the Company.	In addition to due diligence carried out by the investment committee of the Board, 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 identify 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 and appropriate manner, the uninvested cash balance will have a negative impact on the Company's returns. If the only available investments with an appropriate risk profile yield lower rates of return than have historically been achievable, the Company's overall returns may be adversely affected.	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.
Reliance on the Investment Adviser and third party service providers		
The Company is heavily reliant on third party service providers to carry out its main functions. In particular, the Company depends on the Investment Adviser to implement the Company's strategy and investment policy to deliver its objectives. Should the engagement with the Investment Adviser be terminated, there is a risk that the Company may not be able to find an appropriate replacement Investment Adviser.	Failure by a third party service provider to carry out its obligations in accordance with the terms of its appointment, or to exercise due skill and care, could have a material effect on the Company's performance. Any poor performance, misconduct or misrepresentation by the Investment Adviser or other third party providers, may manifest itself in direct financial losses or result in damage to reputation causing longer-term financial consequences to the performance of the Company.	The performance of the Company's service providers is closely monitored by the Board. In addition, at least once a year the Management Engagement committee performs a formal review process to consider the ongoing performance of the Investment Adviser and other third party providers. 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 on the terms that it considers to be mutually fair and reasonable. The Board maintains an awareness of other advisers that could replace the Investment Adviser if required.
RISK 2: PORTFOLIO RISK		
RISK	IMPACT	HOW THE RISK IS MANAGED
Change in laws, regulation and/or Government policy		
Any change in the laws, regulations and/or government policy as a result of Brexit and/or other factors, in particular those relating to the PFI and renewable energy markets.	Potential 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 a prospective rather than a retrospective effect.
Performance of and reliance on subcontractors		
The performance of the Company's investments is typically, to a considerable degree, dependent on the performance of subcontractors, most notably facilities managers and operation and maintenance contractors. The Company is heavily reliant on subcontractors to carry out their obligations in accordance with the terms of their appointment and to exercise due skill and care.	If a key subcontractor was to be replaced due to the insolvency of that subcontractor or for any other reason, the replacement subcontractor may charge a higher price for the relevant services than previously paid. The resulting increase in 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 monitor the Company's exposure to any given subcontractor, 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 Company's construction exposure is limited to 25% of its total assets. The Board and the Investment Adviser monitor this limit and the status of any project in the construction phase on an ongoing basis. 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 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 ensure 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 are 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		
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. All the projects that the Company is exposed to are required under the loan documentation to have appropriate insurance in place.	The Company could lose all or part of the value of its investment if appropriate insurance is not in place.	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.	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 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.
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RISK 3: FINANCIAL RISK

RISK	IMPACT	HOW THE RISK IS MANAGED
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, inflation and/or general market pricing of similar investments. Further issues arising from Brexit may impact the factors outlined above.	Such changes may negatively 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 60% of the Company's investment portfolio is exposed to some form of inflation protection mechanism. 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 rates		
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 there is a material increase in interest rates as a result of Brexit and/or other factors. Further, changes in interest rates may also affect the valuation of the Company's assets.	Any material increase in interest rates could increase the Company's cost of borrowing, impacting the financial performance of the Company.	Interest rate hedging may be carried out by the Company to seek to provide protection against increasing interest rates as and when any floating rate liabilities are entered into by the Company.
Borrowings		
The Company utilises borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company's investment policy. However, there can be no guarantee that any such facilities will be available to the Company on commercially acceptable terms or at all.	If the Company was unable to secure borrowing facilities this may adversely affect the Company's investment returns and may have a material adverse effect on the Group's financial position and results of operations.	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 a percentage of net assets) at year end was 3.4%. Consideration may also be given to other forms of credit as part of the Company's future funding strategy.

RISK 4: OTHER RISKS

RISK	IMPACT	HOW THE RISK IS MANAGED
Compliance with laws and regulations		
Changes in the laws, regulations and/or government policy affecting the Company, including any change in the Company's tax status or in taxation legislation in the Channel Islands, the UK and/or Europe (including a change in interpretation of such legislation).	Potential material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective or provide favourable returns to shareholders.	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.
Cyber-attack risk		
A failure of systems, policies and procedures in place to prevent against cyber-attack at the Investment Adviser, other third-party service providers and/or subcontractors causing theft or loss of data, or damage to control systems and equipment.	May manifest itself in 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 and sub-contractors. 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.

¹-The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 18 to the financial statements.

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 above 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.

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

Ian Reeves CBE
Chairman
13 December 2017

GOVERNANCE

LEADERSHIP: BOARD OF DIRECTORS

The Board of Directors is responsible for the effective stewardship of the Company's activities in order to ensure the long-term success of the Company in the interest of shareholders.

Ian Reeves CBE, CCMI, FCInstCES, FRSA, FINSTD
Chairman

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 Alliance 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

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 & fund administration. Listed company appointments include Invesco Perpetual Enhanced Income Fund and AIM listed ESO plc. Clive also has wide coverage in the private equity sector across a number of Nordic Capital and Intermediate Capital Group structures. He is currently also a director of Jersey Finance Limited, the promotional body for the finance sector in Jersey. Clive has served as a Director since 7 February 2014.

David Pirouet FCA
Audit Committee Chairman

David Pirouet, a Jersey resident, is a qualified accountant. He was an audit and assurance partner for 20 years with PwC CI LLP 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 CI LLP, David serves on the board of a number of privately held investment entities and served on the board of a former AIM listed company, Ludgate Environmental Fund Limited. David has served as a Director since 15 June 2010.

Julia Chapman
Non-executive Director

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 Maurant du Feu & Jeune (now Maurant Ozannes) and became a partner in 1999. Julia was then appointed general counsel to Maurant 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. Julia serves on the board of two main market listed companies, Henderson Far East Income Limited and BH Global Limited. Julia was appointed as a Director on 1 October 2015.

Paul De Gruchy
Non-executive Director

Paul De Gruchy, a UK resident since August 2016, is a qualified Jersey Advocate with 20 years' experience in financial services law. Mr De Gruchy was previously the Head of Legal for BNP Paribas Jersey within 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, AMCT, DIP IoD
Non-executive Director

Michael Gray, a Jersey resident, is 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 and has extensive general management and lending experience across a number of industries. He is also a non-executive director of Jersey Finance Limited, the promotional body for the finance sector in Jersey. Michael was appointed as a Director on 1 October 2015.

THE INVESTMENT ADVISER

The Board of Directors has appointed Gravis Capital Management Limited to provide day-to-day investment management services to the Group.

Stephen Ellis
Director, founder

Stephen Ellis co-founded the Investment Adviser in 2008 and is the lead fund manager for GCP Infrastructure Investments Limited. After a short service commission in the British Army, Stephen spent 16 years in investment banking in the City focused on securitisation and tax-based financing. On leaving the City, he became head of structured finance at DTZ Corporate Finance where he was primarily involved in the UK infrastructure and student accommodation sectors. Stephen has an M. in Modern History from Oxford University.

Rollo Wright
Director, founder

Rollo Wright is a director and co-founder of the Investment Adviser. He is a lead fund manager for GCP Infrastructure Investments Limited. Rollo was in the audit and advisory division of Arthur Andersen and Deloitte, working with a broad range of financial markets clients. He worked in the capital markets division of Commerzbank Securities before moving to DTZ Corporate Finance, where he specialised in structuring tax and accounting driven infrastructure and property debt transactions.

Rollo graduated with a degree in Mathematics from Oxford University and qualified as a chartered accountant.

Phillip Kent
Director

Phillip Kent is a director of the Investment Adviser, focusing on the origination and execution of project finance and asset backed investments. Phil joined the Investment Adviser from Foresight Group where he was responsible for investments in the waste and renewable sectors, including large waste wood combustion projects and a pipeline of anaerobic digestion projects across the UK. Phil has been involved in the energy sector for over ten years, working initially as a consultant within PA Consulting's Energy practice, focussing on energy markets and energy asset valuations. In 2008, he moved to Gazprom Marketing and Trading, working in risk management across a number of commodities before moving into the clean energy team.

Phil graduated with a degree in geography from Oxford University.

Dion Di Miceli
Head of Investment Companies

Dion Di Miceli is a director of the Investment Adviser. As its Head of Investment Companies, he assists with the oversight of Investment Adviser's managed funds by the Investment Adviser as well as providing transaction advisory services and support for corporate actions. Dion qualified as a Chartered Accountant with Arthur Andersen in 2002 and subsequently spent four years in the investment funds practice at Ernst & Young. He joined the investment companies team at Cenkos Securities in 2007. Here, as a senior corporate adviser, he worked with investment company boards and their managers advising on and structuring a broad range of transactions covering IPOs, secondary issuance, mergers and corporate reconstructions.

Dion graduated with a degree in Business Administration from the University of Bath. He is a qualified accountant and qualified as a Member of the Chartered Institute for Securities & Investment.

Saira Johnston

Chief Financial Officer

Saira Johnston is the Chief Financial Officer of the Investment Adviser.

Saira joined from Moorfield Group Limited, a UK real estate fund manager, where she was financial controller, responsible for reporting and financial aspects of transactions, debt financing and fund raising. Prior to Moorfield, Saira spent 6 years with CBRE Global Investors where she worked across a range of fund vehicles on both reporting and transactional aspects. Before that, she spent time with Morgan Stanley, and trained as a chartered accountant with KPMG.

Saira graduated from Imperial College with a degree in Maths with Management Studies. She is a chartered accountant, and has completed her Investment Management Certificate. Saira sits on the BPF Finance Committee.

Chloe Marlow**Head of Fund Financial Control**

Chloe Marlow is Head of Fund Financial Control for the Investment Adviser and is responsible aspects of accounting and financial reporting across the Investment Advisers three listed investment funds.

Chloe has over 15 years' experience in the financial services sector. She started her career at Lloyds Banking Group prior to moving into fund administration with Capita Sinclair Henderson limited where she was responsible for the accounting and financial reporting for a portfolio of alternative investment funds. She joined the Investment Adviser in 2013.

Chloe is a qualified Chartered Management Accountant and holds the Investment Administration Qualification.

Ben Perkins**Associate Director**

Ben Perkins is an associate director at the Investment Adviser. He forms a key part of the GCP Infrastructure Investments advisory team, specialising in social housing, PFI and renewable energy investments.

Ben joined John Laing as a graduate trainee before moving into the investment performance team. His responsibilities included asset valuations, value enhancement initiatives and associated M&A activity across John Laing plc, the John Laing Pension Trust and JLIF. Ben then moved to Hadrian's Wall Capital where he worked as part of a team focussed on creating credit enhancement products for infrastructure debt transactions.

Ben graduated from the University of Warwick in 2007 with a degree in Manufacturing and Mechanical Engineering. He has passed all three levels of the CFA Program.

Gabriel Oke**Head of Portfolio Management**

Gabriel Oke is Head of Loan Portfolio Management at the Investment Adviser.

Gabriel joined the Barclays Bank's graduate scheme, with rotations across structured finance, client relationship management and project finance.

He graduated from the University of Nottingham with a degree in Finance, Management and Accounting. He has passed the first two levels of the CFA Program.

Investment Adviser

Gravis Capital Management Limited is the appointed Investment Adviser and AIFM to the Company. The Investment Adviser was incorporated in England and Wales on 9 November 2016 (registered number 10471852) and is authorised and regulated by the FCA (registration number 770680). The Investments Adviser was appointed upon the Company's launch in 2010.

The Investment Adviser has advised extensively on debt structures in a wide variety of infrastructure sectors, including a variety of renewable energy sectors, healthcare, education, court buildings, specialised offices, registered social landlord accommodation and transport. The officers and employees of the Investment Adviser have a long track record of working within the UK infrastructure market, particularly with regard to debt advisory work and have established close relationships with many of the key participants in the UK infrastructure market, including equity investors and lenders. The Investment Adviser and its senior management team have extensive specialist expertise and a demonstrable track record of originating, structuring and managing infrastructure debt investments. The personnel primarily responsible for delivering investment advice to the Company on behalf of the Investment Adviser are detailed above.

At 30 September 2017, the Investment Adviser had assets under management of approximately £2.1 billion, including three closed-ended investment companies admitted to the Premium Listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities, the Company, GCP Student Living plc and GCP Asset Backed Income Fund Limited and further, its provides investment advice in respect of two OEICS.

Investment Advisory Agreement

The Company is party to an Investment Advisory Agreement dated 28 June 2010, as amended and restated on 20 March 2013, 31 January 2014, 11 November 2015 and 13 December 2017, 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.

Under the terms of the Investment Advisory Agreement, the Investment Adviser receives an investment advisory fee from the Company equal to 0.9% per annum of the NAV of the Company (net of cash holdings). This fee is calculated and payable quarterly in arrears. The Investment Adviser is also entitled to an arrangement fee of up to 1% (at the discretion of the Investment Adviser) of the cost of each asset acquired by the Company.

The Investment Adviser will generally seek to charge the arrangement fee to borrowers rather than the Company where possible but, in any event, any such fee payable to the Investment Adviser will not exceed (and has not to date exceeded) 1%. To the extent any arrangement fee negotiated by the Investment Adviser with a borrower exceeds 1%, the benefit of any such excess shall be paid to the Company. No performance fee is charged.

The Investment Adviser receives a fee of £60,000 per annum for acting as AIFM.

On 20 April 2017, the Company approved the novation of its Investment Advisory Agreement from Gravis Capital Partners LLP to Gravis Capital Management Limited, as part of the transfer of the Investment Adviser's fund management and advisory business from a limited liability partnership to a newly-incorporated limited company under substantially the same ownership.

On 13 December 2017, the Investment Advisory Agreement was amended such that it may be terminated by the Company or the Investment Adviser by giving 24 months' written notice, with such notice to not be given prior to 29 February 2020.

Provision of advice

The Investment Adviser 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 scope of services provided by the Investment Adviser includes, inter alia:

- making investment recommendations to the Investment committee of the Board in line with the Company's investment policy and strategy;
- identifying potential investments and make recommendations to the Company in respect of the acquisition, sourcing of financing, assets management and disposal of assets;
- performing due diligence, including but not limited to legal, financial, technical and market projections;
- monitoring and reporting to the Board the performance of the Company and its investments;
- regularly reviewing the Company's investment policy and strategy and providing recommendations to the Board;
- overseeing and arranging borrowings for the Company within such limits set out in the prospectus;
- advising the Company in relation to dividends to shareholders; and
- co-operating with third party service providers such as administrators, valuers, tax/legal advisers etc.

The approval of asset origination and investment decisions are made by the Investment committee of the Board on the advice of the Investment Adviser.

Potential conflicts of interest

Under the 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 to GCP Asset Backed Income Fund Limited, a closed-ended investment company listed on the London Stock Exchange's main market for listed securities. 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.

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 right of first refusal agreement protects the Company's interests in the event of any conflict.

CORPORATE GOVERNANCE STATEMENT**Introduction to Governance**

I am pleased to present the Company's corporate governance statement for the year ended 30 September 2017. In this statement, the Company reports on compliance with the AIC Code, sets out how its Board and committees have functioned over the year and describes how the Board exercises effective stewardship over the Company's activities in the interest of shareholders.

The AIC Code of Corporate Governance

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 UK Corporate Governance Code (the "UK Code") to which the issuer is subject. As a member of the AIC, the Company has been reporting against the principles and recommendations of the AIC Code and the accompanying AIC Corporate Governance Guide for Investment Companies (the "AIC Guide").

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, (which incorporates the UK Code), will provide better information to shareholders.

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 ("SID")

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 SID and following a recent recommendation following the Board effectiveness review carried out by Trust Associates, it has been agreed that the appointment of a SID will be put to a shareholders vote at the forthcoming annual general meeting of the Company.

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.

Remuneration Committee

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. A full Remuneration report is included below.

Internal Audit function

The Company delegates the majority of its operations to some of its 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.

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 Ian 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 the full provisions of the UK code are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day to day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

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. The Board is responsible for taking all proper steps to ensure compliance with MAR by the Directors.

Statement on modern slavery

In October 2015, the UK Government introduced the 2015 Modern Slavery Act. The Act requires companies operating in the UK, with a group turnover of more than £36 million per year to publish a statement setting out the steps that they have taken during that financial year to ensure that slavery and human trafficking are not taking place:

- anywhere in their supply chains; and
- in any part of their own business.

The Board is responsible for matters of corporate responsibility, including the issues of modern slavery and human trafficking. The Board and its committees review the Company's policies and practices and address any issues which arise. The Company will not tolerate human trafficking, slavery or forced labour of any type and recognise its responsibilities to society in relation to the Company's supply chain (the projects/companies in which the Company invests) and engages with suppliers to ensure that they share the Company's values and comply with relevant legislation.

The Board will continue to monitor the supply chain and investment portfolio in relation to slavery and human trafficking through regular reviews.

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 Link Corporate Services (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 FCA under the AIFMD regulations. The Company has provided disclosures on its website, incorporating the requirements of the AIFMD regulations.

The total annual fee paid to the Investment Adviser by the Company is disclosed in note 19 to the financial statements.

Non-mainstream pooled investments

The Board notes the rules of the UK FCA 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 FCA's 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 FCA's restriction on the promotion of non-mainstream pooled investments.

Greenhouse gas emissions reporting

The Company funds renewable energy projects which are seeking 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, therefore the Directors believe the Company has no reportable emissions for the year ended 30 September 2017.

Anti-bribery and tax evasion

With the enactment of the UK Bribery Act 2010, the Company has developed appropriate anti-bribery policies and procedures. The Company has a zero-tolerance policy towards bribery and is committed to carry out its business fairly, honestly and openly.

The Criminal Finances Act (Commencement No. 1) Regulations 2017 (SI 2017/739) brought Part 3 of the CFA, the corporate offences of failure to prevent facilitation of tax evasion, into force on 30 September 2017. The Company does not tolerate tax evasion in any of its forms in its business. The Company complies with the relevant UK law and regulation in relation to the prevention of facilitation of tax evasion and support efforts to eliminate the facilitation of tax evasion worldwide, and works to make sure its business partners share this commitment.

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 10 February 2017, 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 forthcoming 2018 Annual General Meeting are set out in the 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 objectives and strategy. In July 2017, a strategy day was held and attended by five of the 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 Directors' 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.

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 below 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 performance;
- 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 & Risk committee, an Investment committee, a Management Engagement committee and a Nomination committee. The terms of reference for each of the committees are available on the Company's website or upon request from the Company Secretary.

Audit & Risk committee

The membership and activities of the Audit & Risk committee are described in its report below.

Investment committee

At 30 September 2017, the Investment committee comprised three Directors, namely Mr Clive Spears (Chairman), Mr Paul De Gruchy and Ms Julia Chapman.

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 18 times during the year. The committee is also responsible for ensuring key conditions precedents 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. Following the committee's assessment of the Investment Adviser, and based on the performance of the Investment Adviser, it was recommended that Gravis Capital Management Limited be retained as Investment Adviser. In addition, the continued engagement of the third party service providers whom the committee independently evaluates is also recommended.

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.

Meetings

	Quarterly Board meetings		Audit & Risk committee		Investment committee		Management Engagement committee		Nomination committee	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Ian Reeves	4	4	3	3	-	-	1	1	2	2
Clive Spears	4	4	-	-	18	17	1	1	2	2
David Pirouet	4	4	3	3	-	-	1	1	2	2
Paul De Gruchy	4	4	-	-	18	16	1	1	-	-
Julia Chapman	4	3	-	-	18	17	1	1	-	-
Michael Gray	4	4	3	2	-	-	1	1	-	-

18 additional Board meetings were held during the year. These meetings were predominantly in respect of share issuances, capital raisings and investment sector meetings.

EFFECTIVENESS: CORPORATE GOVERNANCE STATEMENT

Performance evaluation

The Company engaged Trust Associates, a specialist consultancy firm which is independent of the Company and its Investment Adviser, during the year to undertake an evaluation of the performance of the Board of Directors and its Committees.

Trust Associates engaged with the Chairman to set the context for the evaluation and to tailor the content to the specific circumstances of the Company. A representative from Trust Associates conducted interviews with each Director together with representatives from the Investment Adviser, the Company Secretary and with four of the Company's main shareholders.

The results of the performance evaluation process were reported to, and discussed by both the Nomination committee and the Board. It was noted that a recommendation had been made to consider the appointment of a Senior Independent Director together with a number of other recommendations and matters which will be considered by the Board during the course of the forthcoming financial year.

The Board evaluation for 2018 will follow up on the recommendations made to ensure that progress is assessed and measured.

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.

Trust Associates were also engaged by the Board to conduct a review of the Directors' remuneration. Their recommendations can be found in the Directors' remuneration report

and will be put forward to the 2018 Annual General Meeting.

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, however, 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 considers that the length of service of a Director should be determined 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 474,390 ordinary shares in the Company and that Clive Spears has a holding of 26,531 ordinary shares in the Company, at 30 September 2017. 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.

Statement of Directors' shareholding and share interests

The Board has discussed the interests in the Company by both Mr De Gruchy and Mr Spears and maintains 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.

Internal controls and risk management review

The Directors acknowledge that they have overall responsibility for ensuring that there are systems of internal control in place, 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.. 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 risk assessment process.

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 & Risk committee, has identified risk management controls in the following key areas:

- execution risk;
- portfolio risk;
- financial risk; and
- other 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.

Key service providers other than the Investment Adviser

Details of the key service providers other than the Investment Adviser can be found in note 5 of the financial statements.

Ian Reeves CBE
Chairman
13 December 2017

ACCOUNTABILITY: AUDIT & RISK COMMITTEE REPORT

I am pleased to present the Company's 2017 Audit & Risk committee report.

Summary

The committee operates within clearly defined Terms of Reference, a copy of which is available from the Company's website or on request from the Company Secretary. The Terms of Reference require the committee to monitor the Company's financial reporting, internal controls, risk management and external audit process. In August 2017, the committee reviewed and recommended updates to its Terms of Reference to the Board. This included the renaming of the committee to the Audit & Risk committee to better reflect the responsibilities and workings of the committee.

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

Composition

At 30 September 2017, the committee comprised three of the Company's Directors including the Chairman, Mr David Pirouet, who is a Chartered Accountant and a former audit partner, Mr Ian Reeves CBE and Mr Michael Gray.

The Board considers that the independence, experience and knowledge of each of the 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 committee met three times during the year ended 30 September 2017.

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

Financial reporting

The 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 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 Corporate Governance Code. As part of this review, the 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 as well as updating the Governance section of the Annual report.

The 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 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. This year the areas examined include the discount rates applied in the valuation process and the performance of the investments. The committee discussed these matters with the Valuation Agent, the Investment Adviser and the Auditor, including the Auditor's valuation specialist;
- 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 committee meeting at which the Annual report is considered and at which they have the opportunity to meet with the committee without

representatives of the Investment Adviser being present. The committee has direct access to the Auditors 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 Auditor, the committee determined that the key risks of material misstatement of the Company's financial statements related to the valuation of investments.

Valuation of investments

As outlined in note 18, the total carrying value of financial assets at fair value at 30 September 2017 was £899.3 million (2016: £699.7 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 18.

The committee discussed the valuation process and methodology with the Investment Adviser in May, July, September and October 2017 as part of the review of the half-yearly and annual reports. The Valuation Agent carries out a valuation quarterly and provides a quarterly valuation update and detailed quarterly 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 2017, the committee met with the Auditor to review and agree their audit plan for the audit of the financial statements and in particular their approach on the valuation and in December 2017 to discuss their report after the conclusion of their audit.

The discount rates adopted to determine the valuation are selected and recommended by the Valuation Agent. The discount rates 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 18.

In particular, the 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 corroborated by the Investment Adviser. The committee considered in detail the revised discount rates applied to the loans subject to impairment.

The committee discussed the material estimates and judgements and also compared these to feedback from the Investment Adviser.

The 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 £66,000 (2016: £52,000) and non-audit fees amounted to £15,000 (2016: £15,000)

KPMG Channel Islands Limited has been Auditor of the Company since its appointment at the Annual General Meeting in February 2016, following an external audit tender process in October 2015. There are no contractual obligations restricting the choice of Auditor and the Company will consider putting the audit services contract out to tender at least every ten years. The committee reviewed the effectiveness of the audit process during the year, considering performance, objectivity, independence and relevant experience of the Auditor during the year. Following this review, the committee has recommended the re-appointment of KPMG Channel Islands Limited as the Company's Auditor at the Annual General Meeting.

As previously explained, it has been decided that the Auditor would review the Company's half year accounts, but the Auditor would not be requested to perform any other non-audit services.

Risk management

During the year the committee:

- reviewed and updated the risk matrix, where appropriate, to reflect the Company's key risks; and
- considered the presentation of risk related matters in the annual report and financial statements.

Other matters

Other matters reviewed by the committee during the year included:

- the Company's dividend policy relating to new shares issued where these have been partly funded by share premium and the policy has been amended as explained in note 9.

Mr David Pirouet FCA

Chairman of the Audit & Risk committee

13 December 2017

ACCOUNTABILITY: NOMINATION COMMITTEE REPORT

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

During the year, the Nomination committee held two meetings. Attendance of members at those meetings is shown in the table within the Corporate Governance statement. 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.

Board appointments and diversity

Further to the publication of the Davies Report on Women on Boards, the Board supports the principle for Boardroom diversity, of which gender is one important aspect. 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.

The Company has a formal, rigorous and transparent process for the appointment of directors. Specialist recruitment consultants assist the committee with this process. The committee's recommendations for appointments are put to the Board for approval.

Succession planning and tenure of service

The Nomination Committee is also obliged to consider succession planning for Directors with particular attention paid to the challenges and opportunities facing the Company. As Ian Reeves CBE is Chairman of the Nomination committee and the Company, he will not chair any meeting when dealing with the appointment of a successor to the Company's chairmanship.

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 considers that the length of service of a Director should be determined 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 evaluation process and will disclose its conclusion in the Directors' report.

Performance evaluation

The Nomination committee met in October 2017, to review the results of the performance evaluation of the Board which had been externally facilitated by Trust Associates. 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 Clive Spears would continue to assume the role of Deputy Chairman in the event of Ian 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 together with the appointment of Clive Spears as SID. 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 9 February 2018.

Ian Reeves CBE

Chairman of the Nomination committee

13 December 2017

REMUNERATION: DIRECTORS' REMUNERATION REPORT

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. It will be subject to a shareholder vote at the 2018 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 LSE, it is good practice for it 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.

The current cumulative cap on Directors' base remuneration is £370,000, as approved at the 2015 Annual General Meeting and the fees for certain roles are as follows:

- Chairman: £55,000;
- Chairman of Audit & Risk committee: £45,000;
- Chairman of Investment committee: £45,000; and
- 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.

Director remuneration

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

Element	Purpose	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 2017 are set out in the table below:

	2017				Total £'000
	Directors' fees (base fee) £'000	Special fee for placing programme £'000	Audit committee fees £'000	Investment committee fees £'000	
Ian Reeves CBE	55	5	4	n/a	64
David Pirouet	45	5	10	n/a	60
Clive Spears	45	5	n/a	10	60
Paul De Gruchy	40	5	n/a	10	55
Julia Chapman	40	5	n/a	10	55
Michael Gray	40	5	4	n/a	49
Total	265	30	18	30	343

	2016				Total £'000
	Directors' fees (base fee) £'000	Special fee for placing programme £'000	Audit committee fees £'000	Investment committee fees £'000	
Ian Reeves CBE	55	5	4	n/a	64
David Pirouet	45	5	10	n/a	60
Clive Spears	45	5	1	10	61
Paul De Gruchy	40	5	n/a	10	55
Julia Chapman	40	5	n/a	10	55
Michael Gray	40	5	4	n/a	49
Total	265	30	19	30	344

Directors' expenses for the year totalled £14,000 (30 September 2016: £13,000). No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors.

In July 2017, the Board engaged an independent external consultant, Trust Associates to conduct a review of the Directors' remuneration and their recommendations will be put forward to the 2018 Annual General Meeting. Trust Associates noted that the workload and time involved had increased since the last review (driven both by the increased size and complexity of the Company arising from the number of sectors and acquisitions the Company is involved in and its operations but also by regulatory changes from corporate governance, accounting and other developments). Truss Associates carried out a review of fees paid to directors of all the Companies in the Infrastructure sector to March 2017.

The recommendations are that:

- the Chairman's fee is increased from £55,000 to £67,500;
- the fee for the Chairman of the Audit & Risk committee is increased from £45,000 to £55,000;
- the fee for the Chairman of the Investment committee is increased from £45,000 to £55,000;
- the other Directors' fees are increased from £40,000 to £45,000;
- the additional fee paid to other members of the Audit & Risk committee is increased from £4,000 to £5,000, with the additional fee for the Chairman remaining at £10,000;
- the additional fee paid to the other members of the Investment committee should remain at £10,000 but should be reviewed again in one year's time in light of the number of meetings held; and
- the cap on aggregate Directors' base remuneration be increased from £370,000 to £500,000.

The applicable premium to the base Directors' fee for each of the first three roles above is calibrated to recognise the additional responsibility involved in performance of each of their tasks. In particular, with regard to the Chairman of the Board, the premium is in recognition not only of the additional responsibility but also in relation to the meetings with the Investment Adviser in regard to the operation of the Company each year.

The Directors have elected not to review base fees in line with annual inflation pending the next formal external valuation in three years time. Periodically, exceptionally complex transactions may however dictate a specific fee, that may be drawn within the proposed cap.

Approach to recruitment 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.

Directors' interests

As at 30 September 2017, the interests of the Directors are set out below:

	As at 30 September 2017 Number of shares	As at 30 September 2016 Number of shares
Clive Spears	26,531	25,000
Paul De Gruchy	474,390	453,825

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 investments portfolio (being a portfolio of debt instruments). For the year ended 30 September 2017, total shareholder return was 2.56% compared with the GBP Corporate Bond Index which was -1.75%.

Cumulative performance to 30 September 2017

Period	Three months	Six months	One year	Three years	Four years	Since launch
GCP Infrastructure Investments Limited	1.59%	0.93%	2.56%	29.54%	51.70%	97.84%
GBP Corporate Bond Index	(0.10%)	0.14%	(1.75%)	20.59%	29.93%	64.20%

Annual performance to 30 September 2017

Period	Year ended 30 September 2017	Year ended 30 September 2016	Year ended 30 September 2015	Year ended 30 September 2014
GCP Infrastructure Investments Limited	2.56%	15.97%	8.92%	17.10%
GBP Corporate Bond Index	(1.75%)	17.91%	4.07%	7.74%

Source: Bloomberg. Basis: percentage growth, total return with net income reinvested.

Relative importance of the spend on pay

The table below sets out in respect of the financial years ended 30 September 2017 and 30 September 2016, Directors' fees for the Company as a relative proportion of the Company's total expenses for the year:

	30 September 2017	30 September 2016
Percentage of expenses	3.43%	3.99%

Approval

This remuneration report and policy were approved by the Board on 13 December 2017 and signed on its behalf by:
By order of the Board

Ian Reeves CBE
Chairman
13 December 2017

RELATIONS WITH SHAREHOLDERS

Dialogue with shareholders

The Board recognises the importance of maintaining a purposeful relationship with shareholders. The Company, primarily through its Investment Adviser and Corporate Broker, engages in ongoing communication with its shareholders via daily market interactions and shareholder, analyst and marketing presentations. The Board invites 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.

Further dialogue with shareholders is achieved through the annual and half-year reports, news releases via the LSE and the Company's website. The Company's annual and half-year reports are dispatched to shareholders by post and are also available to download from the Company's website. This information is supplemented by the quarterly calculation and publication of the NAV of the Company's shares on the LSE 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 above provide further information.

Communication of up-to-date information is provided through the Company's website.

2017 General Meeting

A General Meeting was held on 10 February 2017 to approve the proposal to grant the Directors authority to allot and disapply pre-emption rights in respect of 215 million ordinary shares in connection with the 2017 share issuance programme with 97.04% of the shareholders voting in favour of the resolution.

2017 Annual General Meeting

The 2017 Annual General Meeting of the Company was held on 10 February 2017. Resolutions 1 to 12 related to ordinary business, which are put to the shareholders annually. Resolutions 13 to 14 related to special business as passed by the shareholders as follows:

- to authorise the Directors to allot ordinary shares and in otherwise than in accordance with statutory pre-emption rights with 99.66% of the shareholder voting in favour of the resolution; and
- that the authorised share capital of the Company be increased by the creation of an additional 700,000,000 ordinary shares, 150,000,000 C shares and 150,000,000 deferred shares in the capital of the Company with 99.63% of the shareholders voting in favour.

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, 99.69% of shareholders voted for the resolution to approve the Directors' remuneration report.

2018 Annual General Meeting

The Annual General Meeting will be held on 9 February 2018 at the registered office of the Company; 12 Castle Street, St Helier, Jersey JE2 3RT.

A separate notice convening the Annual General Meeting will be distributed to shareholders on or around 8 January 2018, which includes an explanation of the items of business to be considered at the meeting. A copy of the notice will be published on the Company's website.

DIRECTORS' REPORT

The Directors are pleased to present their Annual report and the audited financial statements for the year ended 30 September 2017. 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.

Dividends

On 19 October 2017, the Directors announced a fourth interim dividend of 1.9 pence per ordinary share which was paid on 1 December 2017 to ordinary shareholders on the register on 27 October 2017.

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 26 October 2017. A circular and form of election were sent to shareholders on 3 November 2017.

The Company currently posts a circular to shareholders in relation to the scrip dividend facility on a quarterly basis. In order to streamline this process and reduce costs, going forward the Company will publish a single shareholder circular on an annual basis in respect of its scrip dividend facility which will be available for viewing on the Company's website.

This annual circular will contain all relevant information for shareholders including an expected timetable for the quarterly scrip dividends in respect of the upcoming financial year. The Company currently expects to publish the scrip dividend circular in respect of the financial year ended 30 September 2018 on or around 18 January 2018.

Share capital

During the year, the Company issued 130,941,204 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 16.

At 30 September 2017, the Company's issued share capital comprised 790,967,125 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.

On 10 February 2017, the Company obtained shareholder approval relating to the creation of the 2017 Placing Programme permitting it to issue up to 215 million ordinary shares for cash on a non pre-emptive basis, representing 29.3% of the ordinary shares then in issue. This followed similar authorities for placing programmes in 2015 and 2016.

The shareholder authorities granted in respect of the 2017 Placing Programme will expire on 13 February 2018.

To date, the Company has benefited from such authorities as the ability to raise additional equity capital promptly has enabled it to take advantage of investment opportunities as they arise. The resultant increase to the Company's market capitalisation has broadened the Company's investor base and enhanced the secondary market liquidity in its ordinary shares, whilst spreading its fixed running costs across a wider asset base.

In order to implement placing programmes to date, the Company has been required under the Prospectus Rules to publish a prospectus which is approved by the UK Listing Authority. From July 2017 issuers, including the Company, can issue up to 20% (previously 10%) of the same class of share without being obliged to publish a prospectus document, subject to certain restrictions regarding public offerings.

Accordingly, the Company will seek shareholder approval at meetings of the Company in February 2018 in respect of the disapplication of pre-emption rights over 20% its ordinary shares in issue which it may then be able to issue by way of placings in the ordinary manner. This is expected to achieve cost savings for the Company in respect of prospectus documentation, whilst continuing to provide it with the ability to take advantage of investment opportunities as they arise and further broaden its investor base over time.

Further details will be set out in notices to be posted to shareholders in January 2018 in which shareholders will be asked to approve the disapplication of pre-emption rights for these purposes.

Significant voting rights

As at 30 September 2017, the Company had received notification of the following disclosable interests in the voting rights of the Company:

Name	Shares held	% of total voting rights
Insight Investment Management	60,660,517	7.67
Tredje AP Fonden	49,250,000	6.23
Investec Wealth & Investment	47,775,830	6.04
Rathbone Investment Management	42,128,367	5.33
Close Asset Management	38,693,107	4.89
Brewin Dolphin	36,785,626	4.65
West Yorkshire Pension Fund	33,344,860	4.22
BMO Global Asset Management	29,647,228	3.75
Quilter Cheviot Investment Management	26,250,079	3.32

The table of significant shareholders disclosed above forms part of note 2.2 in the financial statements.

Directors

The Directors in office as at 30 September 2017 are listed above.

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

Directors' interests

At the year end, Paul De Gruchy had a holding of 474,390 ordinary shares in the Company. Clive Spears had a holding of 26,531 ordinary shares in the Company.

None of the Directors have been granted options to acquire 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 Board 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.

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.

Directors' and officers' liability insurance and indemnity agreements

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

Political donations

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

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 10 February 2017 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 2018 Annual General Meeting.

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.

Financial risk management

Information about the Company's financial risk management objectives is set out in note 18 to the financial statements.

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. Interest income capitalised during the year is disclosed in note 3 to the audited financial statements. The Directors confirm that there are no other disclosures required in relation to Listing Rule 9.8.4.

Ian Reeves CBE

Chairman
13 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the annual report and financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under the Law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Directors' responsibility statement

In accordance with the FCA's Disclosure and Transparency Rules, each of the Directors, whose names are set out below 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, 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

Ian Reeves CBE

Chairman
13 December 2017

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of GCP Infrastructure Investments Limited

Our opinion is unmodified

We have audited the financial statements of GCP Infrastructure Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2017, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

Basis for opinion

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

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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2016):

Valuation of financial assets at fair value through profit and loss ("Investments")

£899,258,000 or 99% of total assets; (2016: £699,682,000 or 93% of total assets)

Refer to the Audit & Risk committee report, note 2.2 - significant accounting judgements and estimates, note 11 - financial assets at fair value through profit or loss and note 18 - financial instruments.

Basis:

99% of the Company's total assets is represented by the fair value of a portfolio of unquoted infrastructure debt and/or similar investments domiciled in the United Kingdom (the "Investments"). The Company's estimation 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 use of appropriate discount rates and the selection of appropriate values surrounding uncertain future events are subjective.

Risk:

There is a risk of error associated with:

- estimating the timing and amounts of long term forecasted cash flows; and
- the selection and application of appropriate assumptions.

Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different fair value being attributed to the Investments.

Response:

Our audit procedures included:

Internal controls:

We tested the design and implementation of controls adopted by the Company over the review, challenge and subsequent approval of the key assumptions made in estimating the fair value of Investments.

Evaluating the competency of experts engaged by management:

We evaluated the competency of the Company's third party Valuation Agent in the context of their ability to appropriately challenge and review the fair value of the Investments prepared by the Company, by assessing their professional qualifications, experience and independence from the Company.

Benchmarking valuation discount rates:

We challenged, with the support of our own valuation specialist, the discount rates applied in the valuation by benchmarking these to independent market data, recent market transactions and our valuation specialist's experience in valuing similar investments.

We further assessed the reasonableness of discount rates by comparing the Company's discount rates to that used by peers.

Assessing observable inputs:

We performed substantive procedures in relation to the Company's determination of fair value on a risk based selection of Investments, which included:

- compared the long-term forecasted cash flows included in the discounted cash flow models to the terms of the original loan agreements such as the repayment profile, repayment premium, loan term and the coupon; and
- 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.

Model integrity:

For a risk based selection of Investments we tested the mathematical accuracy and integrity of the discounted cash flow model through recalculating the fair value of the Investments.

Assessing disclosures:

We considered the adequacy of the Company's disclosures in note 18.3 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 the fair value to a reasonably possible change in the discount rate.

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

Materiality for the financial statements as a whole was set at £9,069,000, determined with reference to a benchmark of total assets of £906,942,000, of which it represents 1% (2016: 1%).

We reported to the Audit & Risk committee any corrected or uncorrected identified misstatements exceeding £453,000 (2016:376,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in this respect.

We have nothing to report on the other information in the Annual report

The Directors are responsible for the other information presented in the Annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

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

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit & Risk committee does not appropriately address matters communicated by us to the Audit & Risk committee.

We are required to report to you if the corporate governance statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

Opinions on other matters

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

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

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

Respective responsibilities

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

13 December 2017

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2017

		Year ended 30 September 2017 £'000	Year ended 30 September 2017 £'000
	Notes		
Income			
Net income/gains on financial assets at fair value through profit or loss	3	55,361	59,291
Other income	3	1,496	4,276
Total income		56,857	63,567
Expense			
Investment advisory fees	19	(6,978)	(5,754)
Operating expenses	5	(2,136)	(2,113)
Total expense		(9,114)	(7,867)
Total operating profit before finance costs		47,743	55,700
Finance costs			
Finance expenses	6	(1,093)	(1,342)
Total profit and comprehensive income for the year		46,650	54,358
Basic and diluted earnings per share (pence)	10	6.36	8.98

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

STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

		As at 30 September 2017	As at 30 September 2016
	Notes		
Assets			
Cash and cash equivalents	14	7,631	52,057
Other receivables and prepayments	12	53	303
Financial assets at fair value through profit or loss	11 & 18	899,258	699,682
Total assets		906,942	752,042
Liabilities			
Other payables and accrued expenses	13	(2,499)	(1,998)
Interest bearing loans and borrowings	15	(29,883)	(26,208)
Total liabilities		(32,382)	(28,206)
Net assets		874,560	723,836
Capital and reserves			
Share capital	16	7,909	6,600
Share premium	16	843,036	694,406
Capital redemption reserve	17	101	101
Retained earnings		23,514	22,729
Total capital and reserves		874,560	723,836
Ordinary shares in issue	16	790,967,125	660,025,921
NAV per ordinary share (pence per share)		110.57	109.67

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

Ian Reeves CBE David Pirouet FCA
Chairman Director

13 December 2017

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2017

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015		5,765	599,242	101	14,436	619,544
Total profit and comprehensive income for the year		-	-	-	54,358	54,358
Equity shares issued	16	835	96,803	-	-	97,638
Share issue costs	16	-	(1,639)	-	-	(1,639)
Dividends	9	-	-	-	(46,065)	(46,065)
At 30 September 2016		6,600	694,406	101	22,729	723,836
Total profit and comprehensive income for the year		-	-	-	46,650	46,650
Equity shares issued	16	1,309	160,733	-	-	162,042
Share issue costs	16	-	(2,534)	-	-	(2,534)
Transfer to retained earnings	16	-	(5,752)	-	5,752	-
Dividends	9	-	(3,817)	-	(51,617)	(55,434)
At 30 September 2017		7,909	843,036	101	23,514	874,560

STATEMENT OF CASH FLOWS
For the year ended 30 September 2017

		Year ended 30 September 2017	Year ended 30 September 2016
	Notes		
Cash flows from operating activities			
Total operating profit before finance costs		47,743	55,700
Purchase of financial assets		(227,093)	(92,785)
Repayment of financial assets		35,467	19,253
Proceeds from refinancing of financial assets		-	34,804
Net unrealised gains on investments at fair value through profit or loss		(7,950)	(3,224)
Increase in other payables and accrued expenses		458	105
Decrease/(increase) in other receivables and prepayments		250	(256)
Net cash flow (used in)/generated from operating activities		(151,125)	13,597
Cash flows from financing activities			
Proceeds from issue of shares		157,466	93,361
Proceeds from interest bearing loans and borrowings		50,000	76,900
Repayment of interest bearing loans and borrowings		(46,500)	(92,000)
Dividends paid	9	(53,392)	(43,426)
Finance costs paid		(875)	(1,281)

Net cash flow generated from financing activities	106,699	33,554
(Decrease)/increase in cash and cash equivalents	(44,426)	47,151
Cash and cash equivalents at beginning of the year	52,057	4,906
Cash and cash equivalents at end of the year	7,631	52,057
Non-cash items		
Purchase of financial assets (capitalised loan interest)	3	(4,941)
Other non-cash items		
Decrease in amounts held on security account	-	1,230
Decrease in amounts held on security account payable	-	(1,163)
Decrease in interest held on security account payable	-	(67)
Net cash flow (used in)/generated from operating activities includes:		
Investment income received	3	51,126
Deposit interest received	31	20

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2017

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 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, typically by acquiring interests in debt instruments issued by infrastructure Project Companies (or by their existing lenders or holding vehicles) that are contracted by UK public sector bodies to design, finance, build and operate infrastructure projects and by investing in other assets with a similar economic effect to such instruments.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS as adopted by the EU.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets 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 2017 or later periods, but the Company has decided not to early adopt them. The following standards are the most relevant to the Company:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018): will replace the existing guidance in IAS 39, Financial Instruments. IFRS 9 includes the new impairment requirements that 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.

The Directors do not expect IFRS 9 to have a material impact on the Company because financial instruments currently measured at fair value through profit or loss under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at fair value through profit or loss under IFRS 9. Financial instruments currently measured at amortised cost (cash balances and receivables) meet the solely principal and interest criterion and will continue to be measured at amortised cost under IFRS 9.

- 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
- Due to the current application of IAS 39 for the recognition and measurement of net income/gains on financial assets at fair value through profit or loss, which comprises interest income received and changes in the fair value of the investments, that do not fall within the scope of IFRS 15, the Directors do not expect this standard to have a material impact on the financial statements of the Company.

Further to the above, there are no new IFRS or IFRIC interpretations that are issued but not effective that would be expected to have a material impact on the Company's financial statements.

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 are 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.

2.2(a) Critical accounting estimates and assumptions

Fair value of instruments not quoted in an active market

The valuation process is dependent on assumptions and estimates which are significant to the reported amounts recognised in the financial statements taking into account the structure of the Company and the extent of its investment activities (refer to note 18).

2.3(b) Critical judgements

Assessment as an investment entity

The Directors have determined that the SPVs through which the Company invests fall under the control of the Company in accordance with the control criteria prescribed by IFRS 10 and therefore meet the definition of subsidiaries. In addition, the Directors continue to hold the view that the Company meets the definition of an investment entity and therefore can measure and present the SPVs at fair value through profit or loss. 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 (refer to note 11).

Functional and presentation currency

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

The 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.

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	30 September
	September	2016
	2017	2016
	£'000	£'000
Channel Islands	31	20
United Kingdom	56,826	63,547
Total	56,857	63,567

Significant shareholders are disclosed in the Directors' report above.

3. Operating income

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

30	30 September
September	2016
2017	2016

	£'000	£'000
Interest on cash and cash equivalents	31	20
Net movement in fair value of financial assets through profit or loss	55,361	59,291
Other income	1,465	4,256
Total	56,857	63,567

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

	30 September 2017 £'000	30 September 2016 £'000
Loan interest - cash	44,274	51,126
Loan interest - capitalised	3,137	4,941
Unrealised gains on investments at fair value through profit or loss	21,385	16,519
Unrealised losses on investments at fair value through profit or loss	(13,435)	(13,295)
Total	55,361	59,291

The table below analyses the unrealised movements through profit and loss by the type of movement:

	30 September 2017	30 September 2016
Unrealised gain on investments at fair value through profit or loss	21,385	16,519
Unrealised loss on investments at fair value through profit or loss	(13,435)	(13,295)
Net unrealised movements on investments at fair value through profit and loss	7,950	3,224
Upward movements in valuation due to reductions in discount rates	3,991	16,700
Downward movements in valuation due to reduced forecast cash flows	(6,418)	(9,400)
Other unrealised movements on investments at fair value through profit and loss *	10,377	(4,076)
Net unrealised movements on investments at fair value through profit and loss	7,950	3,224
1. Other unrealised movements on investments at fair value through profit and loss are attributable to the timing of debt service payments.		

Accounting policy

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 prepayment fees and is recognised in the financial statements when the contractual provisions are met and the amounts become due.

4. Auditor's remuneration

	30 September 2017 £'000	30 September 2016 £'000
Audit fees	66	52
Non-audit fees	15	15
Total	81	67

5. Operating expenses

	30 September 2017 £'000	30 September 2016 £'000
Corporate administration, Depositary and Registrar fees	985	917
Legal and professional fees	115	127
Valuation agent fees	305	303
Directors' remuneration and expenses ¹	327	327
Advisory fees	63	78
Other	341	361
Total	2,136	2,113

1. Refer to note 7.

Key service providers other than the Investment Adviser (refer to note 19 for disclosures on the transactions with the Investment Adviser)

The acquisition of Capita Asset Services, formerly part of Capita plc, by Link Group, formally completed on 3 November 2017 and as such the legal names of the Administrator, Company Secretary, Depositary and Registrar were changed as noted below.

Administrator and Company Secretary

The Company has appointed Link Alternative Fund Services (Jersey) Limited (formerly Capita Financial Administrators (Jersey) Limited) as Administrator and Company Secretary. Fund accounting, administration services and company secretarial services are provided to the Company pursuant to an agreement dated 31 January 2014. All Directors have access to the advice and services of the Company Secretary, who advises the Board, through the Chairman, on governance matters. The fee for the provision of administration and company secretarial services during the year was £654,000 of which £55,000 remains payable at year end (2016: £49,000).

Depositary

Depositary services are provided to the Company by Link Corporate Services (Jersey) Limited (formerly 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 £244,000 (2016: £198,000) of which £22,000 remains payable at year end (2016: £18,000).

Registrar

Registrar services are provided to the Company by Link Market Services (Jersey) Limited (formerly Capita Registrars (Jersey) Limited) pursuant to an agreement dated 28 June 2010. The fee for the provision of these services during the year was £87,000 (2016: £125,000) of which £15,000 remains payable at year end (2016: £16,000).

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 2017 £'000	30 September 2016 £'000
Finance expenses	1,093	1,342
Total	1,093	1,342

Accounting policy

Finance expenses in the statement of comprehensive income comprises 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	30 September
--	-----------------	--------------

	2017 £'000	2016 £'000
Ian Reeves CBE	59	59
David Pirouet	55	55
Clive Spears	55	56
Paul De Gruchy	50	50
Julia Chapman	50	50
Michael Gray	44	44
	313	314
Directors' expenses	14	13
Total	327	327

During the year, in addition to the amounts disclosed above an amount of £30,000 in aggregate (30 September 2016: £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 above.

8. Taxation

Profits arising in the Company for the year ended 30 September 2017 are subject to tax at the standard rate of 0% (30 September 2016: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends

Dividends paid for the year ended 30 September 2017 were 7.6 pence per share (30 September 2016: 7.6 pence per share) as follows:

Quarter ended	Dividend	Pence	30 September 2017 £'000	30 September 2016 £'000
Current year dividends				
30 September 2017	2017 fourth interim dividend	1.9	-	-
30 June 2017	2017 third interim dividend	1.9	15,023	-
31 March 2017	2017 second interim dividend	1.9	13,941	-
31 December 2016	2017 first interim dividend	1.9	13,929	-
		7.6		
Prior year dividends				
30 September 2016	2016 fourth interim dividend	1.9	12,541	-
30 June 2016	2016 third interim dividend	1.9	-	12,528
31 March 2016	2016 second interim dividend	1.9	-	11,297
31 December 2015	2016 first interim dividend	1.9	-	11,286
		7.6		
30 September 2015	2015 fourth interim dividend	1.9	-	10,954
Dividends in statement of changes in equity			55,434	46,065
Dividends settled in shares ¹			(2,042)	(2,639)
Dividends in cash flow statement			53,392	43,426

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

On 19 October 2017, the Company declared a fourth interim dividend of 1.9 pence per ordinary share amounting to £15,028,375 which was paid on 1 December 2017 to ordinary shareholders on the register as at 27 October 2017.

Accounting policy

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

In declaring a dividend, the Directors consider the payment based on a number of factors, including accounting profit, fair value treatment of investments held, future investments, reserves, cash balances and liquidity. The payment of a dividend is considered by the Board and where approved is declared on a quarterly basis. Dividends due to the Company's shareholders are recognised when they become payable.

During the year, the dividend policy was amended so that dividends payable on new shares issued in the respective quarterly period are funded partly from share premium, to reflect the premium received on the issue of those shares and partly from retained earnings to reflect the time over which those proceeds have been fully invested. The funding for dividends out of share premium shall not exceed the share premium to NAV of the relevant share issue. An adjustment relating to the dividends paid from share premium in previous years has been made between share premium and retained reserves.

10. Earnings per share

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

	Total profit £'000	Weighted average number of ordinary shares	Pence per share
Year ended 30 September 2017			
Basic and diluted earnings per ordinary share	46,650	733,039,703	6.36
Year ended 30 September 2016			
Basic and diluted earnings per ordinary share	54,358	605,482,290	8.98

11. Financial assets at fair value through profit or loss

	30 September 2017 £'000	30 September 2016 £'000
Opening balance	699,682	657,730
Purchases of financial assets	227,093	92,785
Repayments of financial assets	(35,467)	(19,253)
Proceeds from refinancing of financial assets	-	(34,804)
Unrealised gain on investments at fair value through profit or loss	21,385	16,519
Unrealised loss on investments at fair value through profit or loss	(13,435)	(13,295)
Closing balance	899,258	699,682

The Facility with RBSI is secured against the portfolio of assets held by the Company (refer to note 15).

Accounting for subsidiaries

The Company's investments are made through a number of SPVs (refer to note 24) 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%).

The Directors have 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 profit or loss of 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 18.

12. Other receivables and prepayments

	30 September 2017	30 September 2016
	£'000	£'000
Arrangement fees receivable	-	227
Prepayments	53	76
Total	53	303

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. 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 2017	30 September 2016
	£'000	£'000
Investment advisory fees	1,883	1,540
Payables	616	458
Total	2,499	1,998

Accounting policy

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

14. Cash and cash equivalents

	30 September 2017	30 September 2016
	£'000	£'000
Cash and cash equivalents	7,631	52,057
Total	7,631	52,057

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 F1 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 F2. The Directors, together with the Company's depository, 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 2017	30 September 2016
	£'000	£'000
RBSI Cash Management Account	1,568	1,301
Lloyds Money Market Call Account	2,670	46,320
BNY Mellon Account	-	1
RBSI Capital and Interest Account	3,393	4,435
Total	7,631	52,057

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.

15. Interest bearing loans and borrowings

	30 September 2017	30 September 2016
	£'000	£'000
RBSI loan facility	30,000	26,500
Unamortised arrangement fees	(117)	(292)
Total	29,883	26,208

The table below analyses the movement for the year:

	30 September 2017	30 September 2016
	£'000	£'000
Opening balance	26,500	41,600

Proceeds from interest bearing loans and borrowings	50,000	76,900
Payments of interest bearing loans and borrowings	(46,500)	(92,000)
Total	30,000	26,500

On 23 March 2015, the Company entered into a three-year £50 million revolving credit facility with RBSI. 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 17 January 2017, the Company entered into an agreement with RBSI in respect of a £25 million increase to the Facility. The increased Facility at the year end is for an amount of £75 million. The costs incurred of £187,500 to increase the Facility were offset against the amount drawn down. Post year end the Company entered in to an agreement to increase the Facility by a further £15 million.

During the year, the Company drew down £10 million on 22 November 2016 and £40 million on 16 August 2017. The Company repaid £36.5 million on 7 December 2016 with a further £10 million repaid on 17 September 2017.

All amounts drawn under the Facility are to be used in or towards the making of investments in accordance with the Company's investment policy.

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 Facility with RBSI is secured against the portfolio of assets held by the Company (refer to note 11) and is repayable in early 2018. The Directors are aware that the Company's Facility is due for repayment in March 2018 and are currently in negotiations to extend its revolving credit facility with RBSI.

The Facility includes loan-to-value and interest cover covenants that are measured at Company level. The Company has maintained significant headroom against all measures throughout the financial year and is in full compliance with all loan covenants at 30 September 2017.

Leverage

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 2017, figures are as follows:

	Maximum limit	Actual exposure
Leverage exposure		
Gross method	1.20	1.03
Commitment method	1.20	1.04

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

	Gross £'000	Commitment £'000
Investments at fair value through profit or loss	899,258	899,258
Cash and cash equivalents	-	7,631
Total exposure under AIFMD	899,258	906,889
Total shareholders' funds	874,560	874,560
Leverage (ratio)	1.03	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.

16. Authorised and issued share capital

	30 September 2017		30 September 2016	
	Number of shares	£'000	Number of shares	£'000
Share capital				
Ordinary shares issued and fully paid				
At 1 October	660,025,921	6,600	576,481,586	5,765
Equity shares issued through:				
Dividends settled in shares ¹	1,615,097	16	2,217,500	22
Placing programme	129,326,107	1,293	81,326,835	813
Total	790,967,125	7,909	660,025,921	6,600

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

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

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

	30 September 2017 £'000	30 September 2016 £'000
Share premium		
Premium on ordinary shares issued and fully paid		
Opening balance	694,406	599,242
Premium on equity shares issued through:		
Dividends settled in shares ¹	2,026	2,616
Placing programme	158,707	94,187
Share issue costs charged to premium	(2,534)	(1,639)
Dividends paid		(3,817)
Transfer to retained earnings	(5,752)	-
Total	843,036	694,406

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

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

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

The Company's share capital is represented by one class of ordinary shares. Quantitative information about the Company's share capital is provided in the statement of changes in equity. The scrip reference price is calculated as the average of the Company's closing middle market price, as derived from the London Stock Exchange's Daily Official List, for the five consecutive business days commencing on the ex-dividend date.

Date	Number of shares issued	Issued share price	Description	Period
25 November 2016	211,066	130.92p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 July 2016 to 30 September 2016
1 December 2016	72,874,494	123.50p	Ordinary shares issued by way of a fundraising of £90 million by way of placing programme	n/a
3 March 2017	632,235	123.52p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 October 2016 to 31 December 2016
2 June 2017	480,949	128.78p	Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 January 2017 to 31 March 2017
18 July 2017	56,451,613	124.00p	Ordinary shares issued by way of a fundraising of £70 million by way of placing	n/a

15 September 2017	290,847	125.76p	programme Ordinary shares issued in respect of the offer of a scrip dividend alternative	1 April 2017 to 30 June 2017
Total	130,941,204			

As at 30 September 2017, the Company's issued share capital comprised 790,967,125 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 and are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

17. Capital redemption reserve

	30 September 2017 £'000	30 September 2016 £'000
At 1 October	101	101
At 30 September	101	101

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

18. Financial instruments

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments under IAS 39.

	30 September 2017 £'000	30 September 2016 £'000
Financial assets		
Cash and cash equivalents	7,631	52,057
Other receivables and prepayments	53	303
Loans and receivables	7,684	52,360
Financial assets held at fair value through profit or loss	899,258	699,682
Total	906,942	752,042
Financial liabilities		
Other payables and accrued expenses	(2,499)	(1,998)
Interest bearing loans and borrowings	(29,883)	(26,208)
Financial liabilities measured at amortised cost	(32,382)	(28,206)

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

18.1 Capital management

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

The Company may seek to raise additional capital from time to time to the extent that the Directors and the Investment Adviser believe the Company will be able to make suitable investments. 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. Additional capital was raised during the year as disclosed in note 16.

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 3.4% of NAV (2016: 3.7%).

18.2 Financial risk management objectives

The Company has an investment policy and strategy, as summarised in its prospectus dated 28 March 2017, 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.

18.3 Market risk

There is a risk that market movements in interest rates, credit markets and observable yields may decrease or increase the fair value of the Company's financial assets without regard to the asset's 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 rates that it believes the market would reasonably apply to each investment taking into account, inter alia, the following significant inputs:

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

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

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

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments of the Company are generally fixed-income debt instruments (in some cases with elements of inflation protection) or other investments with a similar economic effect, the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset.

The valuations are reviewed by the Investment Adviser and the Directors and the subsequent NAV is reviewed and approved by the Directors on a quarterly basis.

The table below shows how changes in discount rates 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 2017 Change in discount rates	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Value of financial assets at fair value (£'000)	866,216	882,460	899,258	916,638	934,626
Change in value of financial assets at fair value (£'000)	(33,042)	(16,798)	-	17,380	35,368

As at 30 September 2017, the discount rates used in the valuation of financial assets ranged from 6.50% to 10.38%.

Change in discount rates	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%.

18.4 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 15.

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

18.5 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 £907 million (2016: £752 million) being the balance of total assets less prepayments. As explained in note 14, cash is held at a number of financial institutions to spread credit risk, with cash awaiting investment being held on behalf of the Company at banks which carry a minimum rating of A-1, P-1 or F1 from Standard & Poor's, Moody's or Fitch respectively or in one or more similarly rated money market or short-dated gilt funds.

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 creditworthiness of Project Companies and their ability to pay all costs as they fall due. The forecasts are regularly updated with information provided by the Project Companies in order to monitor ongoing financial performance.

The Project Companies receive a significant 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% (2016: 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, unitary charge payments for PFI transactions or lease payments for social housing projects. In the view of the Investment Adviser and the 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 rates. 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.

18.6 Liquidity risk

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

The following table analyses all of the Company's assets and liabilities into relevant maturity groupings based on the remaining period from 30 September 2017 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company.

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

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
30 September 2017					
Financial assets					
Cash and cash equivalents	7,631	-	-	-	7,631
Other receivables and prepayments	-	-	53	-	53
Financial assets at fair value through profit or loss	26,766	13,952	61,164	1,817,891	1,919,773
Total financial assets	34,397	13,952	61,217	1,817,891	1,927,457
Financial liabilities					
Other payables and accrued expenses	-	(2,499)	-	-	(2,499)
Interest bearing loans and borrowings	-	-	(30,403)	-	(30,403)
Total financial liabilities	-	(2,499)	(30,403)	-	(32,902)
Net exposure	34,397	11,453	30,814	1,817,891	1,894,555
	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
30 September 2016					
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

18.7 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 Directors and the subsequent NAV is reviewed and approved by the Directors on a quarterly basis. The basis for the Valuation Agent's valuations is described in note 18.3.

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 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

		30 September 2017 £'000	30 September 2016 £'000
Financial assets at fair value through profit or loss			
Loan notes	Level 2	659,966	520,296
Loan notes	Level 3	239,292	179,386

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, the Directors have classified the Company's investments in biomass projects as Level 3. Discount rates between 7.2% and 10.3% were applied to the investments categorised as Level 3.

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 2017 £'000	30 September 2016 £'000
Opening balance	179,386	165,431
Purchases	63,633	29,827
Repayments	(6,370)	(7,125)
Unrealised gain on investments at fair value through profit or loss	7,498	1,081
Unrealised loss on investments at fair value through profit or loss	(4,855)	(9,828)
Closing balance	239,292	179,386

For the Company's financial instruments categorised as Level 3, changing the discount rates used to value the underlying instruments alters the fair value. A change in the discount rates used to value the Level 3 investments would have the following effect on profit before tax:

30 September 2017					
Level 3	0.50%	0.25%	0.00%	(0.25%)	(0.50%)
Valuation of financial assets at fair value (£'000)	232,036	235,618	239,292	243,062	246,930
Change in valuation of financial assets at fair value (£'000)	(7,256)	(3,674)	-	3,770	7,638

30 September 2016					
Level 3	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)	-	2,859	5,790

In determining the discount rates 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 rates.

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 rates, 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.

19. 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 £357,000 (30 September 2016: £357,000). As at 30 September 2017, liabilities in respect of these services amounted to £79,000 (30 September 2016: £78,000).

As at 30 September 2017, Mr De Gruchy, together with his family members held 474,390 ordinary shares in the Company (30 September 2016: 453,825 ordinary shares).

As at 30 September 2017, Mr Spears held 26,531 ordinary shares (30 September 2016: 25,000 ordinary shares).

Investment Adviser

The Company is party to an Investment Advisory Agreement with the Investment Adviser, amended and restated in March 2013, January 2014, November 2015 and novated on 20 April 2017 and subsequently amended and restated on 13 December 2017, 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". Under the terms of the Investment Advisory Agreement, the notice period of the termination of the Investment Advisor by the Company is 24 months. The remuneration of the Investment Adviser is set out below.

On 20 April 2017, the Company approved the novation of its investment advisory agreement from Gravis Capital Partners LLP to Gravis Capital Management Limited, as part of the transfer of the Investment Adviser's fund management and advisory business from a limited liability partnership to a newly-incorporated limited company under substantially the same ownership.

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

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

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

The Investment Adviser receives a fee of 0.25% of the aggregate gross proceeds, as disclosed below, from any issue of new shares, in consideration for the provision of marketing and investor introduction services. The Investment Adviser has appointed Highland Capital Partners Limited ("Highland Capital") to assist it with the provision of such services and pays all fees due to Highland Capital out of the fees it receives from the Company.

With effect from 22 July 2014, the Company's Investment Adviser was authorised as an AIFM by the FCA under the AIFMD regulations. The Company has provided disclosures on its website, incorporating the requirements of the AIFMD regulations.

During the year, the Company expensed £7,428,000 (30 September 2016: £6,010,000) in respect of investment advisory fees and expenses, marketing fees and transaction

management and documentation services, £6,978,000 (2016: £5,754,000) of which is included within expenses in the statement of comprehensive income and £450,000 (2016: £256,000) included within the share issue costs relating to share issues during the year in the statement of changes in equity. As at 30 September 2017, liabilities in respect of these services amounted to £1,883,000 (30 September 2016: £1,540,000).

The Directors 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 directors of the Investment Adviser hold directly or indirectly, and together with their family members, 2,908,799 ordinary shares in the Company (30 September 2016: 2,478,351).

The non-voting directors of the Investment Adviser hold directly or indirectly, and together with their family members, 6,139,516 ordinary shares in the Company (30 September 2016: 2,473,440).

20. Reconciliation of NAV

This note reconciles the NAV reported in the financial statements to the NAV published via RNS on 11 October 2017, as calculated in accordance with the terms of the prospectus.

	30 September 2017	
	Total £'000	Per share pence
NAV per 29 September 2017	874,449	110.55
Adjustment for 30 September 2017 expense accrual	(75)	(0.01)
Adjustment for 30 September 2017 valuation movements	186	0.03
Net assets as per financial statements	874,560	110.57

21. Contingent liabilities

At 30 September 2017, there were no contingent liabilities (30 September 2016: £nil).

22. Subsequent events after the report date

The Company announced on 19 October 2017, a fourth interim dividend of 1.9 pence per ordinary share amounting to £15,028,375 which was paid on 1 December 2017 to ordinary shareholders on the register as at 27 October 2017.

On 15 November 2017, the Company announced that it had entered into a conditional, binding commitment to subscribe for a series of loan notes with a value of c.£53 million. The proceeds of which have been deployed to finance investments in five operational onshore wind farms located across the UK.

A further six advances totalling £65.9 million have been advanced to Project Companies under existing loan facilities since the year end.

On 27 November 2017, the Company announced that it had entered into an agreement with RBSI in respect of an increase to the £75 million revolving credit facility entered into on 17 January 2017. The increased facility is for an amount of £90 million.

On 30 November 2017, the Company announced that it has completed a refinancing by funds and accounts under management by Blackrock Investment Management (UK) Limited of a portfolio of loan notes held by the Company which are secured against infrastructure assets in the UK and which were valued at £97.4 million as at 30 September 2017. Pursuant to this refinancing, the Company will retain a subordinated investment of £27.7 million secured against the cash flows from the same portfolio of assets at a materially enhanced rate of return.

As at 1 December 2017, Mr Paul De Gruchy, together with his family held an indirect interest of 481,746 ordinary shares in the Company following a scrip issue allotment of 7,356 shares.

As at 1 December 2017, Mr Clive Spears held 26,942 ordinary shares in the Company following a scrip issue allotment of 411 shares.

As at 1 December 2017, the voting directors of the Investment Adviser hold directly or indirectly, and together with their family members, 2,922,769 ordinary shares in the Company following a scrip issue allotment of shares.

As at 1 December 2017, the non-voting directors of the Investment Adviser hold directly or indirectly, and together with their family members, 6,236,299 ordinary shares in the Company following a scrip issue allotment of shares.

On 13 December 2017, the Investment Advisory Agreement was reviewed by the Board and its term was extended such that the earliest possible effective termination date changed from 28 February 2019 to 28 February 2022. The Investment Advisory Agreement was also amended such that it may be terminated by the Company or the Investment Adviser by giving 24 months' written notice, with such notice to not be given prior to 29 February 2020. As the Investment Adviser is deemed to be a related party to the Company, entering into the amended Investment Advisory Agreement is a smaller related party transaction under the Listing Rules and, therefore, falls within the requirements of Listing Rule 11.1.10 R.

23. Ultimate controlling party

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

24. 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 is classed as an investment entity and 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
Cardale PFI Limited (formerly GCP Programme Funding Limited)	100%
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 Bridge Holdings Ltd	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 2 Limited (dissolved on 23 May 2017)	100%
GCP Onshore Wind 3 Limited	100%
GCP Programme Funding 1 Limited	100%
GCP RHI 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%
FHW Dalmore (Salford Pendleton Housing) Plc ¹	13.2%

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

GLOSSARY OF KEY TERMS

AIC	Association of Investment Companies
AIC Code	AIC Code of Corporate Governance
AIC Guide	Corporate Governance Guide for Investment Companies
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager

AIFMD	Alternative Investment Fund Managers Directive
Annualised yield	The effective annual rate of return taking into account the effect of compounding interest
Average life	The weighted average of the length of time until principal repayments
BEPS	Base Erosion Profit Shifting
	The entity which issues loan notes to GCP Infrastructure Investments Limited, usually a special purpose vehicle
Borrower	
CBE	Commander of the Most Excellent Order of the British Empire
CfDs	Contracts for difference
CIF Law	Collective Investment Funds (Jersey) Law 1988
The Company	GCP Infrastructure Investments Limited
C shares	A share class issued by the Company from time to time. Conversion shares are used to raise new funds without penalising existing shareholders. The funds raised are ring-fenced from the rest of the Company until they are substantially invested
Disclosure Rules	Listing Rules and the Disclosure and Transparency Rules
EEA	European Economic Area
EU	European Union
Facility	Revolving credit facility with RBSI
FCA	Financial Conduct Authority
FIT	Feed-in tariff
FRC	Financial Reporting Council
GIB	Green Investment Bank
IFRS	International Financial Reporting Standards
KPMG	KPMG Channel Islands Limited
The Law	The Companies (Jersey) Law 1991, (as amended)
LIFT	Local Improvement Finance Trust
LSE	London Stock Exchange
MAR	Market Abuse Regulation
MWe	Megawatt equivalent
NAV	Net asset value
NPD	Non-profit distributing procurement model
O&M	Operation and maintenance
Ordinary shares	The ordinary share capital of GCP Infrastructure Investments Limited
PF1	Private Finance Initiative
PF2	Private Finance 2
PIE	Public Infrastructure Exemption
PPA	Power purchase agreement
PPP	Public-private partnership
Project Company	A special purpose company which owns and operates an asset
RBSI	Royal Bank of Scotland International Limited
RHI	Renewable heat incentive
ROCs	Renewable obligation certificates
Senior ranking security	Security that gives a loan priority over other debt owed by the issuer in terms of control and repayment in the event of default or issuer bankruptcy
SID	Senior Independent Director
SPV	Special Purpose Vehicle
Total shareholder return	Share price growth with dividends deemed to be reinvested on the dividend date
UK Code	UK Corporate Governance Code
UKLA	United Kingdom Listing Authority

CORPORATE INFORMATION

The Company

GCP Infrastructure Investments Limited

12 Castle Street
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Jersey JE2 3RT

Directors

Ian Reeves CBE (Chairman)
Clive Spears (Deputy Chairman)
David Pirouet
Paul De Gruchy
Michael Gray
Julia Chapman

Administrator, Secretary and Registered Office of the Company

Link Alternative Fund Services (Jersey) Limited

(formerly Capita Financial Administrators (Jersey) Limited)

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Carey Olsen

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Financial PR

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Investment Adviser and AIFM

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